

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-39493

**SPIRE GLOBAL, INC.**

(Exact name of Registrant as specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**8000 Towers Crescent Drive**

**Suite 1100**

**Vienna, Virginia**

(Address of principal executive offices)

**85-1276957**

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

**22182**

(Zip Code)

**Registrant's telephone number, including area code: (202) 301-5127**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value of \$0.0001 per share	SPIR	New York Stock Exchange
Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	SPIR.WS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES  NO

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The aggregate market value of the common stock held by non-affiliates of the Registrant on June 30, 2021, the last business day of its most recently completed second fiscal quarter, was \$229,540,000 based on the closing price of the Registrant's Class A common stock as reported by the New York Stock Exchange on that date. Shares of common stock held by each executive officer and director and by each person who owns 10% or more of the outstanding common stock have been excluded from the foregoing calculation in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 25, 2022, the registrant had outstanding 139,471,238 shares of Class A common stock and 12,058,614 shares of Class B common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Definitive Proxy Statement relating to the 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2021.

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## TABLE OF CONTENTS

		Page
Special Note Regarding Forward Looking Statements		
	<b>PART I</b>	
Item 1.	<a href="#">Business</a>	7
Item 1A.	<a href="#">Risk Factors</a>	15
Item 1B.	<a href="#">Unresolved Staff Comments</a>	48
Item 2.	<a href="#">Properties</a>	48
Item 3.	<a href="#">Legal Proceedings</a>	49
Item 4.	<a href="#">Mine Safety Disclosures</a>	49
	<b>PART II</b>	
Item 5.	<a href="#">Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	50
Item 6.	<a href="#">[Reserved]</a>	50
Item 7.	<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	
Item 7A.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	50
Item 8.	<a href="#">Financial Statements and Supplementary Data</a>	66
Item 9.	<a href="#">Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</a>	98
Item 9A.	<a href="#">Controls and Procedures</a>	98
Item 9B.	<a href="#">Other Information</a>	101
Item 9C.	<a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	101
	<b>PART III</b>	
Item 10.	<a href="#">Directors, Executive Officers and Corporate Governance</a>	101
Item 11.	<a href="#">Executive Compensation</a>	101
Item 12.	<a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	101
Item 13.	<a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	101
Item 14.	<a href="#">Principal Accountant Fees and Services</a>	101
	<b>PART IV</b>	
Item 15.	<a href="#">Exhibits and Financial Statement Schedules</a>	101
Item 16.	<a href="#">Form 10-K Summary</a>	103
<a href="#">Signatures</a>		104

#### EXPLANATORY NOTE

As previously announced, on August 16, 2021 (the “Closing Date”), Spire Global Subsidiary, Inc. (formerly known as Spire Global, Inc.) (“Old Spire”) closed its Merger with NavSight Holdings, Inc. (“NavSight”), a special purpose acquisition company, pursuant to the terms of the Business Combination Agreement, dated as of February 28, 2021, by and among Spire, NavSight, NavSight Merger Sub, Inc., a wholly owned subsidiary of NavSight (“NavSight Merger Sub”), and Peter Platzer, Theresa Condor, Jeroen Cappaert, and Joel Spark. As a result, NavSight Merger Sub merged with and into Old Spire, the separate corporate existence of NavSight Merger Sub ceased, and Old Spire continued as the surviving corporation and a wholly owned subsidiary of NavSight (the “Merger,” such consummation, the “Closing”). NavSight then changed its name to Spire Global, Inc. (together with its consolidated subsidiary, “New Spire” or “Spire”) and Old Spire changed its name to Spire Global Subsidiary, Inc. Prior to the Merger, NavSight’s shares and warrants were traded on the New York Stock Exchange (“NYSE”) under the ticker symbols “NSH” and “NSH.WS”, respectively. On the Closing Date, Spire’s Class A common stock and warrants began trading on the NYSE under the ticker symbols “SPIR” and “SPIR.WS”, respectively.

In this Annual Report on Form 10-K, Spire Global, Inc. (together with its subsidiaries) is referred to as “Spire,” the “Company,” “we,” “us,” or “our.”

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “would,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our ability to successfully identify, acquire and integrate businesses, such as our completed acquisition (the “Acquisition”) of exactEarth Ltd. (TSX: XCT) (“exactEarth”), the combined future performance of such acquisitions or our ability pursue strategic transactions;
- changes in our growth, strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, and plans;
- the implementation, market acceptance, and success of our business model;
- the ability to develop new offerings, services, solutions and features and bring them to market in a timely manner and make enhancements to our business;
- the quality and effectiveness of and advancements in our technology and our ability to accurately and effectively use data and engage in predictive analytics;
- overall level of consumer demand for our products and offerings;
- expectations and timing related to product launches;
- expectations of achieving and maintaining profitability;
- projections of total addressable markets, market opportunity, and market share;
- our ability to acquire data sets, software, equipment, satellite components, and regulatory approvals from third parties;
- our expectations concerning relationships with third parties;
- our ability to acquire or develop products or technologies we believe could complement or expand our platform or to expand our products and offerings internationally;
- our ability to obtain and protect patents, trademarks, licenses and other intellectual property rights;
- our ability to utilize potential net operating loss carryforwards;
- developments and projections relating to our competitors and industries, such as the projected growth in demand for space-based data;
- our ability to acquire new customers and partners or obtain renewals, upgrades, or expansions from our existing customers;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- our ability to retain or recruit officers, key employees or directors;
- our ability to maintain effective internal control over financial reporting and to remedy identified material weaknesses;
- the conversion or planned repayment of our debt obligations;
- our future capital requirements and sources and uses of cash;
- our ability to obtain funding for our operations;
- our business, expansion plans, and opportunities;
- our expectations regarding regulatory approvals and authorizations;
- the increased expenses associated with being a public company;
- the expectations regarding the effects of existing and developing laws and regulations, including with respect to regulations around satellites, intellectual property law, and privacy and data protection;
- global and domestic economic conditions, including currency exchange rate fluctuations and geopolitical uncertainty and instability, and their impact on demand and pricing for our offerings in affected markets; and
- the impact of the COVID-19 pandemic, or a similar public health threat, on global capital and financial markets, general economic conditions in the United States, and our business and operations.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors, including those described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Moreover, the forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

**Item 1.**

**Business**

Unless the context otherwise requires, all references in this section to the “Company,” “we,” “us,” or “our” refer to the business of Spire and its subsidiaries.

**Overview**

We are a global provider of space-based data, analytics and space services, offering unique datasets and powerful insights about Earth from the ultimate vantage point—space—so that organizations can make decisions with confidence, accuracy and speed. We own and operate one of the world’s largest multi-purpose satellite constellations in low earth orbit. Our fully deployed constellation consists of over 100 satellites, and we believe it is also one of the world’s largest “listening” constellations, observing the earth utilizing radio frequency sensors. We enrich this hard-to-acquire, valuable data with analytics and predictive solutions, providing data as a subscription to organizations around the world so that they can improve business operations, decrease their environmental footprint, deploy resources for growth and competitive advantage and mitigate risk.

In December 2021, our satellite constellation covered the earth over 200 times per day on average and our global ground station network performed over 2,300 contacts each day on average, reliably and resiliently collecting data with low latency. Our cloud-based data infrastructure processed five terabytes of data each day on average in December 2021, in creating our proprietary data analytics solutions. We provide customers these solutions through an application programming interface (“API”) infrastructure that delivers approximately one terabyte of data each day to our customers, as of December 31, 2021. The global data we collect includes data that can only be captured from space with no terrestrial alternatives. We collect this data once and can then sell it an unlimited number of times across a broad and growing set of industries, including weather, aviation and maritime, with global coverage, real-time and near real-time data that can be easily integrated into our customers’ operations.

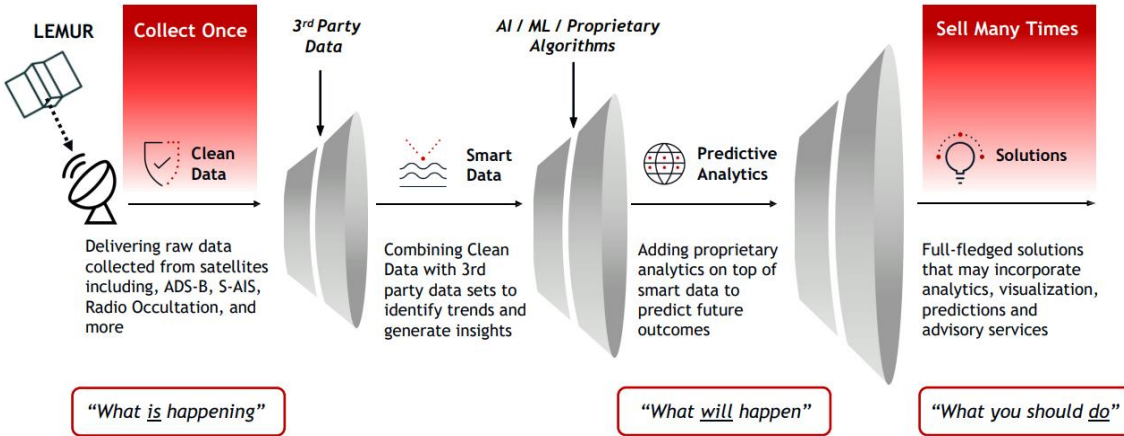
From our founding in 2012, we have set out to leverage data from space to solve problems on Earth. We aim to help inspire, lead, and innovate the business of space-based data. Today, our proprietary data and solutions are being used to help commercial and government organizations gain the advantage that they seek to innovate and solve some of the world’s greatest challenges, like climate change. We have experienced rapid organic and inorganic growth in recent periods. In November 2021, we acquired exactEarth, a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions in Canada.

**Our Data Solution Offerings**

Our proprietary constellation of low Earth multi-use receiver (“LEMUR”) satellites collects and transmits data to our proprietary global ground station network. The data is then autonomously moved from ground stations to proprietary data warehouses for cleansing, standardization, fusion and analysis. Via the SpireSight API, our customers receive proprietary data, analysis, and predictive solutions delivered seamlessly in near real-time.

We collect data from space once and can sell it an unlimited number of times without added cost. The four forms of data we sell to customers are:

- Clean data:** Clean and structured data directly from our proprietary satellites;
- Smart data:** Clean data fused with third-party datasets and proprietary analysis to enhance value and provide insights;
- Predictive data:** Big data, AI, and ML algorithms applied to fused data sets to create predictive analytics and insights; and
- Solutions:** Data-driven actionable recommendations to solve specific business problems, utilizing the full spectrum of our data analytics suite.



Key elements of our data platform include:

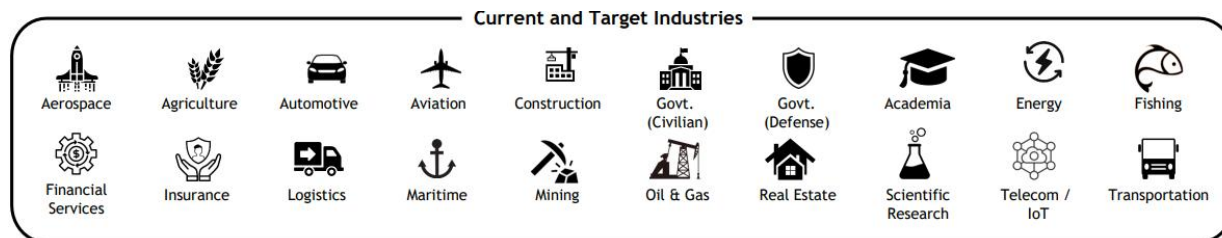
- All-in-one:** Our data platform provides a unified view of robust, deep data sets that are accessed from multiple data sources, globally.

Through this single view, users are able to gain better insight and make informed decisions;

- SaaS platform:** Our cloud-based platform allows users to ingest massive amounts of data from real-time to near real-time; and

- Cloud-based data analytics:** We have developed data processing and analytics systems which are used to process the data produced by its sensors, combine it with third-party data, and provide predictive analytics solutions for our customers.

We monetize our proprietary solutions across a broad and growing range of current and target industries including agriculture, logistics, financial services, insurance, aerospace, energy, fishing, academia and real estate, among others. The largest industries we currently serve include maritime, aviation and government (civil and defense).



### Maritime

We provide current and historical data, insights and predictive analytics for highly accurate ship monitoring, real-time vessel updates, port operations, ship safety and route optimization. We leverage the International Maritime Organization automatic identification systems ("AIS") standard, which is an automatic tracking system that uses transceivers on ships to provide geographic location data through historical or live satellite AIS ("S-AIS") data as observed by our satellites and terrestrial AIS ("T-AIS") data from third party sensor stations. Dynamic AIS™ (D-AIS™) combines three types of AIS data to provide greater vessel tracking data in high traffic zones. Our AIS-based maritime solutions increase global maritime domain awareness, facilitate coastline policing, and provide greater ocean coverage. Key applications include:

- Tracking vessels globally:** Precise vessel tracking using AIS data helps owners and operators know where vessels are located. Customers can run queries by Maritime Mobile Service Identity (MMSI), vessel name, call signs, AIS class type and more.
- Supply chain and port operations:** Expected time of arrival and vessel tracking data enables shippers, third party logistic companies and ports to optimize routes, minimize delays and time at port, plan berths and orchestrate last mile delivery.
- Optimizing fuel efficiencies:** Smart route planning, identification of busy shipping lanes, weather forecasts and port selection enable customers to effectively manage fuel costs.
- Monitoring illegal activities and compliances:** Real-time solutions help facilitate organizations to secure fishing territories, protect underwater infrastructure and analyze maritime incidents.
- Analyzing commodity trading:** Fuel, grain, building materials and precious metals are all traded by sea. We constantly track what, where and by whom such commodities are being traded. We use location data and maritime intelligence in combination with trade data to visualize the global commodity flow and identify patterns.

In November 2021, we acquired exactEarth, a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions that was mainly based out of Canada.

In December 2021, our proprietary technology collected 283 million AIS messages daily on average.

### Aviation

We provide global satellite-based aircraft tracking data to power applications, drive decision making and improve cost efficiencies. We utilize International Civil Aviation Organization-backed ADS-B aircraft tracking data to provide a near real-time precision and situational awareness. Using ADS-B, customers can track the overall operational status of aviation assets and relevant weather conditions along a given aircraft's flight path or in particular areas of interest around the world. Our versatile datasets include historical and near real-time aircraft position and status, aircraft type and airline data, flight and airport information, delivered via our near real-time and historical data APIs. Our satellites capture global aircraft movements from space using ADS-B signals, even when the aircraft is flying over oceans, deserts, mountains and regions without available ground-based tracking.

- Flight tracking:** We generate near real-time information on the movements of all ADS-B equipped aircrafts across continents and oceans for a long suite of regulatory and operations applications;
- Estimated time of arrival/on-time performance:** Our versatile, near real-time aviation ADS-B data streams provide insight into both historical on-time performance and real-time estimated time of arrivals;



- Overflight fee:** National aviation authorities charge overflight fees to operators of aircraft that fly in their airspace, but neither take off nor land in the country. Our easy to integrate APIs allow automatic detection and aid in fee administration;
- Air cargo and freight analytics:** Tracking all cargo aircraft in near real-time can be leveraged for analysis of supply of air cargo capacity which aids in optimizing pricing and distribution;
- Analytics and market intelligence:** Companies integrate live and historical flight and weather data into innovative solutions for their customers and internal teams, driving more favorable outcomes through deeper insights; and
- Predictive maintenance and aircraft management:** By tracking aircraft usage and flight patterns, our data aids in the analysis allowing for less aircraft downtime and fewer schedule disruptions.

In December 2021, we collected 368 million ADS-B messages daily on average.

### **Weather**

We provide space-based data, AI-powered insights and predictive weather analytics to empower the world to optimize costs, increase safety, boost decarbonization and make optimal business decisions. By utilizing radio occultation technology (“RO”), we are able to offer global and precise weather monitoring capabilities, capturing detailed temperature, humidity, and pressure information across the entire planet. Our extensive low-orbit satellite constellation collects near real-time data from every layer of the atmosphere, even at traditionally difficult high and low altitude ranges. Our constellation delivers global access to a specialized global observation dataset and delivers accuracy, previously only available locally and in well-developed regions. These tools provide immense value to governments, companies and individuals across the world, including the following sample of applications:

- Asset protection:** Our data can help facilitate the protection of physical assets like power lines from storm damage;
- Crop yields:** Customers can use our solutions to help to optimize crop yields with optimal farm operations;
- Local weather forecasting:** Taking exact measurements around the world helps improve local forecasts since weather systems connect globally and can provide emergency management professionals and search and rescue teams with highly detailed forecasting across their operational regions;
- Reducing losses and insurance:** Provision of data can decrease losses related to inclement weather and provide enhanced customer experiences in insurance, and
- Minimize supply chain disruptions:** Reduce risks to cargo, ship and crew safety, optimize fuel consumption and manage operational costs with hyper-accurate weather forecasts for maritime, aviation and ground operations.

In December 2021, our constellation collected approximately 20,000 RO profiles daily on average.

### **Space Services**

We leverage our fully deployed, at-scale space, ground and cloud infrastructure, our proven, low-risk development lifecycle and proprietary infrastructure to provide our Space Services solution, which takes full advantage of our space heritage, vertically integrated capabilities and global space infrastructure to revolutionize how customers access space. Akin to cloud-based services like Amazon Web Services (“AWS”), Microsoft Azure, and Google Cloud Platform, we provide customers fast, scalable and reliable access to space data at a fraction of the cost and time it historically took by leveraging the same operational infrastructure we use for our own data and analytics solutions across maritime, aviation and weather. In doing so, customers are able to convert high capital expenditures typically recognized at the outset into affordable and recurring operating expenditures through a flexible subscription-based pricing model. Our consistent launch schedule and end-to-end LEMUR design and manufacturing process allow customer sensors to go from design to launch in a matter of months, as opposed to three to five years—common under legacy satellite development.

Our customers can deploy their own applications and sensors into space quickly and efficiently with our diverse offerings:

- Software in Space:** Deploy customer software to existing satellites, using Software Defined Radios (SDR) in space without the need to launch a dedicated spacecraft.
- Payload in Space:** Host customer payloads on trusted, fully-integrated space, ground and web platform.
- Solutions in Space:** Customers partner with Spire to build a custom end-to-end solution.

## **Our Technology Platform**

### **Our Constellation**

We operate a large constellation of LEMUR nanosatellites along with a global network of ground stations. By operating our own satellites and ground stations, we are able to quickly and efficiently collect large volumes of data and make them available to our customers.

Key elements of our constellation include:

- Proprietary Satellite Space Platform:** We have developed a configurable nanosatellite platform called LEMUR, which is used to deploy data-generating sensors into space and provide all necessary resources for them to be operated efficiently, including power, pointing, data communications and onboard processing. As of December 31, 2021, the LEMUR platform has accumulated over 300 years of space flight heritage, with over 145 nanosatellites deployed in over 30 unique configurations. LEMUR is compatible with a significant number of available launch vehicles, having completed more than 30 launch campaigns on nine unique vehicles.
- Software-defined radio frequency sensors:** We have developed a number of software-defined-radio based sensors, including AIS receivers, ADS-B receivers, and GNSS radio occultation (GNSS-RO) receivers. These sensors are used to produce the proprietary datasets used in our data and analytics solutions.
- Ground station network:** We have deployed and operate a network of more than 30 ground stations distributed around the globe. These ground stations allow seamless communications between LEMUR nanosatellite platforms (and their hosted sensors) and our cloud-based operations and data processing system.
- Supercomputing power in-orbit:** We have launched supercomputing power in-orbit, which supports up to one teraflop of computing performance.
- Automated operations system:** We have developed a cloud-based automated operations system, which allows us and users of our Space Services solution to operate sensors hosted on the LEMUR nanosatellite platform seamlessly through a web-based API. The operations system includes proprietary optimization algorithms which allow coordinated operations of multiple satellites, enabling us and our Space Services users to scale operations of constellations efficiently.

## Industry Background

We believe technological advancements and the rapid pace of innovation continue to drive the commercialization of space-based data, analytics, and insights, making them more relevant to businesses, governments and to the public at large. Furthermore, we believe that the demand for data that can be collected from space is growing rapidly, while the cost of access to space is falling. Key trends in the new space economy include the growth in the number of constellations and the availability of space-based data, the shift in user demand from data toward analytics and insights, climate change adaptation, and advancements in on-board technologies.

### *Growth in the number of constellations and the availability of data*

One of the biggest drivers of growth in our industry has been the growth in the number of satellites orbiting the earth and the increasing amounts of data being made available by them. Satellites continue to evolve into smaller forms, as small as a breadbox or even as tiny as a mobile phone subscriber identification module (“SIM”), with significant capabilities. These smaller satellites are less expensive to build and easier to launch than legacy satellites. These small satellite constellations are disrupting the space industry due to their rapid pace of innovation (aligned with a 10-fold improvement in capability per kilogram every five years), deployment cycles and lower cost to deploy in orbit.

### *Shift in user demand from data to analytics*

Users are increasingly demanding not only data, but also analytics and insights. Advancements in technologies such as big data and cloud-based processing allow for massive amounts of data to be not only stored, but also analyzed in real-time, providing users with faster, more meaningful data, analytics and insights. Artificial intelligence (“AI”), machine learning (“ML”) and the application of specified algorithms continue to improve insights and predictive analytics.

### *Climate change response*

The response to the world’s problem of global warming and climate change over the past several decades has been largely focused on efforts to reduce greenhouse gas emissions. More recently, there has been a growing realization that the world lacks sufficient tools to anticipate and respond effectively to extreme weather events and climate change, and that more of our efforts and investment should be focused on how we can best protect vulnerable populations, infrastructure, land and the impact to the global economy. We believe that more accurate weather data, prediction technologies and analytics will play an increasingly important role in helping to devise strategies to maintain water quality and availability, modify land use, protect and preserve coastal land and development, manage stormwater logistics, mitigate the spread of wildfires, repair and retrofit vulnerable facilities and maximize the use of green infrastructure.

### *Advancements in on-board technologies*

Rapid innovation in space technology infrastructure, including communication devices and sensors, has improved data download times and spatial resolution and measurement accuracies, allowing for better space-based data, analytics and insights to be delivered faster.

Before space-based data, legacy solutions were often burdened with substantial shortcomings in terms of coverage and safety. For instance, before the advent of Automatic Dependent Surveillance-Broadcast (“ADS-B”), aviation stakeholders were blind to the vast majority of global aerospace activity, as terrestrial-based solutions were unable to track aircraft over oceans. This occasionally resulted in tragedies like that of Malaysia Airlines Flight 370, which disappeared in March 2014 while flying a routine route from Kuala Lumpur to Beijing. As of December 2021, our sensors covered the entirety of the globe over 200 times per day on average, including remote areas where terrestrial automatic identification system (“AIS”), ADS-B and atmospheric weather information are out of reach.

The introduction of intersatellite links has been a game changer for the industry. Our constellation already has radio frequency links (RF links) in-orbit and we have begun testing optical intersatellite links (“optical ISLs”). The effective rollout of this technology throughout our constellation will create a mesh network

in a similar way to how personal computers were linked with one another through the internet. Optical ISLs will enable us to deliver more data faster and in an even more secure way to our customers.

Lastly, the compute power on-board satellites in-orbit continues to improve. Spire launched its first supercomputer in-orbit with a teraflop of data processing capability in October 2020 and has iterated on the technology since to meet the needs of space services customers and enhance the data solutions delivered to customers.

## Sales and Marketing

### Sales

We operate primarily a direct sales organization dispersed geographically to align with our existing customers along with reaching potential new customers worldwide. On a selective basis we utilize resellers in markets where we lack a direct sales presence. Our sales professionals are responsible for acquiring new customers along with managing and expanding business with our existing customers. The efforts are focused on sourcing and developing new customer relationships, maintaining customer relationships, increasing solution penetration, driving sales to additional solutions and ensuring contract renewals. Our customer success and sales engineer teams, along with our sales team, manage our relationships with our customers.

Once a solution sale is made, our sales team leverages our land-and-expand model to generate incremental revenue through increased levels of adoption of our data by our customers. To drive such expansion in our existing customers, our sales team works closely with our sales engineers and marketing teams to ensure customer success. Often, we find that initial customer success with our data results in key internal decision-makers upgrading their subscription packages, adding additional data sets, increasing the data coverage, adding additional solutions, or expanding their implementation throughout their organization and to new use cases.

### Marketing

Our marketing team focuses on attracting, acquiring and retaining customers through outbound demand campaigns, building our brand reputation, increasing the awareness of our space-based data, predictive analytics and space services and the showcasing of customer successes. Our outbound demand campaigns include paid search, email, web and in-person customer events. Some of these targeted marketing efforts are focused on driving potential customers in search of solutions to our website. Supporting our sales professionals, our marketing team also develops messaging, solution positioning, thought leadership and other tools to help communicate the business value of our solutions. Our team also collaborates with our industry peers, suppliers, partners and customers when appropriate to celebrate successes and promote advancements within the new space economy.

## Research and Development

Our research and development team consist of spacecraft engineering, software engineering, data science, meteorology, manufacturing, product engineering, external experts and management and is responsible for the design, architecture, creation and quality of our space platform and data solutions. We invest substantial resources in research and development to enhance our product portfolio and services. We believe the enhancement of our solutions and the timely development of new services and features is essential to maintaining our competitive position, and we incorporate suggestions and feedback from our customers into our services. Our research and development teams work closely with operations to monitor and maintain the high availability of all our services. Additionally, the research and development team works closely with our sales team to collect customer feedback to enhance our portfolio. Our research and development organization is distributed across the United States, Canada, Luxembourg, Scotland and Singapore, each of which we believe is a strategic advantage for us, allowing us to develop capabilities more efficiently.

## Competition

The maritime, aviation and weather data industries are fragmented and highly competitive and characterized by rapid changes in technology, customer requirements and industry standards and frequent introductions of improvements to existing offerings. Our primary competitors in these industries include companies that specialize in one or more services similar to those offered by us on a local or regional basis. We also compete with global, national, regional and local firms and government entities specializing in our industries. Some of our primary competitors include, in our maritime data vertical, Orbcomm Inc., in our aviation data vertical, Aireon LLC, and in our weather data vertical, GeoOptics, Inc. with respect to our radio occultation data services. Some of our primary competitors also include analytics companies such as AccuWeather, Inc., Weathernews Inc., MeteoGroup (acquired by DTN, LLC), Tomorrow.ai, Climavision, European Centre for Medium-Range Weather Forecasts, NOAA and The Weather Company with respect to predictive analytics. We compete with companies such as AAC Clyde Space, GomSpace A/S, NanoAvionics LLC, ISISSpace and Open Cosmos Ltd. in our Space Services channel.

The principal competitive factors for companies in our verticals are:

- Data:** global coverage, temporal and spatial resolution, accuracy, uniqueness, relevance and latency of data and analytics;
- Platform:** speed, scale, reliability and relevance of API/user interface, ease of deployment and use, ability to ingest and manage a broad variety and large volume of data, ongoing innovation of services and customer support;
- Integration:** quality of training and consulting;
- Cost:** flexible packaging and total cost of ownership; and
- Business Strength:** long-term business viability, customer satisfaction, brand awareness and reputation.

We believe that we compare favorably with our competitors on the basis of the factors listed above. The industries in which we compete are dynamic and require constant change and innovation, and we plan to continue to evolve our technology to provide our customers with comprehensive data and analytics that protect our environment and our communities, transform global logistics and contribute to economic stability. Our innovation and focused execution have allowed us to quickly extend our network and our reach and we plan to continue our efforts to expand within our existing industries and enter new industries and geographies in the future. However, we could face significant risks to our business, financial condition and results of operations as a result of competition. For additional information, see the section titled “*Risk Factors—Risks Related to Spire—We face intense competition and could face pricing pressure from, and lose market share to, our competitors, which would adversely affect our business, financial condition, and results of operations.*”

### **Intellectual Property**

Our success depends in part upon our ability to safeguard our core technology and other intellectual property protection for our technology, inventions, improvements, proprietary rights, and other assets. We seek to accomplish that objective by establishing intellectual property rights in and protecting those assets through a combination of patents, patent applications, registered and unregistered trademarks, copyrights, trade secrets, license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual measures. As of December 31, 2021, we have 25 issued U.S. patents, five pending U.S. patent applications, no pending U.S. provisional patent applications, one issued non-U.S. patent and two pending non-U.S. patent applications (one of which is an allowed Canadian Application). Our issued U.S. patents, and any patents that may issue from our pending applications, are scheduled to expire at dates ranging between February 1, 2033 and November 4, 2040, excluding any additional term for patent term adjustments or extensions. In addition, as of December 31, 2021, we owned six registered trademarks in the United States, no pending trademark applications in the United States, 21 registered trademarks in non-U.S. jurisdictions and no pending trademark applications in non-U.S. jurisdictions. We also license data and software from third parties for integration into our business, including open-source software and other software available on commercially reasonable terms.

Additionally, we rely upon unpatented trade secrets and confidential know-how and continuing technological innovation to develop and maintain our competitive position. We seek to protect our proprietary information, in part, by entering into confidentiality agreements with our employees, consultants, vendors and customers, and generally limiting access to and distribution of our proprietary information. However, we cannot assure you that the steps taken by us will prevent misappropriation of our technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our offerings or obtain and use information that we regard as proprietary. Policing unauthorized use of our technology is difficult and time consuming. Third parties may independently develop the same or similar proprietary information or may otherwise gain access to our proprietary information. The laws, procedures and restrictions on which we rely may provide only limited protection, and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as government agencies and private parties in the United States.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. From time to time, third parties may assert claims of infringement, misappropriation, and other violations of intellectual property against us or our customers, with whom our agreements may obligate us to indemnify against these claims.

### **Employees and Human Capital Resources**

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and new employees and consultants. In addition to competitive base salaries and cash compensation, the principal purposes of our equity incentive plans are to attract, retain, and reward personnel through the granting of stock-based compensation awards, in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

As of December 31, 2021, we had 370 employees based out of eight offices located in five countries, of which 269 were full-time employees. In addition, we engage contractors and third-party service providers in connection with certain projects. In certain countries in which we operate, we are subject to, and comply with, local labor law requirements which may automatically make employees subject to industry-wide collective bargaining agreements. None of our U.S. employees are represented by a labor union or covered by a collective bargaining agreement with respect to their employment with us. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

### **Government Regulation and Compliance**

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing laws and regulations related to the deployment and operation of satellites, ground stations, privacy and data protection, intellectual property, investment screening, labor and employment, worker classification, product safety, economic sanctions, anti-trust laws, anti-money laundering laws, anti-bribery laws, import and export controls, federal securities laws and tax laws and regulations.

Our business requires licenses and permits from the Federal Communications Commission (“FCC”) and review by other agencies of the U.S. Government. License approval can include an interagency review of safety, operational, radio frequency interference, national security, foreign policy and international obligations implications, as well as a review of foreign ownership. We must also comply with laws and regulations relating to the formation, administration, and performance of contracts with the public sector, including U.S. federal governmental organizations, which affect how we do business with governmental agencies.

Selling our services to the U.S. government also subjects us to certain regulatory and contractual requirements. In addition, we maintain similar licenses and permits in Luxembourg, Singapore and other jurisdictions that impose regulatory and operational requirements.

Our launch and operation of planned satellites may require regulatory authorizations from the FCC or a non-U.S. licensing jurisdiction. Obtaining launch windows for planned satellites and ground stations, preparing for launch and working with the requisite equipment in foreign jurisdictions may require coordination with U.S. and foreign regulators. It is not uncommon for licenses for new satellites or additional operational parameters to be granted just prior to launch, and we expect to receive such licenses for all planned satellites. If we do not obtain required authorizations in the future, we will not be able to operate

our planned satellites. If we obtain a required authorization but do not meet milestones regarding the construction, launch and operation of a satellite by deadlines that may be established in the authorization, we may lose our authorization to operate a satellite using certain frequencies in an orbital location. Any authorizations we obtain may also impose operational restrictions or permit interference that could affect our use of planned satellites.

We hold FCC and foreign governmental licensing authority licenses, permits and approvals for its satellite constellations and earth stations. As we build out our satellite constellation, we will require new licenses, permits and approvals from the FCC and/or foreign governmental licensing authorities or modifications to existing licenses, permits and approvals. Changes to its satellite constellation and earth stations may also require prior approval from the FCC or other governmental authorities. These modifications or changes may take time: for example, the FCC typically processes satellite applications for new orbital locations or frequencies on a first come, first served basis. From time to time, we may have pending applications for permanent or temporary changes in frequencies and technical design. From time to time, we have filed or will need to file applications to replace or add satellites to our satellite constellation. These licenses, permits, and approvals are also subject to modification by the FCC and foreign government licensing authorities. In addition, our licenses, permits and approvals require coordination with various entities, including other federal government agencies.

Our business is also dependent on the use of satellite signals and on terrestrial communication bands. International allocations of radio frequency are made by the International Telecommunication Union ("ITU"). These allocations are further governed by radio regulations that have treaty status and which may be subject to modification every two to three years by the World Radiocommunication Conference. Each country also has regulatory authority over how each band is used in the country. In the United States, the FCC and the National Telecommunications and Information Administration share responsibility for radio frequency allocations and spectrum usage regulations.

Any ITU or local reallocation of radio frequency bands, including frequency band segmentation and sharing of spectrum, or other modifications of the permitted uses of relevant frequency bands, may materially and adversely affect the utility and reliability of our services and have significant negative impacts on our customers, both of which could reduce demand for our business. We are licensed to uplink and downlink our data over certain bands. Other countries have considered proposals for use of frequencies used by our business as well as adjacent bands that could cause harmful interference to our services.

In many cases, our data, services, and technology are or may in the future be subject to U.S. export control laws and regulations including the Export Administration Regulations ("EAR") and International Traffic In Arms ("ITAR"), and subject to trade and economic sanctions maintained by Office of Foreign Assets Control ("OFAC"). We are also subject to or may in the future be subject to export control and trade sanctions laws and regulations in the European Union ("EU"), the United Kingdom, Singapore and other jurisdictions in which we operate. As such, an export license may be required to export or re-export our data, services, and technology to certain countries or end-users, or for certain end-uses. Compliance with the EAR, ITAR and other applicable regulatory requirements regarding the export of our services, including new releases and/or the performance of services, may create delays in the introduction of our services in non-U.S. markets, prevent our customers with non-U.S. operations from deploying these solutions throughout their global systems or, in some cases, prevent the export of the services to some countries altogether. Obtaining the necessary export license for a particular sale or offering may not be possible and may be time-consuming and may result in the delay or loss of sales opportunities. In addition, compliance with the directives of the Directorate of Defense Trade Controls ("DDTC") may result in substantial expenses and diversion of management attention. Any failure to adequately address the directives of DDTC could result in civil fines or suspension or loss of our export privileges, any of which could materially adversely affect our business, financial condition, results of operations. Further, U.S. export control laws and economic sanctions as well as similar laws and regulations in other jurisdictions prohibit the export of offerings to certain U.S. embargoed or sanctioned countries, governments, and persons, as well as for prohibited end-uses.

Our business is also subject to a variety of federal, state, local, and international laws, directives, and regulations, as well as contractual obligations, relating to the collection, use, retention, security, disclosure, transfer and other processing of personal information and other data. The regulatory framework for privacy, data protection and data transfers worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. For example, the European Court of Justice in July 2020 struck down the EU-U.S. Privacy Shield framework, which provided companies with a mechanism to comply with data protection requirements when transferring personal data from the EU to the United States. In some cases, data privacy laws and regulations, such as the EU's General Data Protection Regulation ("GDPR"), impose obligations on us and on many of our customers. In addition, domestic data privacy laws, such as the California Consumer Privacy Act (the "CCPA"), the recently passed California Privacy Rights Act (the "CPRA"), and the Virginia Consumer Data Protection Act (the "CDPA"), continue to evolve and could expose us to further regulatory or operational burdens. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of delivering our services. Complying with the GDPR, CCPA, CPRA, CDPA, or other laws, regulations, amendments to or re-interpretations of existing laws and regulations and contractual or other actual or alleged obligations relating to privacy, data protection, data transfers, data localization or information security may require us to make changes to our services to enable us or our customers to meet new legal requirements, incur substantial operational costs, modify our data practices and policies and restrict our business operations.

Our business is also subject to various laws and regulations relating to the protection of the environment and human health and safety, including those governing the management, storage and disposal of hazardous materials, such as fuels and batteries, which may contain hazardous materials. We could incur significant costs, including cleanup costs, fines, sanctions, and third-party claims, as a result of violations of or in connection with liabilities under environmental laws and regulations.

For additional information regarding the laws and regulations to which we are subject and the risks to our business associated with such laws and regulations, see the section titled “*Risk Factors—Risks Related to Spire*,” including the sections titled “*Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition, and results of operations*,” “*Our ability to obtain or maintain licensing authorization for our platform is subject to government rules and processes which can cause delays or failures in obtaining authorizations requested. Further, regulators may adopt new rules and regulations which could impose new requirements impacting our business, financial condition, and results of operations. If we do not maintain regulatory authorizations for our existing satellites, associated ground facilities and terminals, services we provide, or obtain authorizations for our future satellites, associated ground facilities and terminals, and services we provide, we may not be able to operate our existing satellites or expand our operations*,” “*We are dependent on the availability and unimpaired use of allocated bands within the radio frequency spectrum and failure to secure spectrum use rights to support our operations and future technological development could impede our growth. Further, our platform may be subject to harmful interference from new or modified spectrum uses*,” “*We are subject to domestic and international governmental export and import controls that would impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws or if we do not secure or maintain the required export authorizations*,” and “*The rapidly evolving framework of privacy, data protection, data transfers, or other laws or regulations worldwide may limit the use and adoption of our services and adversely affect our business*.”

#### **Corporate Information**

Old Spire was incorporated in 2012 as a Delaware corporation under the name NanoSatisfi, Inc., which was changed to Spire Global, Inc. in 2015. NavSight Holdings, Inc. was incorporated in May 2020 as a Delaware corporation and a special purpose acquisition company and, on September 9, 2020, completed its initial public offering. On August 16, 2021, NavSight Holdings, Inc. consummated the Merger with Old Spire pursuant to the Business Combination Agreement. In connection with the Business Combination Agreement, NavSight Holdings, Inc. changed its name to Spire Global, Inc.

Our principal executive office is located at 8000 Towers Crescent Drive, Suite 1100, Vienna, Virginia 22182, and our telephone number is (202) 301-5127. Information contained on our website or connected thereto does not constitute part of, and is not incorporated by reference into, this Annual Report on Form 10-K.

#### **Available Information**

Our website is located at [www.spire.com](http://www.spire.com), and our investor relations website is located at [www.ir.spire.com](http://www.ir.spire.com). Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available free of charge on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission (the “SEC”). The SEC also maintains a website that contains our SEC filings at [www.sec.gov](http://www.sec.gov).

We announce material information to the public about us, our products and services and other matters through a variety of means, including filings with the SEC, press releases, public conference calls, webcasts, the investor relations section of our website at [www.ir.spire.com](http://www.ir.spire.com) and our Twitter account (@SpireGlobal) in order to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD.

The information disclosed by the foregoing channels could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above and to review the information disclosed through such channels.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

## Item 1A. Risk Factors.

*Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, financial condition, results of operations, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations, and prospects could be adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.*

### Summary Risk Factors

- Our revenue growth rate and financial performance in recent periods may not be indicative of future performance.
- We have a history of net losses and may not be able to achieve or maintain profitability in the future.
- Our results of operations vary and are unpredictable from period to period, which could cause the market price of our common stock to decline.
- The global COVID-19 pandemic has harmed and could continue to harm our business, financial condition, and results of operations.
- Satellites use highly complex technology and operate in the harsh environment of space and therefore are subject to significant operational risks, including exposure to space debris and other spacecraft, while in orbit.
- Our contracts with government entities are subject to a number of uncertainties.
- Our satellites and platform could fail to perform or perform at reduced levels of service because of technological malfunctions, satellite failures or deficiencies, or other performance failures, which would seriously harm our reputation, business, financial condition, and results of operations.
- Satellites are subject to construction and launch delays, launch failures, damage or destruction during launch, the occurrence of which can materially and adversely affect our operations.
- Rapid and significant technological changes in the satellite industry or the introduction of a new service solution to the market that reduces or eliminates our service performance advantage may harm our business, financial condition, and results of operations.
- We may fail to cost-effectively acquire new customers or obtain renewals, upgrades, or expansions from our existing customers, which would adversely affect our business, financial condition, and results of operations.
- The markets for our offerings are evolving, and our future success depends on the growth of these markets and our ability to adapt, keep pace, and respond effectively to evolving markets.
- We rely on third parties for our supply of certain of our data, equipment, satellite components software, and operational services to manage and operate our business, and any failure or interruption with these third parties could adversely affect our business, financial condition, and results of operations.
- We manufacture our satellites in-house at a single manufacturing facility in the United Kingdom. Any impairment to our manufacturing facility could cause us to incur additional costs and delays in the production and launch of our satellites which would materially affect our business, financial condition, and results of operations.
- We are dependent on third parties to launch our satellites into space, and any launch delay, malfunction, or failure could have a material adverse impact to our business, financial condition, and results of operations.
- Integrating exactEarth with our business may be more difficult, costly, or time-consuming than expected, and we may not realize the expected benefits of the Acquisition, which may adversely affect our business, financial condition, and results of operations.
- We incorporate technology, third-party data and terrestrial data sets from third parties into our platform, and our inability to maintain rights and access to such technology and data sets would harm our business and results of operations.
- Any actual or perceived security or privacy breach could interrupt our operations, harm our reputation and brand, result in financial exposure, and lead to loss of user confidence in us or decreased use of our platform, any of which could adversely affect our business, financial condition, and results of operations.
- The rapidly evolving framework of privacy, data protection, data transfers, or other laws or regulations worldwide may limit the use and adoption of our services and adversely affect our business.
- We rely on AWS to deliver our platform to our customers, and any disruption of, or interference with, our use of Amazon Web Services could adversely affect our business, financial condition, and results of operations.

- Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition, and results of operations.
- Our ability to obtain or maintain licensing authorization for our platform is subject to government rules and processes which can cause delays or failures in obtaining authorizations requested. Further, regulators may adopt new rules and regulations which could impose new requirements impacting our business, financial condition, and results of operations. If we do not maintain regulatory authorizations for our existing satellites, associated ground facilities and terminals, services we provide, or obtain authorizations for our future satellites, associated ground facilities and terminals, and services we provide, we may not be able to operate our existing satellites or expand our operations.
- We are subject to domestic and international governmental export and import controls that would impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws or if we do not secure or maintain the required export authorizations.
- We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, it may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations, which may adversely affect our business, financial condition, and results of operations.
- We have substantial indebtedness under our credit facility and our obligations thereunder may limit our operational flexibility or otherwise adversely affect our financial condition.
- The dual class structure of our common stock has the effect of concentrating voting power with the Founders, which will limit an investor's ability to influence the outcome of important transactions, including a change in control. Additionally, two of the Founders, Peter Platzer and Theresa Condor, are husband and wife, which may further concentrate the influence of the Founders and further limit an investor's ability to influence the company.

## **Risks Related to Our Industry and Business**

### ***Our revenue growth rate and financial performance in recent periods may not be indicative of future performance.***

We have grown over recent periods, and therefore our revenue growth rate and financial performance should not be considered indicative of our future performance. For example, our revenue was \$43.4 million and \$28.5 million for the years ended December 31, 2021 and 2020, respectively. In addition, due to the COVID-19 pandemic, our revenue and other results of operations have been negatively impacted. The circumstances that have impacted the growth of our business stemming from the effects of the COVID-19 pandemic may continue in the future, and the growth rates in revenue may decline in future periods. You should not rely on our revenue for any previous quarterly or annual period as any indication of our revenue or revenue growth in future periods. As we grow our business, we expect our revenue growth rates to decline compared to prior fiscal years due to a number of reasons, which may include more challenging comparisons to prior periods as our revenue grows, slowing demand for our platform, increasing competition, a decrease in the growth of our overall market or market saturation, and our failure to capitalize on growth opportunities.

### ***We may fail to effectively manage our growth, which would adversely affect our business, financial condition, and results of operations.***

We are a rapidly growing company, and our future growth depends, in part, on our ability to manage our growth successfully. For example, the number of ARR Customers was 598 as of December 31, 2021, increased from 154 as of December 31, 2020. To effectively manage this growth, we will need to continue to improve and expand our operating and administrative systems, financial infrastructure, financial controls, technological operations infrastructure, and our internal IT systems, which we may not be able to do efficiently in a timely manner, or at all. To do so, we may seek to deploy products and services from third-party providers, which may not be available on commercially reasonable terms, or at all, and may not perform to our expectations. For the definition of ARR and ARR Customers, see the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics.*"

Our ability to manage our growth will also depend in large part upon a number of other factors, including our ability to rapidly attract and retain qualified technical personnel in order to continue to develop reliable and flexible solutions and services that respond to evolving customer needs and improve and expand our sales team to keep customers informed regarding the key selling points and features of our platform. We must also successfully implement our sales and marketing strategy and respond to competitive developments.

Any future growth would add complexity to our organization and require effective coordination across our organization. Because our operations are geographically diverse and increasingly complex, our personnel resources and infrastructure could become strained, and our reputation in the market and our ability to successfully manage and grow our business may be adversely affected. The complex nature of our Space Services business and the expansion of our platform, services, and customer base have placed increased demands on our management and operations, and further growth, if any, may place additional strains on our resources in the future. If we are unable to effectively manage our growth, our business, financial condition, and results of operations would be adversely affected.

### ***We have a history of net losses and may not be able to achieve or maintain profitability in the future.***

We have incurred net losses since our inception, and we expect to continue to incur net losses in the near future. We incurred net losses of \$19.3 million and \$32.5 million for the years ended December 31, 2021 and 2020, respectively. We expect our operating expenses to increase over the next several years, as we continue to hire additional personnel, particularly in sales and marketing and research and development, expand our operations and infrastructure, both domestically and internationally, and continue to develop our platform's features. These efforts may be more costly than we may expect and may not result in increased revenue or growth in our business. In addition to the expected costs to grow our business, we also will increase legal, accounting, and other expenses



as a public company. Any failure to increase our revenue sufficiently to offset the increases in our operating expenses will limit our ability to achieve or maintain profitability in the future. Further, if we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition, and results of operations could be adversely affected.

***Our results of operations vary and are unpredictable from period to period, which could cause the market price of our common stock to decline.***

Our results of operations may fluctuate from period to period as a result of a number of factors, many of which are outside of our control and may be difficult to predict. Some of the factors that may cause our results of operations to fluctuate from period to period include:

- our ability to attract new customers, retain existing customers, and expand the adoption of our platform, particularly to our largest customers;
- market acceptance and the level of demand for our platform;
- the quality and level of the execution of our business strategy and operating plan;
- the effectiveness of our sales and marketing programs;
- the competitive conditions in the industry, including consolidation within the industry, strategic initiatives by us or by competitors, or introduction of new services by us or our competitors;
- the length of our sales cycle, including the timing of upgrades or renewals;
- the cost and availability of components, including any changes to our supply or manufacturing partners;
- the volume of sales generated by subscription sales as opposed to project-based services;
- service outages or security breaches or incidents and any related occurrences could impact our reputation;
- limited availability of appropriate launch windows, satellite damage or destruction during launch, launch failures, incorrect orbital placement of satellites, or losses due to satellites otherwise deorbiting prior to the end of their useful life;
- trade protection measures, such as tariffs or duties;
- our ability to successfully expand internationally and penetrate key markets;
- our ability to develop and respond to new technologies;
- increases in and the timing of operating expenses that we may incur to grow our operations and to remain competitive;
- pricing pressure as a result of competition or otherwise;
- delays in our sales cycle, decreases in sales to new customers, and reductions in upselling and cross-selling to existing customers due to the impact on global business and data spending as a result of the COVID-19 pandemic;
- the implementation of cost-saving activities as a result of the COVID-19 pandemic;
- the impact and costs, including those with respect to integration, related to the acquisition of businesses, talent, technologies, or intellectual property rights;
- changes in the legislative or regulatory environment;
- adverse litigation judgments, settlements, or other litigation-related costs; and
- general economic conditions in either domestic or international markets, including currency exchange rate fluctuations and geopolitical uncertainty and instability, such as the conflict in Ukraine and its impacts on the region and the regional global economy.

Any one or more of the factors above may result in significant fluctuations in our results of operations. We also intend to continue to invest significantly to grow our business in the near future rather than optimizing for profitability or cash flows. In addition, our annual results of operations may fluctuate from quarter to quarter depending on customer buying habits, and whether they are purchasing a subscription or a project-based data solution. The timing of customer acceptance on project-based deliverables may impact or delay our recognition of revenue from such projects. The variability of our results of operations or other operating estimates could result in our failure to meet our expectations or those of securities analysts or investors.

If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could decline and we could face costly lawsuits, including securities class action suits.

***The global COVID-19 pandemic has harmed and could continue to harm our business, financial condition, and results of operations.***

The COVID-19 pandemic and efforts to control its spread have significantly curtailed the movement of people, goods, and services worldwide, including in the geographic areas in which we conduct our business operations and from which we generate our revenue. It has also caused extreme societal, economic, and financial market volatility, resulting in business shutdowns and potentially leading to a global economic downturn. The magnitude and duration of the resulting

decline in business activity cannot currently be estimated with any degree of certainty and the decline has had several effects on our business and results of operations, including, among other things:

- negatively impacting global data spending, which has adversely affected demand and may continue to adversely affect demand for our platform, caused potential customers to delay or forgo purchases of project-based services or subscriptions to our platform, and caused some existing customers to fail to renew subscriptions, defer their renewal, reduce their usage, or fail to expand their usage of our platform within their business;
- disrupting our supply chain for the manufacturing and launch of our satellites, delaying our ability to launch new satellites, and limiting our ability to perform maintenance on our ground stations;
- slowing our recruiting, hiring, and onboarding processes, and
- limiting our ability to collaborate in person;
- adjusting company policies for areas like working from home, mask requirements, testing requirements or mandatory vaccinations based on government requirements or management decisions resulting in employee attrition and increased spending; and
- restricting our sales operations and marketing efforts, including limiting the ability of our sales force to travel to existing customers and potential customers, and reducing the effectiveness of such efforts in some cases.

The COVID-19 pandemic may cause us to continue to experience the foregoing challenges in our business in the future and could have other effects on our business, including delaying or lengthening our sales cycle, increasing customer churn, depressing upsell opportunities, delaying collections or resulting in an inability to collect accounts receivable as a result of extended payment terms, concessions, or customer inability to pay, and disrupting our ability to develop new offerings, enhance existing offerings, market, and sell access to our platform, and conduct business activities generally.

Further, unemployment rates have been volatile, and financial markets are experiencing significant levels of volatility and uncertainty, which could have an adverse effect on consumer and commercial spending and negatively affect demand for our customers' products and services, particularly in markets such as aviation and maritime. Changes in government administration and national and international priorities, including in response to the COVID-19 pandemic, could have a significant impact on government budgets and spending priorities. We have historically derived a significant portion of our revenue from contracts with governments, therefore, any reduced government spending overall on services that we provide could adversely affect our business.

In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, we have taken precautionary measures intended to reduce the risk of the virus spreading to our employees, our customers, and the communities in which we operate, and we may take further actions as required by government entities or that we determine are in the best interests of our employees, customers, partners, and suppliers. In particular, governmental authorities have instituted shelter-in-place policies or other restrictions in many jurisdictions in which we operate, which policies require some of our employees to work remotely. Where shelter-in-place policies or other governmental restrictions are reduced or lifted, we expect to take a measured and careful approach to have employees returning to offices and traveling for business. As employees are able to come back into the office, we will also adhere to local requirements for precautionary measures and policies such as wearing masks, obtaining COVID-19 testing, social distancing and requiring vaccination, as applicable. Some employees may be unwilling or unable to receive a COVID-19 vaccine, necessitating the implementation of additional safety or social distancing protocols, and impeding their return to pre-pandemic work routines. These precautionary measures and policies could negatively impact employee recruiting, productivity, training and development, and collaboration, or otherwise disrupt our business operations.

The extent and duration of working remotely may also affect our ability to attract and retain employees, manage employee expectations regarding returning to offices, and expose us to increased risks of security breaches or incidents. We may need to enhance the security of our platform, our data, and our internal IT infrastructure, which may require additional resources and may not be successful.

The extent to which the COVID-19 pandemic continues to impact our business and results of operations will also depend on future developments that are highly uncertain and cannot be predicted, such as the duration of the outbreak and spread of new virus variants, the extent and effectiveness of containment actions, and the effectiveness of vaccination efforts. An extended period of global supply chain and economic disruption as a result of the COVID-19 pandemic could have a material negative impact on our business, results of operations, and financial condition, though the full extent and duration is uncertain. To the extent the COVID-19 pandemic continues to adversely affect our business and financial results, it is likely to also have the effect of heightening many of the other risks described in this "Risk Factors" section.

***Satellites use highly complex technology and operate in the harsh environment of space and therefore are subject to significant operational risks, including exposure to space debris and other spacecraft, while in orbit.***

Satellites utilize highly complex technology and operate in the harsh environment of space and, accordingly, are subject to significant operational risks while in orbit. These risks include malfunctions, or anomalies, that have occurred and may continue to occur in our satellites. Exposure of our satellites to an unanticipated catastrophic event, such as a meteor shower, Coronal Mass Ejection or a collision with space debris, could reduce the performance of, or completely destroy, the affected satellite and/or constellation. In addition, satellites in low earth orbit have a limited life cycle and they could become compromised over their designated operational life span. We anticipate that our satellites will have an expected end-of-commercial-service life of three years. It is possible that the actual commercial service lives of our satellites will be shorter than anticipated.

Some of the principal satellite anomalies that may affect the actual commercial service lives of our satellites include:

- Mechanical and electrical failures due to manufacturing error or defect, including:
  - mechanical failures that degrade the functionality of a satellite, such as the failure of solar array panel drive mechanisms, rate gyros, or momentum wheels;
  - antenna failures and defects that degrade the communications capability of the satellite;
  - circuit failures that reduce the power output of the solar array panels on the satellites;
  - failure of the battery cells that power the payload and spacecraft operations during daily solar eclipse periods;
  - power system failures that result in a shutdown or loss of the satellite;
  - avionics system failures, including GPS, that degrade or cause loss of the satellite;
  - altitude control system failures that degrade or cause the inoperability of the satellite;
  - transmitter or receiver failures that degrade or cause the inability of the satellite to communicate with our ground stations;
  - communications system failures that affect overall system capacity;
  - satellite computer or processor re-boots or failures that impair or cause the inoperability of the satellites; and
  - radio frequency interference emitted internally or externally from the spacecraft affecting the communication links.
- Equipment degradation during the satellite’s lifetime, including:
  - degradation of the batteries’ ability to accept a full charge;
  - degradation of solar array panels due to radiation;
  - general degradation resulting from operating in the harsh space environment, such as from solar flares;
  - degradation or failure of reaction wheels;
  - degradation of the thermal control surfaces;
  - degradation and/or corruption of memory devices; and
  - system failures that degrade the ability to reposition the satellite.
- Deficiencies of control or communications software, including:
  - failure of the charging algorithm that may damage the satellite’s batteries;
  - problems with the communications functions of the satellite;
  - limitations on the satellite’s digital signal processing capability that limit satellite communications capacity; and
  - problems with the fault control mechanisms embedded in the satellite.

We have experienced, and may in the future experience, anomalies in some of the categories described above. The effects of these anomalies include, but are not limited to, failure of the satellite, degraded communications performance, reduced power available to the satellite in sunlight and/or eclipse, battery overcharging or undercharging and limitations on satellite communications capacity. Some of these effects may be increased during periods of greater message traffic and could result in our system requiring more than one attempt to send messages before they get through to our satellites.

Although these multiple re-try effects do not result in lost messages, they could lead to increased messaging latencies for the end user and reduced throughput for our system. We consider a satellite “failed” only when it can no longer provide any data service, and we do not intend to undertake further efforts to return it to service. While we have already implemented a number of system adjustments, we cannot provide assurance that these actions will succeed or adequately address the effects of any anomalies in a timely manner or at all. While certain software deficiencies may be corrected remotely, most, if not all, of the satellite anomalies or debris collision damage cannot be corrected once the satellites are placed in orbit. Any satellite anomalies in the future may result in monetary losses, delays, and impairment of services, all of which may adversely affect our business, financial condition, and results of operations.

***We rely on a limited number of government customers to provide a substantial portion of our revenue.***

We have historically derived a significant portion of our revenue from contracts with federal, state, local, and foreign governments, which accounted for approximately 55% of our revenues for the year ended December 31, 2021. We believe that the future success and growth of our business will depend in part on our ability to continue to maintain and procure government contracts. Within the government channel, approximately 67% of revenue for the year ended December 31, 2021, was generated by three government customers. Contracts with any government entity may be terminated or suspended by the government at any time, with or without cause. There can be no assurance that any contract with the government of any country will not be terminated or suspended in the future. Although we attempt to ensure that government contracts have standard provisions such as termination for convenience language which reimburses us for reasonable costs incurred, the payments are not assured and may not be sufficient to fully compensate us for any early termination of a contract. The loss of one or more of our government customers, or any significant decrease in sales to these customers, could reduce our net sales and adversely affect our business, financial condition, and results of operations.

***Our contracts with government entities are subject to a number of uncertainties.***

Our services are incorporated into many different domestic and international government programs. Whether we contract directly with the U.S. government, a foreign government, or one of their respective agencies, or indirectly as a subcontractor or team member, our contracts and subcontracts with government entities are subject to special risks. For example:

- Changes in government administration and national and international priorities, including developments in the geo-political environment and measures implemented in response to the COVID-19 pandemic, could have a significant impact on national or international government spending priorities and the efficient handling of routine contractual matters. These changes could have a negative impact on our business in the future.
- Because we contract to supply services to U.S. and foreign governments and their prime and subcontractors, we compete for contracts in a competitive bidding process. We may compete directly with other suppliers or align with a prime or subcontractor competing for a contract. Further, foreign governments may favor their domestic providers when awarding contracts over us. We may not be awarded the contract if the pricing or solution offering is not competitive, either at our level or the prime or subcontractor level. In addition, in the event we are awarded a contract, we are subject to protests by losing bidders of contract awards that can result in the reopening of the bidding process and changes in governmental policies or regulations and other political factors. In addition, we may be subject to multiple rebid requirements over the life of a government program in order to continue to participate in such program, which can result in the loss of the program or significantly reduce our revenue or margin from the program. Government program requirements for more frequent technology refreshes may lead to increased costs and lower long-term revenues.

Government contracts often contain provisions and are subject to laws and regulations that provide government customers with additional rights and remedies not typically found in commercial contracts. These rights and remedies allow government customers, among other things, to:

- Terminate existing contracts for convenience with short notice;
- Reduce orders under or otherwise modify contracts;
- For contracts subject to the Truth in Negotiations Act, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not complete, accurate, and current;
- For some contracts, (i) demand a refund, make a forward price adjustment, or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (ii) reduce the contract price under triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated;
- Cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- Decline to exercise an option to renew a multi-year contract;
- Claim rights in solutions, systems, or technology produced by us, appropriate such work-product for their continued use without continuing to contract for our services, and disclose such work-product to third parties, including other government agencies and our competitors, which could harm our competitive position;
- Prohibit future procurement awards for particular future contracts due to a finding of organizational conflicts of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor's judgment;
- Subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction, or modification of the awarded contract;
- Suspend or debar us from doing business with the applicable government;
- Demand a set-off of amounts due to us on other contracts to satisfy amounts due to a contract default termination on a specific contract; and
- Control or prohibit the export of our services.

If a customer were to unexpectedly terminate, cancel, or decline to exercise an option to renew with respect to one or more of our significant contracts, or if a government were to suspend or debar us from doing business with such government, our business, financial condition, and results of operations would be materially harmed.

- We contract with U.S. and international government contractors or directly with the U.S. government on a commercial item basis, eliminating the requirement to disclose and certify cost data. To the extent that there are interpretations or changes in the Federal Acquisition Regulation (the "FAR") regarding the qualifications necessary to sell commercial items, there could be a material impact on our business and results of operations. For example, there have been legislative proposals to narrow the definition of a "commercial item" (as defined in the FAR) or to require cost and pricing data on commercial items that could limit or adversely impact our ability to contract under commercial item terms. Changes could be accelerated due to changes in our mix of business, in Federal regulations, or in the interpretation of Federal regulations, which may subject us to increased oversight by the Defense Contract Audit Agency, for certain of our services. Such changes could also trigger contract coverage under the Cost Accounting Standards (the "CAS"), further impacting our commercial operating model and requiring compliance with a defined set of business systems criteria. Growth in the value of certain of our contracts has increased our compliance burden, requiring us to implement new business systems to comply with such requirements. Failure to comply with applicable CAS requirements could adversely impact our ability to win future CAS-type contracts.

- We are subject to the Defense Federal Acquisition Regulation Supplement (the “DFARS”), and the Department of Defense, and other federal cybersecurity requirements, in connection with our defense work for the U.S. government and prime contractors. Amendments to cybersecurity requirements such as through amendments to the FAR or DFARS, may increase our costs or delay the award of contracts if we are unable to certify that we satisfy such cybersecurity requirements.
- The U.S. government or a prime contractor customer could require us to relinquish data rights to a product in connection with performing work on a government contract, which could lead to a loss of valuable technology and intellectual property in order to participate in a government program.
- The U.S. government or a prime contractor customer could require us to enter into cost reimbursable contracts that could offset our cost efficiency initiatives.
- Sales to our U.S. prime defense contractor customers as part of foreign military sales programs combine several different types of risks and uncertainties highlighted above, including risks related to government contracts, risks related to defense contracts, timing and budgeting of foreign governments, and approval from the U.S. and foreign governments related to the programs, all of which may be impacted by macroeconomic and geopolitical factors outside of our control.
- We may need to invest additional capital to build out higher level security infrastructure at certain of our facilities to win contracts related to government programs with higher level security requirements. Failure to invest in such infrastructure may limit our ability to obtain new contracts with such government programs.
- We face risks associated with bid protests, in which our competitors could challenge the contracts we have obtained, or suspension, debarment, or similar ineligibility from serving government customers.
- We have certain contracts which were awarded to us as part of the U.S. federal government’s small business program. As our revenue grows, we may be deemed to be “other than small,” which could reduce our eligibility for proposal opportunities or reduce our ability to secure new contracts.

***Our satellites and platform could fail to perform or perform at reduced levels of service because of technological malfunctions, satellite failures or deficiencies, or other performance failures, which would seriously harm our reputation, business, financial condition, and results of operations.***

Our satellites and platform are exposed to the risks inherent in large-scale, complex satellite systems employing advanced technology. We rely on data collected from a number of sources including data obtained from our satellites and from third parties and may become unable or limited in our ability to receive such data. For example, satellites can temporarily go out of service and be recovered, or cease to function for reasons beyond our control, including the quality of design and construction, the supply of the battery, the expected gradual environmental degradation of solar panels, the durability of various satellite components and the orbits and space environments in which the satellites are placed and operated. Electrostatic storms, collisions with other objects or actions by malicious actors, including cyber related events, could also damage the satellites and subject us to liability for any damages caused to other spacecraft. Additionally, in certain instances, governments may discontinue for periods of time the access to or operation of a satellite for any particular area on the Earth and for various reasons may not permit transmission of certain data, whether from a satellite owned by the government or not.

Satellites can experience malfunctions, commonly referred to as anomalies, which have occurred and may occur in the future with respect to our satellites. Any single anomaly could materially and adversely affect our ability to utilize the satellite. Anomalies may also reduce the expected capacity, commercial operation and/or useful life of a satellite, thereby reducing the amount of space data collected, which, if material, could impact revenue or create additional expenses due to the need to provide replacement or back-up satellites or satellite capacity earlier than planned and could have a material adverse effect on our business. In addition, if a satellite experiences a malfunction, our backup satellite capacity may be insufficient to meet all of our customers’ needs or cause service interruptions, and we may need to potentially blackout or reduce service to certain customers, which would adversely affect our relationships with our customers and result in loss of revenues. Although we work to determine and eliminate the cause of anomalies in new satellites and provide for redundancies of many critical components in the satellites and service levels, we may not be able to prevent the impacts of anomalies in the future.

Satellites have certain redundant systems which can fail partially or in their entirety and accordingly satellites may operate for extended periods without all redundant systems in operation, but with single points of failure. The failure of satellite components could cause damage to or loss of the use of a satellite before the end of its expected useful life. Certain of our satellites are nearing the end of their expected useful lives. As they do so, the performance of each satellite could start to gradually decline. We can offer no assurance that satellites will maintain their prescribed orbits or remain operational and we may not have replacement satellites that are immediately available. There can be no assurance as to the actual useful life of a satellite or that the useful life of individual components will be consistent with their design life. A number of factors will impact the useful lives of our satellites, including, among other things, the quality of their design and construction, the durability of their component parts and availability of any replacement components, and the occurrence of any anomaly or series of anomalies or other risks affecting the satellites during launch and in orbit. In addition, any improvements in technology may make obsolete our existing satellites or any component of our satellites prior to the end of their lives. If our satellites and related equipment have shorter useful lives than we currently anticipate, this may lead to increased expenses from earlier than expected replacement satellites and/or declines in actual or planned revenues, which would have a material adverse effect on our business, financial condition, and results of operations.

Our satellites, despite extensive testing and quality control, have in the past and may in the future contain defects, errors, or vulnerabilities, or may not perform as contemplated. These defects, errors, or vulnerabilities could result in exposure of data, data loss, data leakage, unanticipated downtime, or other events that would result in harm to our reputation, loss of customers or revenue, refunds, service terminations, or lack of market acceptance of our platform. Errors, viruses, or bugs may also be present in data, software, or hardware that we acquire or license from third parties and incorporate into our platform or in third party software or hardware that our customers use in conjunction with our platform. Our customers’ proprietary software and network firewall protections may corrupt data from our offerings and create difficulties in implementing our solutions.

We constantly innovate on existing technology. We regularly develop and introduce new product enhancements, including changes to our satellite designs, upgrades to our operating systems and enhancements to our user interfaces. Failure to adequately de-risk these developments before they are deployed may adversely affect our ability to collect, process and deliver data. From time to time we may introduce a high concentration of changes at once, which could amplify these risks. Upgrades may be delayed, partially deployed or inadequately communicated to customers. Major sustained failures relating to these issues could result in increased costs, reduced or delayed revenue, which could harm our business, financial results and results of operations.

Any disruption to our satellites, platform, services, information systems, or infrastructure could result in the inability or reduced ability of our customers to receive our services for an indeterminate period of time. These customers include government agencies conducting mission-critical work throughout the world, as well as consumers and businesses located in remote areas of the world and operating under harsh environmental conditions. Any disruption to our services or extended periods of reduced levels of service could cause us to lose customers or revenue, result in delays or cancellations of future implementations of our services, result in failure to attract customers, or result in litigation, customer service, or repair work that would involve substantial costs and distract management from operating our business.

In addition, certain components of our platform are located in foreign countries, and as a result, are potentially subject to governmental, regulatory, or other actions in such countries which could force us to limit the operations of, or completely shut down, components of our system, including our ground stations or other portions of our infrastructure. The failure of any of the diverse and dispersed elements of the system, including satellites, network control center or backup control center, and ground stations, to function and coordinate as required could render the system unable to perform at the quality and capacity levels required for success. Any system failures, repeated solution failures, shortened satellite commercial service life, or extended reduced levels of service could reduce our sales, increase costs, or result in warranty or liability claims and seriously harm our business, financial results, and results of operations.

***Satellites are subject to construction and launch delays, launch failures, damage or destruction during launch, the occurrence of which can materially and adversely affect our operations.***

Delays in the construction of future satellites and the procurement of requisite components and third-party launch vehicles, limited availability of appropriate launch windows, possible delays in obtaining regulatory approvals, satellite damage or destruction during launch or deployment, launch failures, or incorrect orbital placement could have a material adverse effect on our business, financial condition, and results of operations. The loss of, or damage to, a satellite due to a launch failure could result in significant increased expenses from earlier than expected replacement satellites and delays in anticipated revenue. Any significant delay in the commencement of service of a satellite could delay or potentially permanently reduce the revenue anticipated to be generated by that satellite. In addition, if the loss of satellites was material, we might not be able to accommodate customers with sufficient data to meet minimum service level agreements until replacement satellites are available, and we may not have on hand, or be able to obtain in a timely manner, the necessary funds to cover the cost of any necessary satellite replacement. In addition, appropriate launch windows for satellites in our industry are limited and may become more so as additional satellite networks and other spacecraft are launched and/or as space debris becomes more common. Coordinating with partners and regulators to reserve launch windows and prepare for launches may as a result become more difficult over time. An extended launch delay beyond planned contingency, launch failure, underperformance, delay or perceived delay could have a material adverse effect on our business prospects, financial condition, and results of operations.

***Technical malfunctions, performance failures, or other issues or difficulties with our ground stations could harm our business, financial condition, and results of operations.***

The ongoing operations of our satellite constellation and data services rely on the functionality of our ground stations. While we believe that the overall health of our ground stations remains stable, we have in the past experienced and may continue to experience technical difficulties or mechanical issues with our ground stations which may negatively impact service in the region covered by that ground station. Our ground stations are often located in remote regions of the world and not easily accessible. For example, the COVID-19 pandemic significantly curtailed the ability for our employees and any third parties that we contract with to travel to the ground stations in order to perform maintenance. Any continued or future restrictions on travel may affect our ability to repair or service our ground stations which could have a material adverse effect on our business, financial condition, and results of operations.

We may experience a partial or total loss of one or more of our ground stations due to natural disasters such as tornados, floods, hurricane, or earthquakes, fire, acts of war or terrorism, or other catastrophic events. While our ground stations are able to provide overlapping geographic coverage, a failure at one or more of our ground stations could cause a delayed, partial, or complete loss of service for our customers. We may experience a failure in the necessary equipment at our ground stations, or in the communication links between our ground stations. Additionally, our ground stations are located on property that is not owned by us. A failure at any of our ground stations, facilities, or in the communications links between our facilities, or in our ability to maintain our ground station leases for any reason, could adversely affect our business, financial condition, and results of operations.

Further, we rely on third parties to perform maintenance on and repair our ground stations. If our relationship with these third parties deteriorates or the third parties become unable or unwilling to maintain the ground stations, or if there are changes in the applicable regulations that require us to give up any or all of our ownership interests in any of the ground stations, our control over our satellite data could be diminished and the business, financial condition, and results of operations could be harmed.

***We face intense competition and could face pricing pressure from, and lose market share to, our competitors, which would adversely affect our business, financial condition, and results of operations.***

The maritime, aviation, and weather data industries are fragmented and highly competitive and characterized by rapid changes in technology, customer requirements, and industry standards, and frequent introductions of improvements to existing offerings. Our primary competitors in these industries include companies that specialize in one or more services similar to those offered by us on a local or regional basis. We also compete with global, national, regional,

and local firms and government entities specializing in these industries. Both commercial and government organizations have indicated that they might build and launch satellites capable of collecting earth observation information from space. The U.S. government and foreign governments have developed and may in the future develop their own data collection tools and data analytics solutions, which could reduce their reliance on us and other commercial suppliers. In addition, such governments could sell or provide free of charge similar data and analytics and thereby compete with our offerings.

Some of our primary competitors include Orbcomm Inc. in our maritime data vertical, Aireon LLC in our aviation data vertical, and GeoOptics, Inc. in our weather data vertical, with respect to radio occultation data services. In the weather industry, we also compete more broadly with analytics companies and government agencies such as AccuWeather, Inc., Weathernews Inc., Meteogroup (acquired by DTN, LLC), ClimaCell, Inc., the European Centre for Medium-Range Weather Forecasts (“ECMWF”), National Oceanic and Atmospheric Administration (“NOAA”), and The Weather Company.

Additionally, many governmental agencies, such as NOAA, provide weather data at little to no cost. We compete with companies such as AAC Clyde Space, GomSpace A/S, NanoAvionika LLC, and Open Cosmos Ltd., in our Space Services business. We are constantly exposed to the risk that our competitors may utilize data they receive from us to develop and offer competing products and services to their customers, which may reduce the overall demand for our products and services. Our competitors may also implement disruptive technology, or new technology before we do, or may offer lower prices, additional offerings or other incentives that we cannot or will not offer. We can give no assurances that we will be able to compete successfully against existing or future competitors or increase our market share.

Our business model of delivering data and analytics gathered from a custom constellation of satellites in space is still relatively new and has only recently gained market traction. Moreover, many established businesses are aggressively competing against us and have offerings that have functionalities similar to those offered by us. We expect competition to increase as other established and emerging companies enter this market, as customer requirements evolve, and as new offerings and technologies are introduced. If we are unable to anticipate or effectively react to these competitive challenges, our competitive position would weaken, and our business, financial condition, and results of operations would be adversely affected.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as:

- greater name recognition, longer operating histories, and larger customer bases;
- larger sales and marketing budgets and resources;
- broader distribution and established relationships with suppliers, manufacturers, and customers;
- greater customer support resources;
- greater resources to make acquisitions and enter into strategic partnerships;
- lower labor and research and development costs;
- larger and more mature intellectual property rights portfolios; and
- substantially greater financial, technical, and other resources.

Conditions in our markets could change rapidly and significantly as a result of technological advancements, the emergence of new entrants into the market, partnering or acquisitions by our competitors, or continuing market consolidation. New innovative start-up companies and competitors that are making significant investments in research and development may invent similar or superior offerings and technologies that compete with our offerings. In addition to satellite-based competitors, terrestrial data service providers could further expand into rural and remote areas and provide some of the same general types of offerings that we provide. Potential customers may also believe that substitute technologies that have similar functionality or features as our platform are sufficient for their needs, or they may believe that point solutions that address narrower industry segments overall are nonetheless adequate for their needs. Some of our current or potential competitors have made or could make acquisitions of businesses or establish cooperative relationships that may allow them to offer more directly competitive and comprehensive offerings than were previously offered and may adapt more quickly to new technologies and customer needs. As a result of such acquisitions, our current or potential competitors may be able to accelerate the adoption of new technologies that better address customer needs, devote greater resources to bring these products and services to market, initiate or withstand substantial price competition, or develop and expand their product and service offerings more quickly than us. These competitive pressures in our market or our failure to compete effectively may result in fewer orders, reduced revenue and margins, and loss of market share. In addition, it is possible that industry consolidation may impact customers’ perceptions of the viability of smaller or even mid-size companies and consequently customers’ willingness to purchase from such firms.

Additionally, competition continues to increase in the markets in which we operate, and we expect competition to further increase in the future, including from new and emerging companies, which could lead to increased pricing pressures. Our competitors vary in size, and some may have substantially broader and more diverse offerings, which may allow them to leverage their relationships based on other offerings or incorporate functionality into existing offerings to gain business in a manner that discourages customers from purchasing access to our platform, including through selling at zero or negative margins, offering concessions, bundling offerings, or maintaining closed technology platforms. In addition, certain customer bases and industries have been more severely impacted by the ongoing effects of the COVID-19 pandemic, which may lead to increased pricing pressure, increased customer churn, or a reduced ability or willingness to replace a competitor’s offering with our solutions. Any decrease in the subscription prices for our services, without a corresponding decrease in costs or increase in volume, would adversely impact our ability to achieve or maintain profitability. Our profitability could also be adversely affected by a shift towards lower-tiered subscription packages. If we are unable to maintain our pricing or market share due to competitive pressures or other factors, our business, financial condition, and results of operations would be adversely affected.

***Our reputation and brand are important to our success, and we may not be able to maintain and enhance our reputation and brand, which would adversely affect our business, financial condition, and results of operations.***

We believe that maintaining and enhancing our reputation as a leading global provider of space-based data and analytics is critical to our relationship with our existing customers and our ability to attract new customers. The successful promotion of our brand will depend on a number of factors, including our marketing efforts, our ability to continue to develop high-quality features for our platform, our ability to successfully differentiate our platform from those of our competitors, our ability to promote and maintain the reputation of our platform for data security, and our ability to obtain, maintain, protect, and enforce our intellectual property and proprietary rights. Our brand promotion activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reports of our platform, as well as the offerings of our competitors, and perception of our platform in the marketplace may be significantly influenced by these reports. If these reports are negative, or less positive as compared to those of our competitors, our reputation and brand may be adversely affected. Additionally, the performance of our channel partners may affect our reputation and brand if customers do not have a positive experience with our platform as implemented by our channel partners or with the implementation generally. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. Additionally, our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks, or if we are otherwise unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. The promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, as we expand into new geographies and markets and as more sales are generated through our channel partners. Any increase in revenue from such brand promotion initiatives may not offset the increased expenses we incur. If we do not successfully maintain and enhance our reputation and brand, our business, financial condition, and results of operations would be adversely affected.

***Rapid and significant technological changes in the satellite industry or the introduction of a new service solution to the market that reduces or eliminates our service performance advantage may harm our business, financial condition, and results of operations.***

The satellite communications industry is subject to rapid advances and innovations in technology. We may face competition in the future from companies using new service solutions, innovative technologies, and equipment, including new low earth orbit constellations and expansion of existing geostationary satellite systems or new technology that could eliminate the need for a satellite system. New service solutions and technologies could render our offerings obsolete or less competitive by satisfying customer demand in more attractive ways or through the introduction of incompatible standards. For example, if new transmitters are deployed that emit in the same frequencies as AIS, they might cause our AIS services to be severely compromised or disabled or alternatively if a material number of vessels were to turn off their AIS transmitting devices during their voyages then this would reduce the utility of the Company's AIS data services. Particular technological developments that could adversely affect us include the deployment by our competitors of new satellites with greater power, flexibility, efficiency, or capabilities, as well as continuing improvements in terrestrial technologies. In order for our business to keep pace with technological changes and remain competitive, we may need to make significant capital expenditures, including capital to design and launch new platform features and services. New technologies may also be protected by patents or other intellectual property laws and therefore may not be available. Any failure to implement new technology within our platform may compromise our ability to compete.

We believe that our Space Services and system solutions for our aviation, maritime, and weather verticals provide a competitive performance solution in the market, which in turn factors into our ability to generate market share and revenues and margins. There is a risk that a competitor in the future may conceive of and implement a different technology solution that would approach or exceed the performance capability of our solutions with consequent impact to revenues and market shares.

For certain of our offerings, we are dependent on the continued operation of and access to allocated bands in the radio frequency spectrum and various GNSS systems. Any curtailment of the operating capability of these systems or limitations on access to, or use of the signals, or discontinuance of service could result in degradation of our services or performance and may have an adverse effect on our business.

In addition, as we introduce new services or enter into new markets, we may face new technological, operational, compliance, regulatory, and administrative risks and challenges, including risks and challenges unfamiliar to us. We may not be able to mitigate these risks and challenges to achieve our anticipated growth or successfully increase our market share, which could materially adversely affect our business, financial condition, and results of operations.

***Changes to our subscription model could adversely affect our ability to attract or retain customers.***

We offer a multi-tiered subscription model for our platform, in addition to our project-based services. We are continuing to iterate and optimize our business models as we evaluate customer preferences, needs, and use of our platform and services, and expect that our business models will continue to evolve. Many factors could significantly affect our pricing strategies, including operating costs, our competitors' pricing and marketing strategies, customer use patterns, and general economic conditions. We may face downward pressure from our customers regarding our pricing and competitors with different pricing models may attract customers that prefer the competitors' pricing models over our multi-tiered subscription model, which would cause us to lose business or modify our subscription model, both of which could adversely affect our business, financial condition, and results of operations. Changes to our subscription model and model for our project-based services may also affect our revenue recognition and other accounting policies, which may adversely affect our results of operations in any given fiscal period.

Certain of our competitors or potential competitors offer, or may in the future offer, lower-priced solutions, a broader range of services and features, or greater flexibility and customization in their offerings. Similarly, certain competitors may use marketing strategies that enable them to attract or retain new customers at a lower cost. Moreover, our customers may demand substantial price discounts as part of the negotiation of contracts. There can be no assurance that we will not be forced to reduce the pricing for our services or to increase our sales and marketing and other expenses to attract and retain customers in response to competitive pressures. We have launched, and may in the future launch, new pricing strategies and initiatives, or modify existing business models, any of which



may not ultimately be successful in attracting and retaining customers. Any such changes to our subscription model or the model for our project-based services or our ability to efficiently price our services could adversely affect our business, financial condition, and results of operations.

***Our sales cycle can be long and unpredictable for certain channels and services, and our sales efforts require considerable time and expense.***

Our quarterly results of operations fluctuate, in part, because of the resource intensive nature of our sales efforts and the length and variability of our sales cycle for certain of our offerings, such as our project-based services, and for certain of our customers, such as government departments and agencies. The length of our sales cycle, from initial contact with our sales team to a contractual commitment from a customer, can also vary substantially from customer to customer based on customer size, industry, maturity, profitability, whether we are launching a new solution, and deal complexity and customization. Our sales cycle can vary considerably and may be lengthened and made more uncertain by regional or global events, such as the COVID-19 pandemic. Such events have resulted in and may continue to cause a general reduction in spending on data by our customers, which will further affect our ability to estimate not only the length of the sales cycle, but also the anticipated size of potential subscriptions. Further, our sales cycle may lengthen as we continue to focus our sales efforts on large enterprises and on our Space Services. For example, large organizations often undertake a significant evaluation process that results in a lengthy sales cycle and product purchases by large organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays.

In addition, our results of operations depend, in part, on subscription renewals from customers and increasing sales and upgrades to our existing customers, which may also be reduced or delayed as a result of regional or global events. If a customer does not renew on time or as expected, it can negatively affect our revenue for a given period. It is difficult to predict whether or exactly when we will make a sale to a potential customer or if we can increase sales to our existing customers. As a result, initial sales or renewals have, in some cases, occurred in quarters subsequent to what we anticipated, or have not occurred at all. We may in the future make changes to our subscription model, which may affect the length of our sales cycle and our ability to predict the length of our sales cycle or the anticipated size of potential subscriptions. The loss or delay of one or more transactions in a quarter could impact our results of operations for that quarter and any future quarters for which revenue from that transaction is delayed.

***We depend on our sales force, and we may fail to attract, retain, motivate, or adequately train our sales force, which could adversely affect our business, financial condition, and results of operations.***

Our ability to increase our customer base, achieve broader market acceptance of our platform, grow our revenue, and achieve and sustain profitability will depend, to a significant extent, on our ability to effectively expand our sales and marketing operations and activities, particularly our direct sales efforts. We depend on our sales force to obtain new customers and to drive additional sales to existing customers by selling them new subscriptions and expanding the value of their existing subscriptions. We believe that there is significant competition for sales personnel, including sales representatives, sales managers, and sales engineers, with the skills and technical knowledge that we require. Our ability to achieve revenue growth will depend, in part, on our ability to recruit, train, and retain sufficient numbers of sales personnel to support our growth. Our hiring, training, and retention efforts have been, and may further be, hindered by the constraints placed on our business as a result of the COVID-19 pandemic, including measures that we take proactively and those that are imposed upon us by government authorities. New hires require significant training and may take significant time before they achieve full productivity, and our remote and online onboarding and training processes may be less effective and take longer. Further, hiring sales personnel in new countries requires additional set up and upfront costs that we may not recover if the sales personnel fail to achieve full productivity. If we are unable to attract, retain, motivate and adequately train sufficient numbers of effective sales personnel, if our sales personnel do not reach significant levels of productivity in a timely manner, or if our sales personnel are not successful in converting potential customers into new customers or increasing sales to our existing customer base, our business, financial condition, and results of operations would be adversely affected.

In addition, we spend significant amounts on advertising and other marketing campaigns to acquire new customers. While we seek to deploy our marketing strategies in a manner most likely to encourage efficient customer acquisition, we may fail to identify marketing opportunities that satisfy our anticipated return on marketing spend as we scale our investments in marketing, and accurately predict customer acquisition and behavior. If any of our advertising and other marketing campaigns prove less successful than anticipated in attracting new customers, our business, financial condition and results of operations could be adversely affected. There can be no assurance that our marketing efforts will result in increased sales.

The COVID-19 pandemic has also changed the way we interact with our customers and prospective customers. We have, and may continue to, alter, postpone, or cancel planned customer, employee, and industry events or shift them to a virtual only format. Our results of operations may also suffer if sales and marketing personnel are unable to maintain the same level of productivity while working remotely during the COVID-19 pandemic. These and other changes in the ways in which we interact with and market to our customers and prospective customers could adversely impact our business if they prove to be less effective than in-person events.

***Our ability to increase sales depends, in part, on the quality of our customer support and the ease of our customer experience, and a failure to offer high quality customer support and customer experience would harm our reputation and adversely affect our business, financial condition, and results of operations.***

Our customers sometimes depend on our technical support services to resolve issues relating to our platform. If we do not succeed in helping our customers quickly resolve issues or provide effective ongoing education related to our platform, our reputation could be harmed, and our existing customers may not renew or upgrade their subscriptions or may cancel their contracts. To the extent that we are unsuccessful in hiring, training, and retaining adequate customer support resources, our ability to provide adequate and timely support to our customers, and our customers' satisfaction with our platform, will be adversely affected. Our failure to provide and maintain high quality customer support would harm our reputation and brand and adversely affect our business, financial condition, and results of operations.

***We provide minimum service level commitments to certain of our customers, and our failure to meet these commitments could cause us to issue credits or pay penalties, which could harm our results of operations.***

Certain of our customer agreements currently, and new customer agreements may in the future, provide minimum service level commitments, such as specifications regarding the availability, functionality, and performance of our platform. The loss of one or more of our satellites or problems with our ground stations could cause our service to fall below minimum service level commitments. Any failure of or disruption to our infrastructure could impact the performance of our platform and the availability of our services to customers. If we are unable to meet our stated service level commitments or if we suffer extended periods of poor performance or unavailability of our platform, we may be contractually obligated to provide affected customers with service credits or services at no or reduced cost, and, in certain cases, face contract termination with refunds of prepaid amounts related to unused subscriptions. If we suffer performance issues or downtime that exceeds the service level commitments under our contracts with our customers, our business, financial condition, and results of operations would be adversely affected.

Further, in the normal course of business, we have entered and may in the future enter into agreements that provide for indemnification and guarantees to counterparties in transactions involving debt financing, sales of services, purchases and development of assets and operating leases. The nature of almost all of these indemnifications may prevent us from making a reasonable estimate of the maximum potential amount that we could be required to pay counterparties. If these payments were to become significant, future liquidity, capital resources, and our credit risk profile may be adversely affected.

***We may fail to cost-effectively acquire new customers or obtain renewals, upgrades, or expansions from our existing customers, which would adversely affect our business, financial condition, and results of operations.***

Our continued growth depends, in part, on our ability to cost-effectively acquire new customers. Numerous factors, however, may impede our ability to add new customers, our failure to attract, effectively train, retain, and motivate sales and marketing personnel, our failure to develop or expand relationships with third parties, our inability to convert initial usage into ongoing utilization of our solutions, and our failure to successfully deliver our services and provide quality customer support once delivered.

Our success also depends, in part, on our customers renewing their subscriptions when existing contract terms expire, and our ability to expand our relationships with our existing customers. Our customers have no obligation to renew or upgrade their subscriptions, and in the normal course of business, some customers have elected not to renew. In addition, our customers may decide not to renew their subscriptions with a similar contract period or at the same prices or terms or may decide to downgrade their subscriptions. For example, the impact of the COVID-19 pandemic on the current economic environment has caused, and may in the future cause, such customers to defer services to a subsequent year or request concessions including extended payments terms or better pricing. We believe that the COVID-19 pandemic has also resulted in longer and unpredictable sales cycles and caused delays in renewal, upgrade, or expansion decisions for some of our existing customers, has reduced effectiveness of our sales and marketing efforts, and has reduced the duration of subscriptions. In addition, the COVID-19 pandemic could result in increased customer churn, a lengthening of our sales cycle with some of our potential customers, or reduced contract value with prospective or existing customers. Our customer retention or our customers' use of our platform may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our platform and our customer support, our subscription model, our project-based services model, the prices, features, or perceived value of competing offerings, changes to our offerings, or general economic conditions. We will need to continue to maintain or improve our ARR Net Retention Rate to support our growth, and our ability to expand our relationships with customers may require more sophisticated and costly sales efforts. If our customers' renewals or expansions fall below expectations, and as a result our ARR Net Retention Rate decreases, our business, financial condition, and results of operations would be adversely affected.

In addition, our ability to expand our relationship with our customers depends in large part on our ability to enhance and improve our platform, introduce compelling new features, and address additional use cases. The success of any new or enhanced features depends on several factors, including market demand for the enhanced features, timely completion and delivery, adequate quality testing, and competitive pricing. If we are unable to successfully develop new features, enhance our existing features to meet customer requirements, or otherwise gain broader market acceptance, our business, financial condition, and results of operations would be adversely affected. If our customers do not renew, upgrade, or expand their subscriptions, defer their subscriptions to a later date, renew their subscriptions on less favorable terms, or fail to increase adoption of our platform, including tiered and premium features or project-based services, our business, financial condition, and results of operations would be adversely affected.

***The markets for our offerings are evolving, and our future success depends on the growth of these markets and our ability to adapt, keep pace, and respond effectively to evolving markets.***

The markets for our offerings are in a relatively early stage of development within the industries in which we operate, and demand for our offerings may not grow, or may even contract, either generally or in particular industries and markets, for particular types of services or during particular time periods. As such, any predictions or forecasts about our future growth, revenue, and expenses may not be as accurate as they would be if we had a longer operating history or operated in more predictable markets. Any expansion in our markets depends on a number of factors, including the cost, performance, and perceived value associated with our offerings and the offerings of our competitors. A lack of demand could impair our ability to sell access to our platform, develop and successfully market new services, and could exert downward pressure on prices.

The markets for our offerings are also characterized by rapid technological changes and evolving industry standards and changing regulatory requirements. This constant evolution may reduce the effectiveness of or demand for our services or render them noncompetitive or obsolete. Our continued success and growth depend upon our ability to anticipate these challenges and to innovate by enhancing our existing services and developing and successfully implementing new services to keep pace with the ever-changing and increasingly sophisticated needs of our customers. We have in the past experienced delays in improving our offerings due to budgetary constraints and evolving customer demands which could continue in the future.

New service introductions that are responsive to new technologies and changing industry and regulatory standards can be complex and expensive as they require significant planning, design, development, and testing. We may find it difficult or costly to update our services and to develop new services quickly enough to work effectively with new or changed technologies, to keep pace with evolving industry standards or to meet our customers' needs. In addition, our industries may be slow to accept new technologies that we develop because of, among other things, existing regulations or standards written specifically for older technologies and a general unfamiliarity with new technologies. As a result, any new services that we may develop may not be successful for a period of time, if at all. If we are unable to successfully enhance or update existing services or develop, identify, and market new services to meet these challenges, our business, financial condition, and results of operations may be adversely affected.

***We rely on third parties for our supply of certain of our data, equipment, satellite components, software, and operational services to manage and operate our business, and any failure or interruption with these third parties could adversely affect our business, financial condition, and results of operations.***

We purchase equipment and satellite components from third-party suppliers and we depend on those suppliers to deliver and support our operations at the contracted specifications in order for us to continue to meet our service and contractual commitments to our customers. We may experience difficulty if these suppliers, particularly our top suppliers, do not meet their obligations to deliver and support the equipment and satellite components. We may also have trouble or failure when implementing, operating and maintaining this equipment and satellite components, or when providing services using this equipment. This difficulty or failure may lead to service interruptions or degradations in the services offered to our customers, which could cause our revenues to decline materially and could adversely affect our ability to market our services and generate future revenues and profit.

We also rely on a number of third-party data, software, and services to manage and operate our business, including L3Harris Technologies, Inc. ("L3Harris"), FleetMon provided by JAKOTA Cruise Systems GmbH, Exmle Solutions Ltd. (Marine Traffic), IHS Global Ltd., NAVTOR AS, AirNav, LLC, NOAA, ECMWF, HubSpot, Inc., AWS, Ohio State University, Google Services, R-Systems, and NetSuite provided by Oracle Corporation. The data, software, and services provided by these third parties are critical to our ability to increase our sales to customers, operate and maintain our platform, and accurately maintain books and records. Any disruption in these services could reduce the quality or volume of data we are able to provide to our customers, impair our ability to execute on our operating plan, and disrupt our business. Further, if these services cease to be available to us on commercially reasonable terms, or at all, it may be required to use additional or alternative services, or to develop additional capabilities within our business, any of which could require significant resources and adversely affect our business, financial condition, and results of operations.

We also rely on third-party cloud service providers such as Amazon Web Services ("AWS") and Google Services to process the data we provide to service our customers. These third-party services are critical to our ability to provide reliable service to our customers. Any disruption in these services would negatively impact our data service uptime and our ability to service customers reliably and consistently, which could reduce sales and adversely affect our business, financial condition and results of operations.

Further, our suppliers may become capacity-constrained or could face financial difficulties as a result of a surge in demand, a natural disaster, or other event, including the impacts of the COVID-19 pandemic. As a result, we may experience operational delays and may have to evaluate replacement suppliers for our satellite components, equipment, and operational services. If we fail to effectively address these issues, we could suffer delays, which could reduce our ability to launch new satellites and manage and operate our business, which could harm our reputation, business, financial condition, and results of operations.

Our business may be adversely affected if any of our direct or indirect relationships with our third-party suppliers of data, equipment, satellite components, or operational services are terminated or modified. If our arrangements with our third parties are terminated, our search for additional or alternate third-party suppliers could result in significant launch delays, added expense, reduced quality of our data, and an inability to maintain or expand our customer base. Any of these events could require us to take unforeseen actions or devote additional resources to provide our services and could adversely affect our business, financial condition, and results of operations.

***We manufacture our satellites in-house at a single manufacturing facility in the United Kingdom. Any impairment to our manufacturing facility could cause us to incur additional costs and delays in the production and launch of our satellites which would materially affect our business, financial condition, and results of operations.***

We currently manufacture our satellites in-house at a single manufacturing facility in the United Kingdom. The availability of our services depends on the continuing operation of our satellite manufacturing infrastructure and operations. Any impairment such as downtime, damage to, or failure of our manufacturing facility could result in interruptions in our production of satellites, which could materially affect our business. Our manufacturing facility may become capacity-constrained or could face financial difficulties as a result of a surge in demand for additional satellites, a natural disaster, or other event, including the impacts of the COVID-19 pandemic. Our manufacturing site is vulnerable to damage or interruption from floods, fires, power loss, or aging infrastructure. An infrastructure failure could result in the destruction of satellites under construction or inventory, manufacturing delays, or additional costs incurred, and we do not maintain back-up manufacturing facilities or operations. Although we may be able to replace or supplement the satellite manufacturing process with third-party manufacturers, there could be a substantial period of time in which new satellites would not be manufactured. Further, any new relationship may involve higher costs and delays in development and delivery. We may also encounter technical challenges in successfully replicating the manufacturing processes in another facility or with a third party. The occurrence of any of the foregoing could result in lengthy interruptions in our production and launch of our satellites which could materially affect our business, financial condition, and results of operations.

***We are dependent on third parties to launch our satellites into space, and any launch delay, malfunction, or failure could have a material adverse impact to our business, financial condition, and results of operations.***

We are dependent on third-party launch service providers, including, among others, Space Exploration Technology Corp., Nanoracks LLC, Exolaunch GmbH, Virgin Orbit, LLC, Astra Space, Inc., and Spaceflight, Inc. Currently, the number of companies who offer launch services is limited, and if this sector fails to grow or experiences consolidation among current providers, we may not be able to secure space on a launch vehicle or incur higher prices for such space. This could cause delays in our ability to meet our customers' needs or an increase in the price for our offerings, adversely affecting our business, financial condition, and results of operations.

The technology related to launch capabilities is evolving rapidly as existing launch providers iterate on their existing capabilities and new providers enter the market. Our launch partners may encounter launch, deployment, or in-orbit delays or failures, leading to the damage or complete loss of our satellites, including customer assets. In the event that a launch is delayed, our timing for the recognition of revenue tied to customer acceptance of project-based deliverables may similarly be delayed. While launch delays are common in our industry, they could negatively impact our financial statements or earnings for a given time period.

***Our international operations and continued international expansion subject us to additional costs and risks, which could adversely affect our business, financial condition, and results of operations.***

Our business and our business objectives are inherently worldwide. As such, our growth strategy depends, in part, on our continued international expansion. We are continuing to adapt to and develop strategies to address international markets, but there is no guarantee that such efforts will be successful. In addition, efforts to expand our platform in certain foreign countries may be complicated, constrained, or even prohibited due to legal requirements we must comply with in the United States or other jurisdictions that may contravene with legal requirements in the new country's markets to which we seek access.

Our international sales and operations are subject to a number of risks, including the following:

- greater difficulty in enforcing contracts and managing collections in countries where our recourse may be more limited, as well as longer collection periods;
- higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations;
- differing labor regulations, especially in the European Union ("EU"), where labor laws may be more favorable to employees;
- greater risks of unexpected changes in regulatory practices, tariffs, trade disputes, and tax laws and treaties, particularly due to the United Kingdom's exit from the EU pursuant to Article 50 of the Treaty on European Union;
- challenges inherent to efficiently recruiting and retaining talented and capable employees in foreign countries and maintaining our company culture and employee programs across all of our offices;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business;
- management communication and integration problems resulting from language and cultural differences and geographic dispersion;
- difficulties in penetrating new markets due to established and entrenched competitors;
- difficulties in developing services that are tailored to the needs of local customers;
- lack of local acceptance, recognition, or knowledge of our brand and services;
- unavailability of or difficulties in establishing relationships with local customers;
- significant investments, including the development, deployment, and maintenance of dedicated facilities in certain countries with laws that require such facilities to be installed and operated within their jurisdiction to connect the traffic coming to and from their territory;
- difficulties in obtaining required regulatory or other governmental approvals;
- costs associated with language localization of our platform;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification, and localization of our platform that may be required in foreign countries;
- greater risk of unexpected changes in regulatory requirements, tariffs and tax laws, trade laws, export quotas, customs duties, treaties, and other trade restrictions;
- costs of compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations, including, but not limited to data privacy, data protection, and data security regulations, particularly in the EU;
- compliance with anti-bribery laws, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.S. Travel Act, and the UK Bribery Act 2010, violations of which could lead to significant fines, penalties, and collateral consequences for us;
- risks relating to the implementation of exchange controls, including restrictions promulgated by OFAC, and other similar trade protection regulations and measures;

- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial condition and result in restatements of, or irregularities in, financial statements;
- the uncertainty of protection for intellectual property rights in some countries;
- exposure to regional or global public health issues, such as the recent outbreak of the COVID-19 pandemic, and to travel restrictions and other measures undertaken by governments in response to such issues;
- general economic and political conditions in these foreign markets, including political and economic instability in some countries, such as the conflict in Ukraine and its impacts on the region and the regional global economy;
- foreign exchange controls or tax regulations that might prevent us from repatriating cash earned outside the United States; and
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States or the foreign jurisdictions in which we operate.

These and other factors could harm our ability to generate revenue outside of the United States and, consequently, adversely affect our business, financial condition, and results of operations.

***In the future, we may pursue acquisitions, dispositions, or strategic transactions, and if we fail to successfully integrate acquired companies into our business or if such acquisitions fail to deliver the expected return on investment, our business, financial condition, and results of operations could be adversely affected.***

We have in the past acquired, and may in the future acquire or invest in, businesses, offerings, technologies, or talent that we believe could complement or expand our platform, enhance our technical capabilities, or otherwise offer growth opportunities. For example, on November 30, 2021, we completed the acquisition of exactEarth, a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions in Canada. We may not be able to fully realize the anticipated benefits of such acquisitions or investments. The pursuit of potential acquisitions may divert the attention of management and cause us to incur significant expenses related to identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated.

There are inherent risks in integrating and managing acquisitions. If we acquire additional businesses, we may not be able to assimilate or integrate the acquired personnel, operations, solutions, and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits or synergies from the acquired business due to a number of factors, including, without limitation:

- unanticipated costs or liabilities associated with the acquisition, including claims related to the acquired company, our offerings, or technology;
- incurrence of acquisition-related expenses, which would be recognized as a current period expense;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- inability to maintain relationships with customers and partners of the acquired business;
- challenges with incorporating acquired technology and rights into our platform and maintaining quality and security standards consistent with our brand;
- inability to identify security vulnerabilities in acquired technology prior to integration with our technology and platform;
- inability to achieve anticipated synergies or unanticipated difficulty with integration into our corporate culture;
- delays in customer purchases due to uncertainty related to any acquisition;
- the need to integrate or implement additional controls, procedures, and policies;
- challenges caused by distance, language, and cultural differences;
- harm to our existing business relationships with business partners and customers as a result of the acquisition;
- potential loss of key employees;
- use of resources that are needed in other parts of our business and diversion of management and employee resources;
- inability to recognize acquired contract liabilities in accordance with our revenue recognition policies; and
- use of substantial portions of our available cash or the incurrence of debt to consummate the acquisition.

Acquisitions also increase the risk of unforeseen legal liability, including for potential violations of applicable law or industry rules and regulations, arising from prior or ongoing acts or omissions by the acquired businesses that are not discovered by due diligence during the acquisition process. We may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our common stock. The sale of equity or issuance of equity-linked debt to finance any future acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. Any of the foregoing could adversely affect our business, financial condition, and results of operations.

***Integrating exactEarth with our business may be more difficult, costly, or time-consuming than expected, and we may not realize the expected benefits of the Acquisition, which may adversely affect our business, financial condition, and results of operations.***

If we experience greater than anticipated costs to integrate, or are not able to successfully integrate, exactEarth into our existing operations, we may not be able to achieve the anticipated benefits of the Acquisition, including cost savings and other synergies and growth opportunities. Even if the integration of exactEarth's business is successful, we may not realize all of the anticipated benefits of the Acquisition during the anticipated time frame, or at all. For example, under the terms of an agreement with L3Harris (the "L3Harris Agreement"), as amended on January 21, 2020, exactEarth is required to pay a fixed fee of \$358,000 per month and to share 30% of its revenues from S-AIS data products in excess of \$16.0 million annually. Under this agreement, exactEarth may pay a substantial portion of revenue associated with legacy exactEarth customers, or other customers to which exactEarth agrees to sell or Spire agrees to re-sell such data, to L3Harris, which means that the amount of incremental revenue that accrues to the Spire company group as a result of the Acquisition will be reduced. Also, events outside our control, such as changes in regulations and laws, as well as economic trends, including as a result of the COVID-19 pandemic, could adversely affect our ability to realize the expected benefits from the Acquisition.

In addition, the L3Harris Agreement contains certain restrictive covenants which restrict exactEarth from certain activities, such as selling the L3Harris AIS data to the U.S. federal government, or competing with L3Harris by engaging in certain activities related to the creation or sale of very high frequency data services similar to those offered by the Real-Time Second-Generation Constellation, or products containing or derived therefrom, other than as contemplated by the L3Harris Agreement. These restrictions may prevent exactEarth from entering into possible beneficial arrangements, and may limit the benefits we are able to realize as a result of the Acquisition. In addition, if we are engaged in disputes with L3Harris as a result of operations which are perceived to violate these restrictions, it could adversely affect our business, financial condition and our operations.

An inability to realize the full extent of the anticipated benefits of the Acquisition, as well as any delays encountered in the integration process, could have an adverse effect upon our revenue, level of expenses, and results of operations. In addition, it is possible that the integration process could result in the loss of key employees, errors or delays in the implementation of shared services, the disruption of our ongoing business, or inconsistencies in standards, controls, procedures, and policies that may adversely affect our ability to maintain relationships with other employees and customers or to achieve the anticipated benefits of the Acquisition. Integration efforts also may divert management attention and resources.

For all of these reasons, we may not be able to achieve the anticipated benefits of the Acquisition, which could adversely affect our business, financial condition, and results of operations, and could cause the price of our Class A common stock to decline.

***exactEarth may have liabilities that are not known to us, which could have an adverse effect on our business, financial condition, and results of operations.***

exactEarth may have liabilities that we failed, or were unable, to discover in the course of performing our due diligence investigations in connection with the Acquisition. We may learn additional information about exactEarth that materially and adversely affects us and exactEarth, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have an adverse effect on our business, financial condition, and results of operations.

***Our business could be adversely affected by global economic conditions.***

Prolonged economic uncertainties or downturns could adversely affect our business, financial condition, and results of operations. Negative conditions in the general economy in either the United States or abroad, including conditions resulting from financial and credit market fluctuations, changes in economic policy, trade uncertainty, including changes in tariffs, sanctions, international treaties, and other trade restrictions, the occurrence of a natural disaster or global public health crisis, such as the COVID-19 pandemic, or armed conflicts, could continue to cause a decrease in corporate spending on data offerings in general and negatively affect the growth of our business.

These conditions could make it extremely difficult for us and our customers to forecast and plan future business activities accurately and could cause our customers to reevaluate their decision to purchase our offerings, which could delay and lengthen our sales cycles or result in cancellations. For example, the impact of the COVID-19 pandemic on the current economic environment has caused and may in the future cause our customers to reduce their spending on, or duration of, their contracts with us, or request concessions including extended payment terms or better pricing. Further, during challenging economic times, our customers may face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us, if at all. If that were to occur, we may be required to increase our allowance for doubtful accounts, which would adversely affect our results of operations.

A substantial downturn in any of the industries in which our customers operate may cause firms to react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their spending on data offerings. Customers in these industries may delay or cancel projects or seek to lower their costs by renegotiating vendor contracts. To the extent purchases of our offerings are perceived by customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general information technology spending.

We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry or geography. Any economic downturn of the general economy or industries in which we operate would adversely affect our business, financial condition, and results of operations. For example, the full impact of the COVID-19 pandemic is unknown at this time but could result in adverse changes in our results of operations for an unknown period of time as the virus and its related social and economic impacts spread.

***Our business could be adversely affected by pandemics, natural disasters, political crises, or other unexpected events.***

We are vulnerable to natural disasters and significant disruptions including tsunamis, floods, earthquakes, fires, water shortages, other extreme or unusual weather conditions, epidemics or pandemics, acts of terrorism or disruptive political events where our facilities or the launch facilities of our transport partners are located, or where our third-party suppliers' facilities are located, power shortages and blackouts, aging infrastructures and telecommunications failures. Further, climate change has, and may continue to, increase the rate, size, and scope of these natural disasters. In the event of such a natural disaster or other disruption, we could experience disruptions to our operations or the operations of suppliers, subcontractors, distributors, or customers, which could affect our ability to maintain launch schedules or fulfill our customer contracts.

The availability of our services depends on the continuing operation of our satellite operations infrastructure, satellite manufacturing operations, information technology and communications systems. Any downtime, damage to or failure of our systems could result in interruptions in our service, which could reduce our revenue and profits. Our systems are vulnerable to damage or interruption from floods, fires, power loss, aging infrastructure, telecommunications failures, computer viruses, computer denial of service attacks, cyberattacks or other attempts to harm our systems. The conflict in Ukraine and associated activities in Ukraine and Russia may increase the risk of cyberattacks on various types of infrastructure and operations. We believe those risks may be particularly heightened for us and other providers of satellite infrastructure and space operations, and that we face heightened risks of cyberattacks on our infrastructure, systems, and operations in connection with the conflict in Ukraine and associated activities in Ukraine and Russia.

**Risks Related to Intellectual Property, Privacy, Cybersecurity, and Technical Infrastructure**

***Any failure to obtain, maintain, protect, or enforce our intellectual property and proprietary rights could harm our business, financial condition, and results of operations.***

Our success depends, in part, upon our ability to obtain, maintain, protect, and enforce our intellectual property rights, including our proprietary technology, know-how, and our brand. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws, and contractual provisions in an effort to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect, and enforce our intellectual property rights may be inadequate, and if we fail to protect or enforce our intellectual property rights or trade secrets adequately, our competitors might gain access to our proprietary technology and develop and commercialize similar services or technologies, and our business, financial condition, results of operations, or prospects could be adversely affected. Although we have been issued patents in the United States and Canada and have additional patent applications pending, there can be no assurance that our patent applications will result in issued patents. Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, any patents issued from pending or future patent applications or that are licensed to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Any of our patents, trademarks, or other intellectual property rights may be challenged or circumvented by others or invalidated or held unenforceable through administrative process or litigation in the United States, Canada, or in other foreign jurisdictions. There can be no guarantee that others will not infringe on our trademarks or patents, independently develop offerings that are similar to our intellectual property or trade secrets, duplicate any of our offerings, or design around our patents or other intellectual property rights. Further, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights may be uncertain. Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive, and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. Accordingly, despite our efforts, it may be unable to prevent third parties from infringing upon, misappropriating, or otherwise violating our intellectual property rights.

We rely, in part, on trade secrets, proprietary know-how, and other confidential information to maintain our competitive position. While we generally enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with third parties, including the parties with whom we have strategic relationships and business alliances, these agreements may not be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering, or disclosure of our proprietary information, know-how, and trade secrets. Further, these agreements do not prevent our competitors or partners from independently developing offerings that are substantially equivalent or superior to our offerings. These agreements may be breached, and we may not have adequate remedies for any such breach. Enforcing a claim that a party violated confidentiality obligations or illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets and know-how.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights and trade secrets, and some violations may be difficult or impossible to detect. Litigation may be necessary in the future to enforce our intellectual property rights, and such litigation could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights, and, if such defenses, counterclaims, and countersuits are successful, we could lose valuable intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our services and technology, delay introductions of enhancements to our services and technology, result in us substituting inferior or more costly technologies into our service offerings, or harm our reputation and brand. In addition, we may be required to license additional technology from third parties to develop and market new features, which may not be on commercially reasonable terms, or at all, and could adversely affect our ability to compete.

***Claims by others that we infringed their proprietary technology or other intellectual property rights would harm our business.***

We may become subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our services without infringing, misappropriating, or otherwise violating the intellectual property rights of third parties. However, we may not be aware if our services are infringing, misappropriating, or otherwise violating third-party intellectual property rights, and such third parties may bring claims alleging such infringement,

misappropriation, or violation. Companies in technology industries, including some of our current and potential competitors, are subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased, or otherwise obtained. Many potential litigants, including some of our potential competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights and to defend claims that may be brought against them.

Any claim of infringement by a third party, even those without merit, against us or for which we are required to provide indemnification could cause us to incur substantial costs defending against the claim, could distract our management from our business, and could require us to cease or modify our use of such intellectual property. Further, because of the substantial amount of discovery required in connection with intellectual property litigation, we risk compromising our confidential information during this type of litigation. We may be required to make substantial payments for legal fees, settlement fees, damages, royalties, or other fees in connection with a claimant securing a judgment against it, we may be subject to an injunction or other restrictions that cause us to cease commercializing certain aspects of our business and technology, we may be required to redesign any allegedly infringing portion of our services and technology, or we may agree to a settlement that prevents us from commercializing certain aspects of our services or technology, any of which could adversely affect our business, financial condition, and results of operations. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it would have a substantial adverse effect on our business, results of operations, or the market price of our common stock.

With respect to any intellectual property rights claim, we may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase our operating expenses. Some such licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to our intellectual property on commercially reasonable terms, or at all, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we would be unable to continue to offer our affected features), effort, and expense, and may ultimately not be successful. Any of these events would adversely affect our business, financial condition, and results of operations.

When engaging in preliminary commercial discussions, we enter into non-disclosure agreements with potential partners. These agreements permit the parties to exchange confidential information conditioned on compliance with the terms contained therein. Any claim that we have not adhered to the terms of a non-disclosure agreement, even claims without merit, could cause us to incur substantial costs defending against the claim, could distract our management from our business, and, were a court to rule against us, could require us to cease or modify our services, in addition to potentially paying substantial payments for legal fees, settlement fees, damages, royalties, or other fees in connection with a claimant securing a judgment against us.

Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it would have a substantial adverse effect on our business, financial condition, and results of operations.

***Our services and technology contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to deliver our platform or subject us to litigation or other actions.***

Our technology includes software modules licensed to us by third-party authors under open source licenses, and we expect to continue to incorporate such open source software in our platform in the future. We also contribute to the open source developer community. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide support, warranties, indemnification, or other contractual protections regarding infringement claims or the quality of the code. We include open source software in some of our technology to improve functionality and reduce engineering time and cost and make the source code of some of our proprietary platform features available as open source to facilitate collaboration, but this may also enable others to compete more effectively. In addition, the public availability of such open source software may make it easier for others to compromise our services and technology.

Some open source licenses contain requirements that could require us to make available source code for modifications or derivative works we create pursuant to the terms of such open source licenses. We seek to ensure that our proprietary software is not combined with, and does not incorporate, open source software in ways that would require the release of the source code of our proprietary software to the public. However, if we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time and ultimately could result in a loss of our competitive advantages. Alternatively, to avoid the public release of the affected portions of our source code, we could be required to expend substantial time and resources to re-engineer some or all our software. Certain of our technology incorporates software that is licensed under an open source license which would require release of proprietary code if such technology was released or distributed to third parties. We take steps to ensure that the source code in our proprietary software is not released or distributed. Additionally, some open source projects have known vulnerabilities and architectural instabilities and are provided on an “as-is” basis, which, if not properly addressed, could negatively affect the performance of our technology.

Although we monitor our use of open source software to avoid subjecting our platform to conditions we do not intend, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our platform. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their platform, and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Moreover, we cannot assure that our processes for controlling our use of open source software in our platform will be effective. If we are held to have breached or failed to fully comply with all the terms and conditions of an open source software license, or if an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations, could be subject to significant direct or indirect damages, enjoined from the sale of subscriptions to our platform or other liability, or be required to seek costly licenses from third parties to continue providing our platform on terms that are not



economically feasible, to re-engineer our platform, to discontinue or delay the provision of our platform if re-engineering could not be accomplished on a timely basis, or to make generally available, in source code form, our proprietary code, any of which would adversely affect our business, financial condition, and results of operations.

***We incorporate technology and terrestrial data sets from third parties into our platform, and our inability to maintain rights and access to such technology and data sets would harm our business and results of operations.***

We rely on technology and data from a number of different sources, including terrestrial data sets from third parties that we integrate with our platform or incorporate into our solutions and services. We cannot be certain that our licensors are not infringing the intellectual property rights of third parties or that these third parties have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our subscription services and project-based services. In addition, many technology licenses are non-exclusive, and therefore our competitors may have access to the same technology licensed to us. Some of our agreements with these third parties may be terminated for convenience by them, or otherwise provide for a limited term. If we are unable to continue to license any of this technology for any reason, our ability to develop and sell access to our platform containing such technology could be harmed. Similarly, if we are unable to license necessary technology from third parties now, or in the future, on commercially reasonable terms or at all, we may be forced to develop alternative technology, which we may be unable to do in a commercially feasible manner, or at all, and we may be required to use alternative technology of lower quality or performance standards, which would adversely affect our business, financial condition, and results of operations.

In addition, we incorporate terrestrial data sets from third parties into our solutions and subscription services. We rely on such third parties to provide accurate supplementary data sets that we can utilize to deliver comprehensive data and analytics to our customers. If we are unable to obtain the necessary data sets from third parties on commercially reasonable terms or at all or if we experience errors or delays in receiving these data sets, our customers may have a negative experience with our platform, our brand and reputation may be adversely affected and our customers may be less inclined to continue utilizing our platform or recommend it to other potential customers. Similarly, if we are unable to purchase terrestrial data sets from third parties now, or in the future, on commercially reasonable terms or at all, we may be forced to produce terrestrial data sets ourselves, which we may be unable to do in a commercially feasible manner, or at all, which would adversely affect our business, financial condition, and results of operations.

***Any actual or perceived security or privacy breach could interrupt our operations, harm our reputation and brand, result in financial exposure, and lead to loss of user confidence in us or decreased use of our platform, any of which could adversely affect our business, financial condition, and results of operations.***

The use of our platform involves the collection, storage, processing, and transmission of customers' data. In addition, we collect, process, store, and transmit our own data as part of our business operations. Our data or our customers' data may include personal data or confidential or proprietary information. Increasingly, threats from computer malware, ransomware, viruses, social engineering (including phishing attacks), denial of service or other attacks, employee theft or misuse, and general hacking have become more prevalent in our industry. Any security breaches or incidents owing to these or other causes could result in unauthorized access to, damage to, disablement or encryption of, use or misuse of, disclosure of, modification of, destruction of, or loss of our data or our customers' data, or disrupt our ability to operate our platform. Any actual or perceived security breach or incident could interrupt our operations, harm our reputation and brand, result in remediation and cybersecurity protection costs, result in lost revenue, lead to litigation and legal risks, increase our insurance premiums, result in any other financial exposure, lead to loss of user confidence in us or decreased use of our platform, and otherwise damage our competitiveness, business, financial condition, and results of operations. The conflict in Ukraine and associated activities in Ukraine and Russia may increase the risk of cyberattacks on various types of infrastructure and operations. We believe those risks may be particularly heightened for us and other providers of satellite infrastructure and space operations, and that we face heightened risks of cyberattacks and other attacks on our infrastructure, systems, and operations in connection with the conflict in Ukraine and associated activities in Ukraine and Russia.

We have taken steps and implemented measures designed to protect the data that we have access to, but our security measures or those of our third-party service providers could be insufficient or breached or otherwise fail as a result of third-party action, employee errors, technological limitations, defects, vulnerabilities in our offerings or those of our third-party service providers, malfeasance, or otherwise. Additionally, with many of our employees currently working remotely due to the COVID-19 pandemic, we may be exposed to increased risks of security breaches or incidents. We may need to enhance the security of our platform, our data, and the other data we maintain or that we or our third-party service providers maintain or otherwise process, and our internal IT infrastructure, which may require additional resources and may not be successful. Furthermore, because we do not control our third-party service providers and our ability to monitor their data security is limited, we cannot ensure the security measures they take will be sufficient to protect ours and our customers' data. There can be no assurance that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats. Our security measures or those of our third-party service providers could fail and result in unauthorized access to, damage to, disablement or encryption of, use or misuse of, disclosure of, modification of, destruction of, or loss of such data. Further, because there are many different security breach techniques and such techniques continue to evolve and are generally not detected until after an incident has occurred, we may be unable to implement adequate preventative measures, anticipate attempted security breaches or other security incidents, or react in a timely manner. In addition, we have recently seen an increase in phishing attempts and spam emails in connection with the COVID-19 pandemic.

Any security breach or other security incident that we or our third-party service providers experience, or the perception that one has occurred, could result in a loss of customer confidence in the security of our platform, harm our reputation and brand, reduce the demand for our platform, disrupt normal business operations, require us to spend material resources to investigate or correct the breach or incident and to prevent future security breaches and incidents, expose us to legal liabilities, including litigation, regulatory enforcement actions, proceedings, and orders, disputes, investigations, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, other claims and liabilities, and significant costs for remediation of and otherwise responding to such breaches or incidents, any of which could adversely affect our results of operations. In addition, our remediation efforts may not be successful. We also may face difficulty or delay in identifying, remediating, and otherwise responding to security breaches and incidents. We cannot ensure that any limitation of liability provisions in our customer and user agreements, contracts with third-party vendors and service providers, and other contracts for a

security lapse or breach or other security incident would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim. These risks may increase as we continue to grow and collect, process, store, and transmit increasingly large amounts of data.

Many governments have enacted laws requiring companies to notify individuals of data security incidents or unauthorized transfers involving certain types of personal data. Accordingly, security incidents experienced by our competitors, by our customers or by us may lead to negative publicity. Further, if a security breach or incident occurs with respect to another service provider, our customers and potential customers may lose trust in the security of software delivered through the cloud generally, which could adversely impact our ability to retain existing customers or attract new ones, which could adversely affect our business, financial condition, and results of operations.

Moreover, our insurance coverage may not be adequate for liabilities incurred or cover any indemnification claims against us relating to any security incident or breach or an insurer may deny coverage of claims. In the future, we may not be able to secure insurance for such matters on commercially reasonable terms, or at all. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our business, financial condition, and results of operations.

***The rapidly evolving framework of privacy, data protection, data transfers, or other laws or regulations worldwide may limit the use and adoption of our services and adversely affect our business.***

We are subject to a variety of federal, state, local, and international laws, directives, and regulations, as well as contractual obligations, relating to the collection, use, retention, security, disclosure, transfer, and other processing of personal information and other data. The regulatory framework for privacy, data protection, and data transfers worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. For example, the Court of Justice of the European Union in July 2020 struck down the EU-U.S. Privacy Shield framework, which provided companies with a mechanism to comply with data protection requirements when transferring personal data from the EU to the United States. In some cases, data privacy laws and regulations, such as the GDPR, which took effect in May 2018, impose obligations on us and on many of our customers, including with respect to cross-border data transfers.

Further, the Data Security Law of China (“DSL”), which took effect on September 1, 2021 and the Personal Information Protection Law of China (“PIPL”), which took effect on November 1, 2021, implement comprehensive regulation of data and personal data processing activities across all industries and operations such as collecting, utilizing, processing, sharing and transferring data and personal information in and out of China. The DSL and PIPL apply not only to the processing of data within China, but also seeks to regulate cross-border data transfers as well as certain activities outside of China that relate to data originating from China. Limitations imposed by the DSL and PIPL and uncertainty regarding their application in practice may impact us, our data suppliers, and the volume and quality of data that we are able to provide to our customers. Any disruption in our ability to access or transmit data as a result of the DSL and the PIPL could reduce the quality or volume of data we are able to provide to our customers, impair our ability to execute on our operating plan and disrupt our business.

In addition, domestic data privacy laws, such as the CCPA, which took effect in January 2020, the recently passed CPRA and the Virginia CDPA, each of which take effect January 1, 2023, and the Colorado Privacy Act (the “CPA”), which takes effect July 1, 2023, continue to evolve and could expose us to further regulatory or operational burdens. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of delivering our platform and other aspects of our operations. Complying with the GDPR, DSL, PIPL, CCPA, CPRA, CDPA, CPA, or other laws, regulations, amendments to or re-interpretations of existing laws and regulations, and contractual or other actual or alleged obligations relating to privacy, data protection, data transfers, data localization, or information security may require us to make changes to our services to enable us, our data suppliers or our customers to meet new legal requirements, incur substantial operational costs, modify our data practices and policies, engage in additional contractual negotiations, and restrict our business operations. Any actual or perceived failure by us to comply with these laws, regulations, or other obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation, or other liabilities.

In addition to government activity, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on our ability to provide our services globally, and which we may comply with or face asserted or actual obligations to comply with. Our customers also may require or expect us to meet certain voluntary certification and other standards established by third parties. If we are unable to maintain these certifications or meet these standards, we could adversely affect our ability to provide our services to certain customers and could harm our business. Furthermore, the uncertain and shifting regulatory environment may cause concerns regarding data privacy and may cause our customers or our customers’ customers to resist providing the data necessary to allow our customers to use our services effectively. Even the perception that the privacy of personal information is not satisfactorily protected or that our maintenance or processing of such information does not meet regulatory requirements could inhibit sales of our services and limit adoption of our platform. Additionally, some statutory requirements, both in the United States and abroad, include obligations for companies to notify individuals of security breaches and incidents involving particular personal information, which could result from breaches or incidents experienced by us or our service providers. Any actual or perceived security breach or incident that we or our service providers suffer could harm our reputation and brand, expose us to potential claims, liability, and proceedings, or require us to expend significant resources on data security and in responding to any such actual or perceived breach or incident.

These laws, regulations, standards, or other obligations relating to privacy, data protection, data transfers, data localization, or information security could require us to take on more onerous obligations in our contracts, restrict our ability to store, transfer, and process data or, in some cases, impact our ability to offer our services in certain locations, to deploy our solutions, to reach current and prospective customers, or to derive insights from data globally. If we are obligated to fundamentally change our business activities and practices or modify our platform, we may be unable to make such changes and modifications in a commercially reasonable manner, or at all, and our ability to develop new platform features could be limited. The costs of compliance with, and other burdens imposed by, these laws, regulations, standards, and obligations, or any inability to adequately address privacy, data protection, or information security-related concerns, even if unfounded, may limit the use and adoption of our services, reduce overall demand for our services, make it more difficult to meet expectations from or commitments to customers, impact our reputation, or slow the pace at which we close sales transactions, any of which could harm our business, financial condition, and results of operations.

***We rely on AWS to deliver our platform to our customers, and any disruption of, or interference with, our use of Amazon Web Services could adversely affect our business, financial condition, and results of operations.***

AWS is a third-party provider of cloud infrastructure services. We outsource substantially all of the infrastructure relating to our platform to AWS. Our customers need to be able to access our platform at any time, without interruption or degradation of performance. Our platform depends, in part, on the virtual cloud infrastructure hosted in AWS. Although we have disaster recovery plans that utilize multiple AWS locations, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake or other natural disasters, power loss, telecommunications failures, cyber-attacks, terrorist or other attacks, and other similar events beyond our control, could adversely affect our cloud-native platform. Additionally, AWS may experience threats or attacks from computer malware, ransomware, viruses, social engineering (including phishing attacks), denial of service or other attacks. In addition, employee theft or misuse and general hacking have become more prevalent in our industry. Any of these security incidents could result in unauthorized access to, damage to, disablement or encryption of, use or misuse of, disclosure of, modification of, destruction of, or loss of our data or our customers' data or disrupt our ability to provide our platform or service. A prolonged AWS service disruption affecting our platform for any of the foregoing reasons would adversely impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, result in substantial costs for remediation, cause us to lose customers, or otherwise harm our business, financial condition, or results of operations. We may also incur significant costs for using alternative hosting sources or taking other actions in preparation for, or in reaction to, events that damage the AWS services we use.

Our end-user license agreement with AWS will remain in effect until it is terminated by AWS or us with or without cause subject to at least 30 days' advance notice. Termination upon a material breach is subject to providing the breaching party prior notice and a 30-day cure period. AWS may terminate the agreement immediately upon notice if (i) our subscription has been suspended, (ii) AWS can no longer provide the services due changes in software or other technology, or (iii) required by law or other government entities. In the event that our AWS service agreement is terminated, elimination of AWS services or features that we utilize, or damage to such facilities, we could experience interruptions in access to our platform as well as significant delays and additional expense in arranging for or creating new facilities or re-architecting our platform for deployment on a different cloud infrastructure service provider, which would adversely affect our business, financial condition, and results of operations.

#### **Risks Related to Legal and Regulatory Matters**

***We have been involved, and may in the future become involved, in claims, lawsuits, government investigations, and other proceedings that could adversely affect our business, financial condition, and results of operations.***

From time to time, we have been involved, and may in the future become involved, in various legal proceedings relating to matters incidental to the ordinary course of our business, including intellectual property, commercial, employment, class action, whistleblower, and other litigation and claims, and governmental and other regulatory investigations and proceedings. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention, and divert significant resources. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate and subject to change. The risk of litigation may be heightened among public companies, like us, that have recently undergone a merger with a special purpose acquisition company.

Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines, and penalties that could adversely affect our business, financial condition, and results of operations. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions, or other orders requiring a change in our business practices. Because of the potential risks, expenses, and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Any of these consequences could adversely affect our business, financial condition, and results of operations.

***Our business is subject to a wide range of laws and regulations, many of which are evolving, and failure to comply with such laws and regulations could harm our business, financial condition, and results of operations.***

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing laws and regulations related to the deployment and operation of satellites, ground stations, privacy and data protection, intellectual property, investment screening, labor and employment, worker classification, product safety, anti-bribery laws, import and export controls, controlled goods laws, federal securities laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. These laws and regulations impose added costs on our business. We monitor these developments and devote a significant amount of management's time and external resources towards compliance with these laws, regulations, and guidelines, and such compliance places a significant burden on management's time and other resources, and it may limit our ability to expand into certain jurisdictions.

Moreover, changes in law, the imposition of new or additional regulations, or the enactment of any new or more stringent legislation that impacts our business could require us to change the way we operate. In addition, changes in laws and regulations applicable to us or our third-party partners referenced herein or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect) or our partners and suppliers. Any changes in the laws and regulations to which we or our partners and suppliers are subject could adversely affect our business, financial condition and results of operations. It is impossible to predict whether there will be any future changes in the regulatory regimes to which we will be subject or the effect of any such change.

Failure to comply with these laws or regulations or failure to satisfy any criteria or other requirements under such laws or regulations, such as with respect to obtaining and maintaining licenses, certificates, authorizations, and permits critical for the operation of our business, may result in civil penalties or private lawsuits, or result in a delay or the denial, suspension, or revocation of licenses, certificates, authorizations, or permits, which would prevent us from operating our business. For example, our business requires licenses and permits from the FCC, and review by other agencies of the U.S. government. In addition, we are required to maintain similar licenses and permits in Luxembourg, Singapore and Canada which impose regulatory and operational requirements. License approval can include an interagency review of safety, operational, radio frequency interference, national security, and foreign policy, and international obligations implications, as well as a review of foreign ownership. We must also comply with laws and regulations relating to the formation, administration, and performance of contracts with the public sector, including U.S. federal governmental organizations, which affects how we do business with governmental agencies. Selling our services to the U.S. government also subjects us to certain regulatory and contractual requirements. Failure to comply with these requirements could subject us to investigations, fines, and other penalties, which would have an adverse effect on our business, financial condition, and results of operations.

The rules and regulations of U.S. and foreign authorities, and their interpretation and application, may change, and such authorities may adopt regulations that limit or restrict our operations as presently conducted or currently contemplated. Such authorities may also make changes in the licenses of our competitors that affect our spectrum. These changes in rules or regulatory policy may significantly affect our business. For example, the FCC has an open notice of proposed rulemaking relating to mitigation of orbital debris which could affect us and our operations. Application of these laws to our business may negatively impact our performance in various ways, limiting the collaborations we may pursue, further regulating the export and re-export of our services and technology from the United States and abroad, and increasing our costs and the time necessary to obtain required authorization. The adoption of a multi-layered regulatory approach to any one of the laws or regulations to which we are or may become subject, particularly where the layers are in conflict, could require alteration of our manufacturing processes or operational parameters which may adversely impact our business.

Further, because regulations in each country differ, we may not be aware if some of our partners or persons with whom we or our partners do business do not hold the requisite licenses and approvals. Our failure to provide services in accordance with the terms of our licenses or our failure to operate our satellites or ground stations as required by our licenses and applicable laws and government regulations could result in the imposition of government sanctions on us, including the suspension or cancellation of our licenses. Our failure or delay in obtaining the approvals required to operate in other countries would limit or delay our ability to expand our operations into those countries. Our failure to obtain industry-standard or government-required certifications for our services could compromise our ability to generate revenue and conduct our business in other countries. Any imposition of sanctions, loss of license, or failure to obtain the authorizations necessary to use our assigned radio frequency spectrum and to distribute our services in the United States or foreign jurisdictions could cause us to lose sales, hurt our reputation and impair our ability to pursue our business plan.

Noncompliance with applicable regulations or requirements could subject us to:

- investigations, enforcement actions, orders, and sanctions;
- mandatory changes to our global satellite system;
- disgorgement of profits, fines, and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers;
- termination of contracts;
- loss of intellectual property rights; and
- temporary or permanent debarment from sales to government organizations.

The results of any such claims, lawsuits, arbitration proceedings, government investigations, or other legal or regulatory proceedings cannot be predicted with any degree of certainty. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to our reputation, require significant management attention, and divert significant resources. Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more such proceedings could result in substantial damages, settlement costs, fines, and penalties that could adversely affect our business, financial condition, and results of operations. These proceedings could also result in harm to our reputation and brand, sanctions, consent decrees, injunctions, or other orders requiring a change in our business practices. Any of these consequences could adversely affect our business, financial condition, and results of operations. Further, under certain circumstances, we have contractual and other legal obligations to indemnify and to incur legal expenses on behalf of our business and commercial partners and current and former directors and officers.

Further, a temporary or permanent debarment by the U.S. federal government could have a negative impact on our ability to obtain contracts with agencies of U.S. states and localities as well as with non-U.S. public sector customers, some of which are required to report any suspension or debarment when submitting a proposal.

***Our ability to obtain or maintain licensing authorization for our platform is subject to government rules and processes which can cause delays or failures in obtaining authorizations requested. Further, regulators may adopt new rules and regulations which could impose new requirements impacting our business, financial condition, and results of operations. If we do not maintain regulatory authorizations for our existing satellites, associated ground facilities and terminals, services we provide, or obtain authorizations for our future satellites, associated ground facilities and terminals, and services we provide, we may not be able to operate our existing satellites or expand our operations.***

If we fail to obtain or maintain particular authorizations for any of the required licenses for our ground stations, satellite launches, satellite constellations, or for our ability to uplink or downlink satellite data on acceptable terms, such failure could delay or prevent us from offering some or all of our services, including subscription services and project-based services, which could adversely affect our results of business, financial condition, and results of operations.

We may not be able to obtain all of the required regulatory authorizations for the construction, launch, and operation of any of our future satellites or export or import of data. Even if we can obtain the necessary authorizations and licenses, they may impose significant operational restrictions, or not protect us from interference that could affect the use of our satellites. Our ability to secure all requisite governmental approvals is not assured, and the process of obtaining governmental authorizations and licenses can be time consuming, time sensitive, and require compliance with a wide array of administrative and procedural rules. Any failure to obtain required approvals could compromise our ability to generate revenue or conduct our business in one or more countries.

We hold FCC and foreign governmental licensing authority licenses, permits, or approvals for our satellite constellations and earth stations. As we build out our satellite constellation, we will require new licenses, permits, or approvals from the FCC and/or foreign governmental licensing authorities or modifications to existing licenses, permits, or approvals. Changes to our satellite constellation and earth stations may also require prior approval from the FCC or other governmental authorities. These modifications or changes may take time: for example, the FCC typically processes satellite applications for new orbital locations or frequencies on a first come, first served basis. From time to time, we may have pending applications for permanent or temporary changes in frequencies and technical design. From time to time, we have filed or will need to file applications to replace or add satellites to our satellite constellation. These licenses, permits, and approvals are also subject to modification by the FCC and foreign government licensing authorities. In addition, our licenses, permits, and approvals require coordination with various entities, including other federal government agencies. There can be no assurance that the FCC or foreign governmental licensing authorities will renew the licenses we hold, modify the licenses we currently hold, or grant new licenses, or that coordination conditions can continue to be met. If the FCC or a foreign governmental licensing authority revokes, modifies or fails to renew the licenses we hold, or fails to grant a new license or modification, or if we fail to satisfy any of the conditions of our licenses, we may not be able to continue to provide our services.

We believe our current operations are in compliance with FCC and non-U.S. licensing jurisdiction requirements. In some cases, we rely upon partners or persons with whom we do business to obtain and maintain required non-U.S. regulatory approvals. However, if we or our partners do not maintain the authorizations necessary to operate our platform, we will not be able to operate the satellites covered by those authorizations, unless we obtain authorization from another licensing jurisdiction. Some of our authorizations provide waivers of regulations. If we do not maintain these waivers, we will be subject to operational restrictions or interference that will affect our use of existing satellites. Loss of a satellite authorization could cause us to lose the revenue from services provided by that satellite at a particular orbital location or using a particular frequency band, to the extent these services cannot be provided by satellites at other orbital locations or with a different frequency band.

Our launch and operation of our platform may require additional regulatory authorizations from the FCC or a non-U.S. licensing jurisdiction. Obtaining launch windows for planned satellites and ground stations, preparing for launch, and working with the requisite equipment in foreign jurisdictions may require coordination with U.S. and foreign regulators. If any of our current operations are deemed not to be in compliance with applicable regulatory requirements, we may be subject to various sanctions, including fines, loss of authorizations, or denial of applications for new authorizations or renewal of existing authorizations. It is not uncommon for licenses for new satellites or additional operational parameters to be granted just prior to launch, and we expect to receive such licenses for all planned satellites. If we do not obtain required authorizations in the future, we will not be able to operate our planned satellites. If we obtain a required authorization but we do not receive customer acceptance of project-based deliverables regarding the construction, launch, and operation of a satellite by deadlines that may be established in the authorization, we may lose our authorization to operate a satellite using certain frequencies in an orbital location. Any authorizations we may obtain may also impose operational restrictions or permit interference that could affect our use of planned satellites.

Countries or their regulatory authorities or the ITU, a specialized technical agency of the United Nations, may adopt new laws, policies, or regulations, or change their interpretation of existing laws, policies, or regulations, that could cause our existing authorizations and the frequency allocations that we rely on for use of our satellites to be changed or cancelled, require us to incur additional costs, impose or change existing price ceilings, or otherwise adversely affect our operations or revenues. As a result, any currently held regulatory authorizations and licenses are subject to rescission and renewal and may not remain sufficient or additional authorizations may be necessary that we may not be able to obtain on a timely basis or on terms that are not unduly burdensome. There is no guarantee that such licenses will be renewed.

Further, because the regulatory schemes vary by country, we may be subject to regulations in foreign countries of which we are not presently aware that we are not in compliance with, and as a result could be subject to sanctions by a foreign government.

***We are dependent on the availability and unimpaired use of allocated bands within the radio frequency spectrum and failure to secure spectrum use rights to support our operations and future technological development could impede our growth. Further, our platform may be subject to harmful interference from new or modified spectrum uses.***

Our platform is dependent on the use of satellite signals and on terrestrial communication bands. International allocations of radio frequency are made by the ITU. These allocations are further governed by radio regulations that have treaty status and which may be subject to modification every three to four years by

the World Radiocommunication Conference. Each country also has regulatory authority over how each band is used in the country. In the United States, the FCC and the National Telecommunications and Information Administration share responsibility for radio frequency allocations and spectrum usage regulations.

Any ITU or local reallocation of radio frequency bands, including frequency band segmentation and sharing of spectrum, or other modifications of the permitted uses of relevant frequency bands, may materially and adversely affect the utility and reliability of our platform and have significant negative impacts on our customers, both of which could reduce demand for our platform. We are licensed to uplink and downlink our data over certain bands. Other countries have considered proposals for use of frequencies used by our platform as well as adjacent bands that could cause harmful interference to our platform.

Our platform also uses other radio frequency bands, such as the GPS and Galileo frequencies, together with the GNSS signal, to provide enhanced GNSS capabilities, such as near real-time kinematics precision. The continuing availability of these non-GNSS radio frequencies is essential to provide enhanced GNSS products to our commercial and government markets. In addition, transmissions and emissions from other services and equipment operating in adjacent frequency bands or in-band may impair the utility and reliability of our platform. Any regulatory changes in spectrum allocation or in allowable operating conditions could have a material adverse effect on our business, financial condition, and results of operations.

***We are subject to domestic and international governmental export and import controls that would impair our ability to compete in international markets or subject us to liability if we are not in compliance with applicable laws or if we do not secure or maintain the required export authorizations.***

In many cases, our services are or may in the future be subject to U.S. export control laws and regulations including the EAR and ITAR, and subject to trade and economic sanctions maintained by OFAC. We are also subject to export control and trade sanctions laws and regulations in the EU, the United Kingdom, Singapore, Canada and other jurisdictions in which we operate. As such, an export license may be required to export or re-export our technology and services to certain countries or end-users, or for certain end-uses. If we were to fail to comply with such U.S. export controls laws and regulations, U.S. economic sanctions, or other similar laws or regulations in other jurisdictions, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations, and the possible loss of our export or import privileges. Compliance with the EAR, ITAR, and other applicable regulatory requirements regarding the export of our services, including new releases and/or the performance of services, may create delays in the introduction of our services in non-U.S. markets, prevent our customers with non-U.S. operations from deploying these services throughout their global systems or, in some cases, prevent the export of the services to some countries altogether.

Obtaining the necessary export license for a particular sale or offering may not be possible, may be time-consuming, and may result in the delay or loss of sales opportunities. In addition, compliance with the directives of DDTC may result in substantial expenses and diversion of management attention. Any failure to adequately address the directives of DDTC could result in civil fines or suspension or loss of our export privileges, any of which could materially adversely affect our business, financial condition, results of operations and growth prospects. Further, U.S. export control laws and economic sanctions as well as similar laws and regulations in other jurisdictions prohibit the export of offerings to certain U.S. embargoed or sanctioned countries, governments, and persons, as well as for prohibited end-uses. We have failed, and may in the future fail, to secure or maintain at all times all required export authorizations, which could have negative consequences on our business, including reputational harm and civil and criminal penalties. Further, we have failed, and may fail to secure or maintain at all times, all required export authorizations, which could have negative consequences on our business, including reputational harm, and lead to government investigations and criminal and civil penalties. Additionally, even though we take precautions to ensure that we comply with all relevant export control laws and regulations, monitoring and ensuring compliance with these complex export controls and sanctions is particularly challenging because our offerings are widely distributed throughout the world. Even though we take precautions to ensure that we and our partners comply with all relevant export control laws and regulations, any failure by us or our partners to comply with such laws and regulations could have negative consequences for us, including reputational harm, government investigations and penalties.

Any change in domestic or international export or import laws or regulations, economic sanctions, or related legislation, shift in the enforcement or scope of existing export, import, or sanctions laws or regulations, or change in the countries, governments, persons, or technologies targeted by such export, import, or sanctions laws or regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell access to our platform to, existing or potential end-customers with international operations. Any decreased use of our platform or limitation on our ability to export to or sell access to our platform in international markets would adversely affect our business, financial condition, and results of operations.

***We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines, harm our reputation, and adversely affect our business, financial condition, results of operations, and growth prospects.***

We are subject to the FCPA, the U.K. Bribery Act 2010, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and other anti-corruption, anti-bribery, and anti-money laundering laws and regulations in the jurisdictions in which we have offices or does business, both domestic and abroad. These laws and regulations generally prohibit companies, their employees, business partners, third-party intermediaries, representatives, and agents from authorizing, offering, or providing, directly or indirectly, improper payments to government officials, political candidates, political parties, or commercial partners for the purpose of obtaining or retaining business or securing an improper business advantage.

We have interactions with foreign officials, including in furtherance of sales to governmental entities in the United States and in non-U.S. countries. We sometimes leverage third parties to conduct our business abroad, and our third-party business partners, representatives, and agents may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We may be held liable for the corrupt or other illegal activities of our employees or these third parties, even if we do not explicitly authorize such activities. The FCPA and other applicable laws and regulations also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot assure you that all of our employees, business partners, third-party intermediaries, representatives, and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

Any violation of the FCPA or other applicable anti-bribery, anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, settlements, prosecution, enforcement actions, fines, damages, or suspension or debarment from government contracts, any of which could adversely affect our reputation, business, stock price, financial condition, results of operations, and growth prospects. In addition, responding to any investigation or action will likely result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

We may be subject to claims that we have wrongfully hired an employee from a competitor, or that our employees, consultants, independent contractors, or advisors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Many of our employees, consultants, independent contractors, and advisors, or individuals that may in the future serve as our employees, consultants, independent contractors, and advisors, are currently or were previously employed at companies including our competitors or potential competitors. Although we try to ensure that our employees, consultants, independent contractors, and advisors do not use the confidential or proprietary information, trade secrets, or know-how of others in their work for us, we may inadvertently or otherwise use or disclose confidential or proprietary information, trade secrets, or know-how of these third parties, or confidential or proprietary information, trade secrets, or know-how that our employees, consultants, independent contractors, or advisors obtained from current or former employers. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial cost and be a distraction to our management and employees. Claims that we, our employees, consultants, independent contractors, or advisors have misappropriated the confidential or proprietary information, trade secrets, or know-how of third parties could have a material adverse effect on our business, financial condition, and results of operations.

***Changes in domestic and international tax laws and regulations and those which we are subject to in various tax jurisdictions could adversely affect our business, financial condition, and results of operations.***

In December 2017, the legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), was enacted, which contains significant changes to U.S. tax law, including a reduction in the corporate tax rate and a transition to a new territorial system of taxation. The primary impact of the Tax Act on our provision for income taxes was a reduction of the future tax benefits of our deferred tax assets as a result of the reduction in the corporate tax rate. However, since we have recorded a full valuation allowance against our deferred tax assets, these changes did not have a material impact on our consolidated financial statements. The impact of the Tax Act will likely be subject to ongoing technical guidance and accounting interpretation, which we will continue to monitor and assess.

On January 1, 2022, a provision of the Tax Act went into effect, eliminating the option to deduct domestic research and development costs in the year incurred and instead requiring taxpayers to amortize such costs over five years. The House Ways and Means Committee has proposed tax legislation to delay the effective date of this change to 2026, but it is uncertain whether the proposed delay will ultimately be enacted into law. If no new legislation is passed, the provision would go into effect for our upcoming year ending December 31, 2022. It could potentially have an impact on our effective tax rate due to the valuation allowance we have on our U.S. federal deferred tax assets. We are currently evaluating the potential impact.

As we expand the scale of our international business activities, any changes in the U.S. or foreign taxation of such activities may increase our worldwide effective tax rate and harm our business, financial condition, and results of operations.

Our international operations subject us to potentially adverse tax consequences. We generally conduct our international operations through subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations.

There is also a high level of uncertainty in today's tax environment stemming from both global initiatives put forth by the Organization for Economic Co-operation and Development (the "OECD"), and unilateral measures being implemented by various countries due to a lack of consensus on these global initiatives. As an example, the OECD has put forth two proposals—Pillar One and Pillar Two—that revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively. Further, unilateral measures such as digital services tax and corresponding tariffs in response to such measures are creating additional uncertainty. If these proposals are passed, it is likely that we will have to pay higher income taxes in countries where such rules are applicable.

***Our ability to utilize our net operating loss carryforwards and certain other tax attributes to offset future taxable income may be limited.***

As of December 31, 2021, we had \$189.3 million of federal and \$65.5 million of state net operating loss carryforwards ("Net Operating Losses"), available to reduce future taxable income. Of the approximately \$189.3 million in U.S. federal Net Operating Losses, approximately \$106.8 million will be carried forward indefinitely for U.S. federal tax purposes and approximately \$82.5 million will begin to expire in 2032. Our \$65.5 million of state Net Operating Losses will expire in various tax years beginning in 2032. It is possible that we will not generate taxable income in time to use Net Operating Losses before their expiration, or at all.

In addition, our federal and state Net Operating Losses and certain tax credits may be subject to significant limitations under Section 382 and Section 383, respectively of the Internal Revenue Code of 1986, as amended (the "Code"), and similar provisions under state law. In general, under those sections of the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change

tax attributes, such as research and development tax credits, to offset its post-change income or tax liability may be limited. In general, an “ownership change” will occur if there is a cumulative change in our ownership by “5-percent stockholders” that exceeds 50 percentage points over a rolling three-year period. Future changes in our stock ownership, which may be outside of our control, may trigger an ownership change. Similar provisions of state tax law may also apply to limit our use of our accumulated state tax attributes. As a result, even if we earn net taxable income in the future, our ability to use our or Old Spire’s Net Operating Losses and other tax attributes to offset such taxable income or tax liability may be subject to limitations, which could potentially adversely affect our cash flows and result in increased future income tax liability.

The Tax Act, as amended by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), among other things, includes changes to U.S. federal tax rates and the rules governing Net Operating Losses. For Net Operating Losses arising in tax years beginning after December 31, 2017, the Tax Act, as modified by the CARES Act, limits a taxpayer’s ability to utilize Net Operating Losses to 80% of taxable income (as calculated before taking the Net Operating Losses, and certain other tax attributes, into account) for taxable years beginning after December 31, 2020. The CARES Act modifies the Tax Act by temporarily suspending this 80% taxable income limitation, allowing a Net Operating Loss carryforward to fully offset taxable income in tax years beginning before January 1, 2021. In addition, Net Operating Losses arising in tax years ending after December 31, 2017 and before January 1, 2021 may be carried back to each of the five taxable years preceding the tax year of such loss, but Net Operating Losses arising in taxable years beginning after December 31, 2020 may not be carried back. Net Operating Losses arising in tax years beginning after December 31, 2017 can be carried forward indefinitely. Net Operating Losses generated in tax years beginning before January 1, 2018 will not be subject to the taxable income limitation and will continue to have a two-year carryback and twenty-year carryforward period. As we maintain a full valuation allowance against our U.S. Net Operating Losses and have been in U.S. taxable losses since inception, these changes did not impact our Consolidated Balance Sheet as of December 31, 2021.

However, in future years, if and when a net deferred tax asset is recognized related to our Net Operating Losses, the changes in the new limitation on the use of Net Operating Losses may significantly impact our valuation allowance assessments for Net Operating Losses generated after December 31, 2017.

There is also a risk that due to federal or state regulatory changes, such as suspensions on the use of Net Operating Losses, tax credits or other tax attributes, possibly with retroactive effect, or other unforeseen reasons, our existing Net Operating Losses, tax credits or other tax attributes could expire or otherwise be unavailable to offset future income tax liabilities.

***Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added, or similar taxes, and any such assessments could adversely affect our business, financial condition, and results of operations.***

We do not collect sales and use, value added, and similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties, interest, or future requirements would adversely affect our financial condition and results of operations. Further, in June 2018, the Supreme Court held in *South Dakota v. Wayfair, Inc.* that states could impose sales tax collection obligations on out-of-state sellers even if those sellers lack any physical presence within the states imposing the sales taxes. Under *Wayfair*, a person requires only a “substantial nexus” with the taxing state before the state may subject the person to sales tax collection obligations therein. An increasing number of states (both before and after the publication of *Wayfair*) have considered or adopted laws that attempt to impose sales tax collection obligations on out-of-state sellers. The Supreme Court’s *Wayfair* decision has removed a significant impediment to the enactment and enforcement of these laws, and it is possible that states may seek to tax out-of-state sellers on sales that occurred in prior tax years, which could create additional administrative burdens for us, put us at a competitive disadvantage if such states do not impose similar obligations on our competitors, and decrease our future sales, which would adversely impact our business, financial condition, and results of operations.

**Risks Relating to Financial and Accounting Matters**

***Our current insurance does not protect us against all satellite-related losses that we may experience.***

Our business is subject to a number of risks and hazards including adverse conditions. Such occurrences could result in damage to equipment, personal injury or death, monetary losses, and possible legal liability. In addition, changes in the regulatory environment could impose additional insurance requirements on satellite operators. Despite any insurance coverage which we currently have or may secure in the future, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or we may elect not to insure against such liabilities due to high premium costs or other reasons, in which event we could incur significant costs that could have a material adverse effect on our financial position.

Our current insurance does not protect us against all satellite-related losses that we may experience. Our insurance does not protect us against business interruption, loss of revenues, or delay of revenues. In addition, we only carry third-party liability insurance outside of the United States. Our existing third-party liability, launch, and in-orbit insurance policies may include, and any future policies that we may obtain may include, specified exclusions, deductibles and material change limitations. Typically, these insurance policies exclude coverage for damage or losses arising from acts of war, anti-satellite devices, electromagnetic or radio frequency interference, and other similar potential risks for which exclusions are customary in the industry at the time the policy is written. In addition, they typically exclude coverage for satellite health-related problems affecting our satellites that are known at the time the policy is written or renewed. Any claims under existing policies are subject to settlement with the insurers.

The price, terms, and availability of satellite insurance has increased significantly in recent years. These increases may be attributed to recent satellite launch or in-orbit failures and general conditions in the insurance industry, including the limited number of insurance providers. Launch and in-orbit policies on satellites may not continue to be available on commercially reasonable terms or at all or we may determine that it is not in our interest to purchase insurance in certain circumstances. To the extent we experience a launch or in-orbit failure that is not fully insured or not insured at all, such failures could harm our financial position. In addition, higher premiums on insurance policies increase costs, thereby reducing our available cash. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods, higher loss percentages required for constructive total loss claims and additional satellite



health-related policy exclusions. If we experience significant uninsured losses, such events could have a material adverse impact on our business, financial condition, and results of operations.

***We may face fluctuations in currency exchange rates, which could adversely affect our financial condition and results of operations.***

As we continue to expand internationally, we will become more exposed to fluctuations in currency exchange rates. A portion of our operating expenses are incurred outside of the United States and denominated in foreign currencies. The strengthening of the U.S. dollar relative to foreign currencies increases the real cost of our platform for our customers outside of the United States, which could lead to the lengthening of our sales cycle or reduced demand for our platform. The fluctuations in currency exchange rates could increase the cost of expenses such as payroll, utilities, tax, and marketing expenses, as well as overseas capital expenditures. As we continue our international expansion, increased international sales may result in foreign currency denominated sales, increasing our foreign currency risk. Moreover, this continued expansion will increase operating expenses incurred outside the United States and denominated in foreign currencies. If we are not able to successfully hedge against the risks associated with currency fluctuations, our financial condition and results of operations would be adversely affected. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedging transactions may be limited and we may not be able to successfully hedge our exposure, which would adversely affect our business, financial condition, and results of operations.

***Our results of operations may be adversely affected by changes in accounting principles applicable to us.***

Generally Accepted Accounting Principles in the United States of America ("GAAP") is subject to interpretation by the Financial Accounting Standards Board, the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. Changes in accounting principles applicable to it, or varying interpretations of current accounting principles, in particular, with respect to revenue recognition of our solutions, could have a significant effect on our reported results of operations. Further, any difficulties in the implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

***Our estimates or judgments relating to our critical accounting policies may be based on assumptions that change or prove to be incorrect, which could cause our results of operations to fall below expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.***

Our estimates or judgments relating to our critical accounting policies may be based on assumptions that change or prove to be incorrect, which could cause our results of operations to fall below expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the recognition and measurement of certain assets and liabilities and revenue and expenses that is not readily apparent from other sources. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Management's significant estimates include assumptions in revenue recognition, and fair value of our common stock, equity awards and warrant liabilities. Actual results could differ from those estimates. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations could be adversely affected, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

***We may fail to maintain an effective system of disclosure controls and internal control over financial reporting, which could impair our ability to produce timely and accurate financial statements or comply with applicable regulations.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), and the listing standards of the NYSE. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business, including increased complexity resulting from any international expansion. Further, weaknesses in our disclosure controls or our internal control over financial reporting have been and may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which

would likely adversely affect the market price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our annual report on Form 10-K.

***We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, it may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations, which may adversely affect our business, financial condition, and results of operations.***

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. These material weaknesses are as follows:

We did not design and maintain an effective control environment commensurate with the financial reporting requirements of a public company. Specifically, we lacked a sufficient number of professionals with an appropriate level of internal controls and accounting knowledge, training, and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, amongst other things, insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to the following additional material weaknesses:

(i) We did not design and maintain an effective risk assessment process at a precise enough level to identify new and evolving risks of material misstatement in our financial statements. Specifically, changes to existing controls or the implementation of new controls have not been sufficient to respond to changes to the risks of material misstatement in the financial statements;

(ii) We did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel have the ability to both (a) create and post journal entries within our general ledger system, and (b) prepare and review account reconciliations;

The material weaknesses above resulted in certain immaterial audit adjustments, which were recorded prior to the issuance of the consolidated financial statements as of and for the year ended December 31, 2020. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

(iii) We did not design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of GAAP of such transactions. Specifically, we did not design and maintain controls to timely identify and account for warrant instruments, and to account for business combinations, including the associated valuation estimates and the completeness and accuracy of the opening balance sheet. The material weakness related to warrant instruments resulted in the restatement of the previously issued financial statements of NavSight related to adjustments to warrant liabilities and equity. The material weakness related to business combinations did not result in a misstatement to our consolidated financial statements.

Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

(iv) We did not design and maintain effective controls over certain information technology (“IT”) general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain:

(a) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel;

(b) program change management controls for our financial systems to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized, and implemented appropriately; and

(c) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

These IT deficiencies did not result in a misstatement to the financial statements, however, the deficiencies, when aggregated, could impact our ability to maintain effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

We will take certain measures to remediate these material weaknesses described above, as described in Item 9a of this Annual Report on Form 10-K.

While these actions and planned actions are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period, we are committed to continuous improvement and will continue to diligently review our internal control over financial reporting. The material weaknesses will not be considered remediated until management completes the design and implementation of the

measures described above and the controls operate for a sufficient period of time and management has concluded, through testing, that these controls are effective.

We are working to remediate the material weaknesses as efficiently and effectively as possible; full remediation could potentially go beyond December 31, 2022. At this time, we cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in us incurring significant costs, and will place significant demands on our financial and operational resources.

We cannot assure that the measures we have taken to date and may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in internal control over financial reporting or that they will prevent or avoid potential future material weaknesses to be identified in the future. The effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. Any failure to design, implement and maintain effective internal control over financial reporting or any difficulties encountered in their implementation or improvement may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations, which may adversely affect our business, financial condition and results of operations.

***Our metrics and estimates used to evaluate our performance and make operating results projections, rely in large part upon assumptions and analyses developed by us, are subject to inherent challenges in measurement, and any real or perceived inaccuracies in those estimates may harm our reputation and negatively affect our business.***

We regularly review and may adjust our processes for calculating our metrics and estimates used to make projections about our operating results, evaluate our growth, measure our performance, and make strategic decisions. Our analysis is based on data such as renewal and upsell rates, number of new customers, average selling prices, sales pipeline analysis, sales quota targets and expected achievement, bookings, billings, number of satellites to be built and launched, number of ground stations to be built and put into service, headcount that is required to support the business, and non-headcount spending that is required to support the business. These metrics are calculated using internal company data and have not been evaluated by a third party. Our metrics and estimates may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely. While we believe our assumptions and the data underlying our metrics and estimates are reasonable, these metrics and estimates may not be accurate and the conditions supporting our metrics and estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our metrics and estimates of the total addressable market, as well as the expected growth rate for the total addressable market, may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth we have forecasted, our business could fail to grow at similar rates, if at all. If securities analysts or investors do not consider our metrics or estimates to be accurate representations of our business, or if we discover material inaccuracies in our metrics or estimates, then the market price of our common stock could decline, our reputation and brand could be harmed, our actual results might diverge from our operating results projections, and our business, financial condition, and results of operations could be adversely affected.

***We have substantial indebtedness under our credit facility and our obligations thereunder may limit our operational flexibility or otherwise adversely affect our financial condition.***

In April 2021, we entered into the FP Credit Agreement (as defined below), which provides us with a senior secured convertible credit facility in an aggregate principal amount of \$70.0 million that was fully drawn in May 2021. We used a portion of the proceeds from the term loan to repay our outstanding obligations under our existing credit facilities with Eastward Fund Management, LLC ("Eastward") and European Investment Bank ("EIB"). There can be no assurance that we will be able to repay this indebtedness when due, or that we will be able to refinance this indebtedness on acceptable terms or at all.

Our indebtedness could adversely impact our business. For example, these obligations could, among other things:

- make it difficult for us to pay other obligations;
- increase our cost of borrowing from other sources;
- make it difficult to obtain favorable terms for any necessary future financing for working capital, capital expenditures, investments, acquisitions, debt service requirements, or other purposes;
- restrict us from making acquisitions or cause us to make divestitures or similar transactions;
- adversely affect our liquidity and result in a material adverse effect on our financial condition upon repayment of the indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to service and repay the indebtedness, reducing the amount of cash flow available for other purposes;
- limit our ability to hire or properly support our infrastructure which could have adverse impact on revenue, margins and overall financial performance;
- increase our vulnerability to adverse economic conditions;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- limit our flexibility in planning for and reacting to changes in our business.

***Restrictions imposed by our outstanding indebtedness and any future indebtedness may limit our ability to operate our business and to finance our future operations or capital needs or to engage in acquisitions or other business activities necessary to achieve growth.***

The terms of the FP Credit Agreement restrict us from engaging in specified types of transactions. These covenants restrict our ability to, among other things:

- incur additional indebtedness;
- create or incur liens;
- engage in consolidations, amalgamations, mergers, liquidations, dissolutions or dispositions;
- sell, transfer or otherwise dispose of assets;
- pay dividends and distributions on, or purchase, redeem, decrease, or otherwise acquire or retire for value, our capital stock;
- make acquisitions, investments, loans (including guarantees), advances, or capital contributions; and
- engage in certain intercompany transactions and other transactions with affiliates.

In addition, the FP Credit Agreement requires that, prior to consummating certain transactions, we maintain unrestricted cash of at least \$15.0 million, as of the last day of each fiscal quarter and as determined in accordance with the FP Credit Agreement, unless we are able to maintain positive EBITDA. We cannot guarantee that we will be able to maintain compliance with these various covenants or, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants. Even if we comply with all of the applicable covenants, the restrictions on the conduct of our business could adversely affect our business by, among other things, limiting our ability to take advantage of financing opportunities, mergers, acquisitions, investments, and other corporate opportunities that may be beneficial to our business.

A change in control or a breach of any of the covenants in the FP Credit Agreement could result in an event of default, which, if not cured or waived, could trigger acceleration of our indebtedness and an increase in the interest rates applicable to such indebtedness, and may result in the acceleration of or default under any other debt we may incur in the future to which a cross-acceleration or cross-default provision applies. The acceleration of the indebtedness under our credit agreements or under any other indebtedness, could have a material adverse effect on our business, results of operations, and financial condition. In the event of any default under our existing or future credit facilities, the applicable lenders could elect to terminate borrowing commitments and declare all borrowings and loans outstanding, together with accrued and unpaid interest and any fees and other obligations, to be due and payable. In addition, our obligations under the FP Credit Agreement are secured by a security interest in substantially all of our assets. During the existence of an event of default under the FP Credit Agreement, the lenders could exercise their rights and remedies thereunder, including by way of initiating foreclosure proceedings against any assets constituting collateral for our obligations under such credit facility.

***We may be unable to generate sufficient cash flow to satisfy our significant debt service obligations, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.***

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and/or interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments, acquisitions, capital expenditures, and payments on account of other obligations, seek additional capital, restructure or refinance our indebtedness, or sell assets. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and could require us to comply with more onerous covenants, which could further restrict our business operations. In addition, we cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all.

If we are at any point unable to repay or otherwise refinance our indebtedness when due, or if any other event of default (including as a result of our failure to comply with any of our affirmative or negative covenants) is not cured or waived, the applicable lenders could accelerate our outstanding obligations or proceed against the collateral granted to them to secure that indebtedness, which could force us into bankruptcy or liquidation. In the event the applicable lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. Any acceleration of amounts due under the agreements governing our credit facility or the exercise by the applicable lenders of their rights under the security documents would likely have a material adverse effect on our business.

#### **Risks Related to Our Common Stock**

***Delaware law and our certificate of incorporation and bylaws contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.***

Our certificate of incorporation and bylaws contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors and therefore depress the trading price of our Class A common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our board of directors or taking other corporate actions, including effecting changes in our management. Among other things, our certificate of incorporation and bylaws include provisions regarding:

- a dual-class common stock structure, which provides the Founders with the ability to determine or significantly influence the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of outstanding common stock;

- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- authorizing “blank check” preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend, and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- prohibiting cumulative voting in the election of directors;
- providing that vacancies on our board of directors may be filled only by majority of directors then in office, including those who have so resigned, of our board of directors, even though less than a quorum;
- prohibiting the ability of our stockholders to call special meetings;
- establishing an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors; and
- specifying that special meetings of our stockholders can be called only by a majority of our board of directors, the chairperson of our board of directors, or our president.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

***Our bylaws provide, subject to limited exceptions, that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for certain stockholder litigation matters, which could limit our stockholders’ ability to obtain a chosen judicial forum for disputes with us or our directors, officers, employees, or stockholders.***

Our bylaws require, to the fullest extent permitted by law, that derivative actions brought in our name, actions against directors, officers, and employees for breach of fiduciary duty and other similar actions may be brought in the Court of Chancery in the State of Delaware or, if that court lacks subject matter jurisdiction, another federal or state court situated in the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our Class A common stock shall be deemed to have notice of and consented to the forum provisions in our bylaws. In addition, our bylaws provide that the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act.

This choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and results of operations.

***The dual class structure of our common stock has the effect of concentrating voting power with the Founders, which will limit an investor’s ability to influence the outcome of important transactions, including a change in control. Additionally, two of the Founders, Peter Platzer and Theresa Condor, are husband and wife, which may further concentrate the influence of the Founders and further limit an investor’s ability to influence the company.***

The dual-class structure of our common stock has the effect of concentrating voting power with our Founders, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction. Our Class A common stock has one vote per share and our Class B common stock that is held only by our Founders has nine votes per share. Accordingly, the Class B common stock held by the Founders represent approximately 43.8% of the voting power of our outstanding capital stock in the aggregate as of December 31, 2021. Additionally, the Class A common stock and Class B common stock held by two of the Founders, Peter Platzer and Theresa Condor, who are husband and wife, represent approximately 30.6% of the voting power of our outstanding capital stock in the aggregate as of December 31, 2021. As a result, Peter Platzer and Theresa Condor and the other Founders will be able to determine or significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and bylaws, and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction. The Founders may have interests that differ from yours and may vote in a way with which you disagree, and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing, or deterring a change in control, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of the company, and might ultimately affect the market price of our common stock. Further, the separation between voting power and economic interests could cause conflicts of interest between the Founders and our other stockholders, which may result in the Founders undertaking, or causing us to undertake, actions that would be desirable for themselves but would not be desirable for our other stockholders. The numbers of shares and percentage interests set forth above assume that there are no future exercises of the warrants.

Future transfers by the holders of our Class B common stock will generally result in those shares automatically transferring to us for no consideration, subject to limited exceptions, such as certain transfers effected for estate planning or other transfers among the Founders and their family members.

In addition, each share of our Class B common stock will automatically be transferred to us for no consideration upon the following events: (i) on the affirmative written election of such holder to transfer such share of our Class B common stock to us, or if later, at the time or the happening of a future event specified in such written election (which election may be revoked by such holder prior to the date on which the automatic transfer to us would otherwise occur unless otherwise specified by such holder); (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the first time after 11:59 p.m. Eastern Time on the Closing Date that both (a) such Founder is no longer providing services to us as an officer, employee, or consultant and (b) such Founder is no longer a director of the company; (iii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date that such Founder's employment with us is terminated for cause (as defined in our certificate of incorporation); and (iv) upon the death or disability (as defined in our certificate of incorporation) of such Founder.

***The trading price of our securities may be volatile, and you could lose all or part of your investment.***

The trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities may include:

- actual or anticipated fluctuations in our quarterly financial results or the annual financial results of companies perceived to be similar to us;
- changes in the market's expectations about our results of operations;
- success of competitors;
- our results of operations failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the satellite data and analytics industry in general;
- operating and share price performance of other companies that investors deem comparable to us;
- our ability to bring our services and technologies to market on a timely basis, or at all;
- changes in laws and regulations affecting our business;
- our ability to meet compliance requirements;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale;
- any major change in our board of directors or management;
- sales of substantial amounts of shares of our common stock by our directors, executive officers, or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations, and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general, and the securities of technology companies in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress our share price regardless of our business, financial conditions, or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future. Additionally, if the average closing market price of our securities is less than \$1.00 over any consecutive 30 trading-day period, such that the listing standards of the NYSE are no longer met, we may not be able to remain listed on the NYSE.

***We do not expect to declare any dividends in the foreseeable future.***

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not anticipate declaring or paying any dividends to holders of our capital stock in the foreseeable future.

Additionally, our ability to pay cash dividends on our common stock is limited by restrictions under the terms of the FP Credit Agreement for a \$70.0 million term loan facility (the "FP Term Loan"). Consequently, investors may need to rely on sales of their shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

***Certain warrants are being accounted for as a warrant liability and are being recorded at fair value upon issuance with changes in fair value each period reported in earnings, which may have an adverse effect on the market price of our common stock.***

Under GAAP, we are required to evaluate warrants to determine whether they should be accounted for as a warrant liability or as equity. We have concluded that certain warrants contain provisions requiring liability classification. Therefore, as described in our financial statements and the financial statements of NavSight included herein, we are accounting for certain warrants as a warrant liability and are recording that liability at fair value upon issuance. We will record any subsequent changes in fair value as of the end of each period for which earnings are reported. The impact of changes in fair value on earnings may have an adverse effect on the market price of our common stock and may cause fluctuations in our results of operations based on factors that are outside of our control.

#### **General Risk Factors**

***Operating as a public company requires us to incur substantial costs and requires substantial management attention. In addition, key members of our management team have limited experience in operating a public company.***

As a public company, we incur substantial legal, accounting, administrative, and other costs and expenses that Old Spire did not incur as a private company. The Sarbanes-Oxley Act, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements increases costs and make certain activities more time-consuming. A number of those requirements require us to carry out activities that Old Spire had not done previously. For example, we created new board committees and adopted new internal controls and disclosure controls and procedures. In addition, we incur expenses associated with SEC reporting requirements. Furthermore, if any issues in complying with those requirements are identified (for example, if management or our independent registered public accounting firm identifies additional material weaknesses in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of us. It may also be more expensive to obtain director and officer liability insurance. Risks associated with our status as a public company may make it more difficult to attract and retain qualified persons to serve on our board of directors or as executive officers. The additional reporting and other obligations imposed by these rules and regulations will increase legal and financial compliance costs and the costs of related legal, accounting, and administrative activities. These increased costs will require us to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting requirements, which could further increase costs.

Additionally, many members of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or effectively manage our transition to a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituencies will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, and results of operations. We may not have adequate personnel with the appropriate level of knowledge, experience, and training in the accounting policies, practices, or internal control over financial reporting required of public companies in the United States. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the United States may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase our operating costs in future periods.

***We depend on our management team and other highly skilled personnel, and we may fail to attract, retain, motivate, or integrate highly skilled personnel, which could adversely affect our business, financial condition, and results of operations.***

We depend on the continued contributions of our management team, key employees, and other highly skilled personnel. All of our U.S.-based employees work for us on an at will basis, and there is no assurance that any such employee will remain with us. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms, or at all. If we are unable to attract and retain the necessary employees, particularly in critical areas of our business, we may not achieve our strategic goals. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team fails to work together effectively and to execute our plans and strategies, our business, financial condition, and results of operations could be adversely affected.

Our future success also depends, in part, on our ability to continue to attract and retain highly skilled personnel. Competition for these personnel is intense, and the industry in which we operate is generally characterized by significant competition for skilled personnel as well as high employee attrition. We may not be successful in attracting, retaining, training, or motivating qualified personnel to fulfill our current or future needs. Furthermore, our ability to attract and retain employees may be affected by the COVID-19 pandemic and its effects on global workforce patterns and employee expectations regarding returning to offices, and may result in a more geographically distributed workforce than we anticipate. Additionally, the former employers of our new employees may attempt to assert that our new employees or we have breached their legal obligations, which may be time-consuming, distracting to management, and may divert our resources. Current and potential personnel also often consider the value of equity awards they receive in connection with their employment, and to the extent the perceived value of our equity awards declines relative to our competitors, our ability to attract and retain highly skilled personnel may be harmed. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train, and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts, and employee morale, productivity, and engagement could suffer, which could adversely affect our business, financial condition, and results of operations.

***Our failure to timely and effectively implement controls and procedures required by Section 404(a) of the Sarbanes-Oxley Act could have a material adverse effect on our business.***

We are required to comply with the Section 404(a) of the Sarbanes-Oxley act which requires management assess its internal control over financial reporting, beginning with our second annual report on Form 10-K. Management must certify internal controls are designed and operating effectively through documentation and testing. The standards required for a public company under Section 404(a) of the Sarbanes-Oxley Act are significantly more stringent than those required of Spire as a privately-held company. Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements. If we are not able to implement the additional requirements of Section 404(a) in a timely manner or with adequate compliance, we may not be able to assess whether our internal control over financial reporting are effective, which may subject us to adverse regulatory consequences and could harm investor confidence and the market price of our securities.

*If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our securities could decline.*

The trading market for our securities may be influenced by the research and reports that industry or securities analysts may publish about us, our business, market, or competitors. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If few securities or industry analysts commence coverage of us, or if one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. If any of the analysts who may cover us adversely change their recommendation regarding our common stock or provide more favorable relative recommendations about our competitors or publish inaccurate or unfavorable research about our business, the price of our common stock would likely decline.

*We are an "emerging growth company" and a "smaller reporting company" within the meaning of the Securities Act, and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.*

We are an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the Jumpstart our Business Startups Act ("JOBS Act"). As such, we are eligible for and intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as we continue to be an emerging growth company, including (i) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act, (ii) the exemptions from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements, and (iii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. As a result, the stockholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of our common stock that are held by non-affiliates exceeds \$700,000,000 as of June 30 of that fiscal year, (ii) the last day of the fiscal year in which we have total annual gross revenue of \$1.07 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which we have issued more than \$1.0 billion in non-convertible debt in the prior three-year period or (iv) the last day of the fiscal year following the fifth anniversary of our initial public offering. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to opt out of such extended transition period and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. Investors may find our common stock less attractive because we rely on these exemptions, which may result in a less active trading market for our common stock and the trading price may be more volatile.

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of the Securities Act. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which the market value of our common stock held by non-affiliates is equal to or exceeds \$250,000,000 as of the end of that fiscal year's second fiscal quarter, or, if the market value of our common stock held by non-affiliates is less than \$700,000,000 as of the end of that fiscal year's second fiscal quarter, we will remain a smaller reporting company until our annual revenue is equal to or exceeds \$100,000,000 during such completed fiscal year. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

#### **Item 1B. Unresolved Staff Comments**

Not applicable.

#### **Item 2. Properties**

Our corporate headquarters is located in Vienna, Virginia, where we currently lease approximately 8,319 square feet under a lease agreement that expires in June 2029. We also lease and license facilities in San Francisco, California; Boulder, Colorado; Luxembourg, Luxembourg; Glasgow, Scotland; Cambridge, Ontario; Singapore, Singapore and Oxfordshire, United Kingdom. Additionally, we operate over 30 ground stations to transmit our satellite data across the globe.

As the business grows and we add employees, we will evaluate our need to expand our facilities or add new facilities in different geographic locations. We believe that suitable additional or alternative space will be available as needed to accommodate any such growth. We expect to incur additional expenses in connection with such new or expanded facilities.



**Item 3. Legal Proceedings**

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. For example, on April 5, 2021, we received a letter from the counsel for Carl Harris, a former employee, alleging that Mr. Harris's failure to exercise his stock options in early 2020 was induced by our improper conduct, and requested that we reinstate Mr. Harris's stock options. We deny any wrongdoing and the matter has now been resolved through a mediated settlement.

Other than as described above, we are not currently a party to any legal proceedings that, if determined adversely to us, would, in our opinion, have a material adverse effect on our business, results of operations, financial condition, or cash flows. Future litigation may be necessary to defend ourselves, our partners, and our customers by determining the scope, enforceability, and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

#### Market Information for Common Stock

Our Class A common stock is listed on the NYSE under the symbol "SPIR" and our public warrants are traded on the NYSE under the symbol "SPIR.WS" and, after resale, our private placement warrants will also trade under the same ticker symbol as the public warrants.

Our Class B common stock is neither listed nor traded.

#### Holders of Record

As of December 31, 2021, there were 253 holders of record of our Class A common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

As of December 31, 2021, there were four holders of record of our Class B common stock. All shares of our Class B common stock are beneficially owned by Peter Platzer, Theresa Condor, Jeroen Cappaert and William Joel Spark, or their affiliates.

As of December 31, 2021, there were three holders of our public warrants.

#### Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and do not intend to pay cash dividends to our stockholders in the foreseeable future. We expect to retain all available funds and any future earnings, if any, to fund the growth and development of our business. Investors should not purchase our common stock with the expectation of receiving cash dividends. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors may deem relevant. In addition, the terms of the FP Term Loan contain restrictions on our ability to declare and pay cash dividends on our capital stock.

#### Unregistered Sales of Equity Securities and Use of Proceeds

None.

#### Item 6. [Reserved]

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2021 and 2020 and the related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this Annual Report on Form 10-K, including those set forth in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements." Our fiscal years ended December 31, 2021 and 2020 are referred to herein as fiscal year 2021 and fiscal year 2020, respectively. Unless the context otherwise requires, all references to "the Company," "we," "us," or "our" and similar terms refer to Spire and its subsidiaries.*

#### Overview

We are a global provider of space-based data, analytics and space services, offering unique datasets and powerful insights about Earth from the ultimate vantage point—space—so that organizations can make decisions with confidence, accuracy and speed. We own and operate one of the world's largest multi-purpose satellite constellations in low earth orbit. Our fully deployed constellation consists of over 100 satellites and we believe it is also one of the world's largest "listening" constellations, observing the earth utilizing radio frequency sensors. We enrich this hard-to-acquire, valuable data with analytics and predictive solutions, providing data as a subscription to organizations around the world so that they can improve business operations, decrease their environmental footprint, deploy resources for growth and competitive advantage and mitigate risk.

In December 2021, our satellite constellation covered the earth over 200 times per day on average and our global ground station network performed over 2,300 contacts each day on average, reliably and resiliently collecting data with low latency. Our cloud-based data infrastructure processed five terabytes of data each day on average in December 2021, in creating our proprietary data analytics solutions. We provide customers these solutions through an API infrastructure that delivers approximately one terabyte of data each day to our customers, as of December 31, 2021. The global data we collect includes data that can only be captured from space with no terrestrial alternatives. We collect this data once and can then sell it an unlimited number of times across a broad and growing set of industries, including weather, aviation and maritime, with global coverage, real-time and near real-time data that can be easily integrated into our customers' operations.

Our platform applies our value-add insights and predictive analytics to this proprietary data to create commercially valuable datasets. We offer three data solutions to our customers, which vary in complexity and price and can be delivered in near real-time via our API that can be easily integrated into our customers' business operations:

- Maritime:** Precise space-based data used for highly accurate ship monitoring, ship safety and route optimization.
- Aviation:** Precise space-based data used for highly accurate aircraft monitoring, aircraft safety and route optimization.
- Weather:** Precise space-based data used for highly accurate weather forecasting.

For each data solution, we have the capability to offer customers a variety of features and additional value. The four forms of data we monetize are:

- Clean data:** Clean and structured data directly from our proprietary nanosatellites;
- Smart data:** Clean data fused with third-party datasets and proprietary analysis to enhance value and provide insights;
- Predictive solutions:** Big data, AI, and ML algorithms applied to fused data sets to create predictive analytics and insights; and
- Solutions:** Data-driven actionable recommendations to solve specific business problems, utilizing the full spectrum of our data analytics suite.

These value-add data features allow customers to solve various use cases and provide a path to expand throughout the customer's relationship.

As our fourth solution, we are also pioneering an innovative business model through our Space Services solution. We leverage our fully deployed infrastructure and large-scale operations to enable our customers to obtain customized data through our API. Our customers can begin receiving data in less than a year after engaging with us and receive data by entering into a subscription agreement. Our Space Services offering provides our customers with fast, scalable and reliable access to space.

Our solutions are offered to customers across numerous industries and we not only have the opportunity to upsell within each one, but we also have the opportunity to cross-sell among all our solutions.

We provide our solutions to global customers through a subscription model or project-based solutions. We currently sell directly to end customers and utilize reseller partners when beneficial.

### Highlights from Fiscal Year 2021

- On August 16, 2021, we completed the Merger with NavSight and received cash proceeds of \$236.6 million and were listed on the NYSE under the ticker symbol "SPIR."
- On November 30, 2021, we completed the acquisition of exactEarth for the purchase price of \$129.0 million, consisting of \$109.6 million in cash and \$22.3 million of shares of our Class A common stock, net of \$3.0 million post-combination expense.
- Full year 2021 revenue was \$43.4 million, an increase of 52% from fiscal year 2020. Excluding the \$1.5 million of revenue recognized from exactEarth during the fourth quarter and fiscal year ended December 31, 2021, full year 2021 revenue was \$41.9 million, an increase of 47% from fiscal year 2020.
- As of December 31, 2021, annual recurring revenue ("ARR") was \$70.8 million, an increase of approximately 96% from December 31, 2020. Excluding the \$18.5 million of ARR contributed by the acquisition of exactEarth, Spire's December 31, 2021 ARR was \$52.3 million, an increase of 44% from December 31, 2020. For the definition of ARR, see the section titled "*—Key Business Metrics.*"
- We had 255 organic ARR Solution Customers under contract and added 343 from exactEarth, ending the fourth quarter with 598 ARR Solution Customers, a 288% increase year-over-year. For the definition of ARR Solution Customers, see the section titled "*—Key Business Metrics.*"

### COVID-19 Impact

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which continues to spread throughout the United States and the world and has resulted in authorities implementing numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. While we are unable to accurately predict the full impact that the COVID-19 pandemic will have on our operating results, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic or any resurgences of the pandemic locally or globally, our compliance with these measures has impacted our day-to-day operations and could continue to disrupt our business and operations, as well as that of certain of our customers whose industries are more severely impacted by these measures, for an indefinite period of time. Through fiscal year 2021, we have experienced adverse changes in customer buying behavior that began in March 2020 as a result of the impact of the COVID-19 pandemic, including decreased customer engagement, delayed sales cycles, and deterioration in near-term demand. In 2021, the Delta and Omicron variants of COVID-19 became the dominant strains in numerous countries around the world, including the United States, and are believed to be more contagious than other previously identified COVID-19 strains. As a result of the impact of the COVID-19 pandemic, we experienced delays and re-work due to third party satellite launch providers schedule shifts, delays and increased expenses in our hiring process, some attrition from adjusting company policies due to the COVID-19 pandemic and additional time and expenses supporting customer contracts. Despite these headwinds, we experienced an increase in revenue for fiscal year 2021, as compared to fiscal year 2020.

To support the health and well-being of our employees, customers, partners and communities, we have allowed many of our employees to work remotely. As of December 31, 2021, our employees are permitted to come into the office in accordance with all applicable local, State and Federal guidelines and regulations. Our offices will only remain open to the extent local, state and federal authorities permit us to do so and our own criteria and conditions to ensure employee

health and safety are satisfied, including social distancing and enhanced cleaning protocols. While we have developed plans for our employees to begin safely returning to their respective offices, we cannot predict when or how we will be able to completely lift the work from home requirements or other COVID-19 related restrictions for geographic areas that continue to be significantly impacted by the pandemic or certain other actions taken as part of our business continuity plans, including travel restrictions. We may also have to reinstate work from home requirements in response to further changes in local regulations in connection with developments in the COVID-19 pandemic. While the adjustments to our operations may result in inefficiencies, delays and additional costs in our solution development, sales, marketing, and customer support efforts, as of the date of this filing, we do not believe our work from home protocol has materially adversely impacted our internal controls, financial reporting systems or our operations.

In response to the ongoing COVID-19 pandemic, we initially implemented plans to manage our costs. In fiscal year 2020, for part of the year, we temporarily limited the addition of new employees and third-party contracted services, curtailed most travel expenses except where critical to the business, and acted to limit discretionary spending. As we obtained further visibility on the impact of the COVID-19 pandemic on our business, we lifted some of these limitations to support our growth. Although we continue to monitor the situation and may adjust our current policies as more information and public health guidance become available, the ongoing effects of the COVID-19 pandemic and/or the precautionary measures that we, our customers and governmental authorities have adopted have resulted in, and could continue to result in, customers not purchasing or renewing our solutions or services, delays or lengthening of our sales cycles, and reductions in average transaction sizes, and could negatively affect our customer success and sales and marketing efforts, or create operational or other challenges, any of which could harm our business and operating results. Because our solutions have future obligations and a portion of that revenue is recognized over time, the effect of the pandemic may not be fully reflected in our operating results until future periods. Our competitors could experience similar or different impacts as a result of the COVID-19 pandemic, which could result in changes to our competitive landscape. While we have developed and continue to develop plans to help mitigate the negative impact of the pandemic on our business, these efforts may not be effective, and any protracted economic downturn could significantly affect our business and operating results. We will continue to evaluate the nature and extent of the impact of the COVID-19 pandemic to our business. For additional information regarding the possible impact of the COVID-19 pandemic on our business, see the section titled “*Risk Factors*.”

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

We believe that our current and future performance are dependent on many factors, including, but not limited to, those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. For additional information about these risks, see the section titled “*Risk Factors*.” If we are unable to address these risks, our business and results of operations could be adversely affected.

#### ***Expansion of and Further Penetration of Our Customer Base***

We employ a “land and expand” business model that focuses on efficiently acquiring new customers (“land”) and then growing our relationships with these customers over time (“expand”). We have the capability to offer customers additional data sets and a variety of enhanced features that potentially grow the value of the services our customers contract with us. Our future revenue growth and our path to profitability are dependent upon our ability to continue to land new customers and then expand adoption of our solutions within their organizations.

We track our progress landing new customers by measuring the number of ARR Solution Customers we have from one fiscal year to the next. For instance, we have increased our number of ARR Solution Customers from 154 for fiscal year 2020 to 598 for fiscal year 2021. We track our progress in expanding our customer relationships by measuring our ARR Net Retention Rate. For the definition of ARR Net Retention Rate, see the section titled “—*Key Business Metrics*.” Our organic ARR Net Retention Rate was 110% for fiscal year 2021 and 154% for fiscal year 2020.

#### ***Expansion into New Industries and Geographies***

As our solutions have grown, we continue to focus on further penetration of our initial industries including maritime, aviation, logistics and government (civil and defense/intelligence) among others. We believe our technology and solutions give us the ability to also expand into additional industries, including energy, financial services, agriculture, transportation, and insurance, and geographies, including Latin America, Africa, and the Middle East. Our revenue growth is dependent upon our ability to continue to expand into new industries and geographies. The costs associated with these expansions may adversely affect our results of operations.

#### ***Investment in Growth***

We continue investing in growing our business and capitalizing on our market opportunity while balancing the uncertainties from the COVID-19 pandemic. We intend to continue to add headcount to our global sales and marketing teams to acquire new customers and to increase sales to existing customers and we intend to continue to add headcount to our research and development teams and otherwise invest to improve and innovate our nanosatellite, ground station and data analytics technologies. For fiscal year 2021, our spending on research and development increased by \$10.9 million, or 52%, from fiscal year 2020, which included \$0.3 million from the exactEarth acquisition. For fiscal year 2021, our sales and marketing expenses increased by \$10.1 million, or 98%, from fiscal year 2020, which included \$0.6 million from the exactEarth acquisition. Our total headcount across all functions has increased from 251 employees as of December 31, 2020, to 370 employees as of December 31, 2021, which increase includes 33 exactEarth employees. We believe that these investments will contribute to our long-term growth. The costs of these investments may adversely affect our operating results.

#### ***Acquisitions***

Our business strategy may include, like our November 2021 acquisition of exactEarth, acquiring other complementary solutions, technologies, or businesses that we believe will allow us to reduce the time or costs required to develop new technologies, incorporate enhanced functionality into and complement our existing solution offerings, augment our engineering workforce, and enhance our technological capabilities.

### Impact of Foreign Exchange Rates

We report in U.S. dollars, and the functional currency of our foreign operating subsidiaries is the local currency, including the Euro, the British Pound, the Singapore Dollar and the Canadian Dollar. Many of these currencies have strengthened significantly against the U.S. dollar since fiscal year 2020. In fiscal year 2021, approximately 48% of our revenues were generated in non-U.S. dollar-denominated currencies respectively. This compares to fiscal year 2020 where approximately 50% of our revenues were generated in non-U.S. dollar-denominated currencies respectively. The financial statements of these subsidiaries are translated into U.S. dollars using exchange rates in effect at each balance sheet date for assets and liabilities and average exchange rates during the period for revenues and expenses. To the extent we experience significant currency fluctuations, our results of operations may be impacted.

### Key Business Metrics

We review the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions:

- ARR
- ARR Customers
- ARR Solution Customers
- ARR Net Retention Rate

### Annual Recurring Revenue

We define ARR as our expected annualized revenue from customers that are under contract with us at the end of the reporting period with a binding and renewable agreement for our subscription solutions, or a customer that has a binding multi-year contract that can range from components of our Space Services solution to a project-based customer solution. Project-based contracts or customers are considered recurring when they have signed a multi-year binding agreement that has a renewable component in the contract or a customer that has multiple contracts that we continue to have under contract over multiple years.

Customer contracts for data trials and one-time transactions are excluded from the calculation of ARR.

Our ARR growth in the periods presented has been driven by both landing new ARR Customers along with increasing the amount of business with our existing customers. This is reflected in the increase in the total number of ARR Customers as well as ARR Net Retention Rates that have been over 100% for the periods presented. Due in part to the timing of some of our project-based contracts, including when engagements start and stop, our ARR has fluctuated from period to period in the past, and we expect our ARR to fluctuate from period to period in the future. ARR is a leading indicator and accordingly will tend to outpace the revenue impact as we recognize the contract value over time.

The following table summarizes our ARR at each fiscal year end for the periods indicated.

(dollars in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
ARR	\$ 70,752	\$ 36,179	96 %

ARR increased by \$34.6 million, or 96%, of which \$18.5 million was attributable to our acquisition of exactEarth. Our organic ARR growth was 44%.

### Number of ARR Customers and ARR Solution Customers

We define an ARR Customer as an entity that has a contract with us or through our reseller partners contracts, that is either a binding and renewable agreement for our subscription solutions, or a binding multi-year contract as of the measurement date independent of the number of solutions the entity has under contract. A single organization with separate subsidiaries, segments, or divisions may represent multiple customers, as we treat each entity that is invoiced separately as an individual customer. In cases where customers subscribe to our platform through our reseller partners, each end customer that meets the above definition is counted separately as an ARR Customer. All entities that have contracts for data trials and one-time transactions are excluded from the calculation of ARR Customers.

We define an ARR Solution Customer similarly to an ARR Customer, but we count every solution the customer has with us separately. As a result, the count of ARR Solution Customers exceeds the count of ARR Customers in each year as some customers contract with us for multiple solutions. Our multiple solutions customers are those customers that are under contract for at least two of our solutions: Maritime, Aviation, Weather, and Space Services. All entities that have contracts for data trials and one-time transactions are excluded from the calculation of ARR Solution Customers.

Our ARR Customer and ARR Solution Customer growth in the periods presented have been driven by landing new ARR Customers across our four solutions (Maritime, Aviation, Weather and Space Services) and expanding our geographical footprint, along with having a low number of customers who have chosen not to renew their contracts with us. We believe that our ability to expand our customer base is a key indicator of our market penetration, the growth of our business, and our future potential business opportunities.

The following table summarizes the number of our ARR Customers and ARR Solution Customers at each fiscal year end for the periods indicated:

	Fiscal Year		2021 to 2020 % Change
	2021	2020	
ARR Customers	575	144	299 %
ARR Solution Customers	598	154	288 %

ARR Customers grew by 431, or 299%. The addition of exactEarth added 343 ARR Customers. Our organic ARR Customer growth was 61%. ARR Solution Customers grew by 444. The addition of exactEarth added 343 ARR Solution Customers. Our organic ARR Solution Customer growth was 66%.

#### **ARR Net Retention Rate**

We calculate our ARR Net Retention Rate for a particular fiscal period end by dividing (i) our ARR from those ARR Customers that were also customers as of the last day of the prior fiscal period end by (ii) the ARR from all customers as of the last day of the prior fiscal period. This calculation measures the overall impact from increases in customer contract value (upsells), the decreases in customer contract value (downsells), and the decreases in customer value resulting from customers that have chosen not to renew their contracts with us.

The following table summarizes our ARR Net Retention Rate at each fiscal year end for the periods indicated (excludes exactEarth):

	Fiscal Year		2021 to 2020 % Change
	2021	2020	
ARR Net Retention Rate	110 %	154 %	(29)%

Our ARR Net Retention Rate can be impacted from period to period by large increases or decreases in customer contract value and large decreases in contract value from customers that have chosen not to renew their contracts with us. An ARR Net Retention Rate greater than 100% is an indication that we are growing the value of the solutions our customers are purchasing from us from a fiscal period end versus the prior fiscal period end. An ARR Net Retention Rate less than 100% is an indication that we are reducing the value of the solutions our customers are purchasing from us from a fiscal period end versus the prior fiscal period end. For fiscal year 2021, our ARR Net Retention Rate decreased 29% from fiscal year 2020. This decrease was driven by the growth in our ARR renewable base, a higher concentration of new customer ARR versus upsell, and delays in certain Space Services contracts that caused the contract value to spread over a longer period.

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

##### **Revenue**

We derive revenue from providing data, insights, and access to our cloud-based technology platform sold on a subscription basis. Some of our customer arrangements include the delivery of specific performance obligations and subsequent customer acceptance of project-based deliverables, which may impact the timing of revenue recognition. Subscription periods for our solutions generally range from one to two years and are typically non-cancelable, with customers having the right to terminate their agreements only if we materially breach our obligations under the agreement. Our subscription fees are typically billed either monthly or quarterly in advance.

##### **Cost of Revenue**

Cost of revenue consists primarily of personnel costs, depreciation, hosted infrastructure and high-power computing costs, third-party operating and royalty costs associated with delivering our data and services to our customers, and amortization of purchased intangibles associated with the exactEarth acquisition. Personnel costs are primarily related to the cost of our employees supporting and managing our constellation operations including satellite operations, ground station control and launch management. Costs associated with the manufacture and launch of our satellites, including personnel costs, are capitalized and depreciated upon placement in service, typically over a three year expected useful life. As satellites reach their expected end of useful life, they are generally replaced with replenishment satellites to maintain our constellation at optimal performance. Costs associated with the acquisition and development of new ground stations, including the bill of materials and labor to install the ground station, are capitalized and depreciated upon placement in service typically over a four-year expected useful life. We anticipate ongoing capital spending to repair and replenish ground stations as they reach their end of useful life to keep our ground station network at optimal performance. Our proprietary ground station network is primarily located in third-party locations where we incur lease and other operational charges. Cost of revenue also includes royalties associated with third-party data sets that we integrate into our data solutions.

##### **Operating Expenses**

**Research and Development.** Research and development expenses consist primarily of employee-related expenses, third-party consulting fees, and computing costs. Our research and development efforts are focused on improving our satellite technology, developing new data sets, developing new algorithms and enhancing our smart and predictive analytics, and enhancing the ease of use and utility of our space-based data solutions.

**Sales and Marketing.** Sales and marketing expenses consist primarily of employee-related expenses, sales commissions, marketing and advertising costs, costs incurred in the development of customer relationships, brand development costs, travel-related expenses and amortization of purchased intangible backlog associated with the exactEarth acquisition. Commission costs on new customer contract bookings are considered costs of obtaining customer contracts. Commission costs for multi-year deals are considered contract acquisition costs and are deferred and then amortized over the period of the contract excluding the last 12 months, which are expensed at the beginning of that final period. Commission costs on contracts completed with a term of twelve months or less are expensed in the period incurred.

**General and Administrative.** General and administrative expenses consist of employee-related expenses for personnel in our executive, finance and accounting, facilities, legal, human resources, global supply chain, and management information systems functions, as well as other administrative employees. In addition, general and administrative expenses include fees related to third-party legal counsel, fees related to accounting, tax and audit costs, office facilities costs, software subscription costs, and other corporate costs.

**Loss on Satellite Deorbit and Launch Failure.** Loss on Satellite Deorbit and Launch Failure consists of the write-off of the remaining capitalized costs associated with the manufacture and launch of our satellites prior to the end of the satellite's useful life. We contract with third-party companies to launch, carry, and deploy our LEMUR satellites into space. A loss could result from a third-party launch or deployer failure, a technical failure of the satellite, or the deorbit of a satellite before the end of the satellite's useful life. A technical failure could include a satellite that is not able to communicate with our network of

ground stations or fulfill its intended technical mission for a duration greater than one month. The loss amount is presented net of any insurance claims received. We did not incur any of these expenses in fiscal year 2021. We incurred \$0.7 million in expenses in fiscal year 2020.

#### **Other Income (Expense)**

*Interest Income.* Interest Income includes interest earned on our cash balances.

*Interest Expense.* Interest Expense includes interest costs associated with our promissory and convertible notes, and amortization of deferred financing costs.

*Change in Fair Value of Contingent Earnout Liability.* Change in Fair Value of Contingent Earnout Liability includes mark-to-market adjustments to reflect changes in fair value of the contingent earnout liability.

*Change in Fair Value of Warrant Liabilities.* Change in Fair Value of Warrant Liabilities includes mark-to-market adjustments to reflect changes in fair value of warrant liabilities.

*Other (Expense) Income, Net.* Other (Expense) Income, Net consists primarily of tax credits, grant income, the impact of foreign exchange gains and losses, benefit from loan forgiveness, loss on debt extinguishment, and sales and local taxes. We use the local currency as our functional currency for Luxembourg, United Kingdom, Singapore and Canada.

#### **Income Tax Provision**

Provision for income taxes consists of federal and certain state income taxes in the United States and income taxes in certain foreign jurisdictions. We do not provide for income taxes on undistributed earnings of our foreign subsidiaries since we intend to invest these earnings outside of the United States permanently. We account for income taxes using the asset and liability method, whereby deferred tax assets and liabilities are recognized based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse.

#### **Results of Operations**

*Fiscal Year 2021 Compared to Fiscal Year 2020*

The following tables set forth selected Consolidated Statements of Operations data and such data as a percentage of total revenues for each of the periods indicated:

<i>(in thousands)</i>	Fiscal Year	
	2021	2020
<b>Revenue</b>	\$ 43,375	\$ 28,490
<b>Cost of revenue<sup>(1)</sup></b>	18,720	10,285
Gross profit	24,655	18,205
<b>Operating expenses<sup>(1)</sup>:</b>		
Research and development	31,615	20,751
Sales and marketing	20,387	10,279
General and administrative	40,479	12,520
Loss on satellite deorbit and launch failure	—	666
Total operating expenses	92,481	44,216
<b>Loss from operations</b>	(67,826)	(26,011)
<b>Other (expense) income:</b>		
Interest income	23	54
Interest expense	(11,417)	(6,773)
Change in fair value of contingent earnout liability	67,026	—
Change in fair value of warrant liabilities	(1,600)	(198)
Other (expense) income, net	(5,021)	824
Total other income (expense), net	49,011	(6,093)
Loss before income taxes	(18,815)	(32,104)
Income tax provision	497	400
<b>Net loss</b>	<u>\$ (19,312)</u>	<u>\$ (32,504)</u>

(1)Includes stock-based compensation as follows:

<i>(in thousands)</i>	Fiscal Year	
	2021	2020
Cost of revenue	\$ 432	\$ 39
Research and development	2,859	1,000
Sales and marketing	2,307	327
General and administrative	6,036	794
Total stock-based compensation	<u>\$ 11,634</u>	<u>\$ 2,160</u>

#### **Revenue**

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Revenue	\$ 43,375	\$ 28,490	52 %

Total revenue increased \$14.9 million, or 52%, driven primarily by the growth in the number of ARR Customers combined with our ARR Net Retention Rate greater than 100%. The exactEarth acquisition added \$1.5 million of revenue in fiscal year 2021. Our organic ARR Customers increased 61%, from 144 as of fiscal year 2020 to 232 as of fiscal year 2021, which contributed to an increase in revenue from new customers. Our organic ARR Net Retention Rate was 110% during fiscal year 2021, which contributed to an increase in revenue from our existing customer base.

For fiscal year 2021, we derived 48% of our revenue from Europe, Middle East, Africa (“EMEA”), 36% of our revenue from the Americas and 16% of our revenue from Asia Pacific (“APAC”). For fiscal year 2020, we derived 50% of our revenue from EMEA, 38% of our revenue from the Americas, and 12% of our revenue from APAC. For fiscal year 2021, we derived 47% of our revenue from subscription arrangements, compared to 27% for fiscal year 2020. This percentage mix can fluctuate significantly from period to period driven primarily by the timing of the non-subscription revenue recognition in our contracts.

For fiscal year 2021, our increase in the number of ARR Customers and our ARR Net Retention Rate greater than 100% was driven by our increased spending on sales and marketing activities, the geographical expansion of our sales efforts into new countries and/or regions and the development and rollout of new data solutions.

Over time, we expect the mix of our total revenues in the Americas and APAC to continue to increase with additional sales and marketing focus in those regions.

### Cost of Revenue

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Total cost of revenue	\$ 18,720	\$ 10,285	82 %
Gross profit	24,655	18,205	35 %
Gross margin	57 %	64 %	(11) %
Headcount (at period end)	25	19	32 %

Cost of revenue increased \$8.4 million, or 82%, \$1.7 million of this growth was due to the addition of exactEarth operating costs, retention and stock acceleration expenses. Organic increases were primarily driven by an increase in depreciation expense of \$2.2 million, an increase in computing costs of \$2.2 million, third party royalty costs increases of \$1.0 million, \$0.7 million of space services hardware expenses and \$0.2 million higher personnel expenses, with the remainder in higher miscellaneous operating expenses. Depreciation expense increased from the prior period driven by continued additions to our constellation. The increase in computing costs were driven by higher expenses to support customer growth and some of our weather solutions transitioning from research and development to production. The increase in third party royalty costs was driven by an increase in sales activity, resulting in higher payments to third-party data set providers as they augment our data solutions. The increase in space services third-party hardware expenses was in support of a strategic customer commitment. The increase in personnel expenses was driven by headcount growth.

Gross margin for fiscal year 2021 and fiscal year 2020 was 57% and 64%, respectively. The decrease in fiscal year 2021 gross margin compared to fiscal year 2020 was driven primarily by higher depreciation, computing expenses, royalties, and strategic customer expenses as described above. This metric can fluctuate significantly from period to period driven primarily by the timing of the revenue as well as the timing of our technology investments to support future revenue. The exactEarth acquisition negatively impacted gross margin by approximately 2%. Of this reduction, approximately half was driven by purchase accounting adjustments including reduction to exactEarth deferred revenue and amortization of purchased intangibles.

We expect cost of revenue, including depreciation and amortization expenses, third-party operating costs and royalties, and high-powered computing costs, to increase in absolute dollars as our business grows. Additionally, we expect the purchase accounting adjustments associated with the exactEarth acquisition, namely higher amortization expenses and lower deferred revenue, to grow in relative terms as we absorb the impact on a full year basis. These items will likely have a negative impact on gross margin for at least the near term.

### Operating Expenses

Operating expenses consist of our research and development, our sales and marketing, and our general and administrative expenses. As we continue to invest in our growth, including through hiring additional personnel, we expect our operating expenses to increase in absolute dollars as revenue grows; however, we expect our operating expenses as a percentage of revenue to decrease over time.

### Research and Development

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Research and development	\$ 31,615	\$ 20,751	52 %
Percentage of total revenue	73 %	73 %	
Headcount (at end of period)	181	130	39 %



Research and development expenses increased \$10.8 million, or 52%. \$0.7 million of this growth was due to the addition of exactEarth operating costs, retention and stock acceleration expenses. Organic increases were primarily driven by an increase in personnel costs of \$7.8 million, an increase in third-party services of \$1.2 million, an increase in computing costs of \$1.0 million and a \$0.1 million increase in other operating expenses. The increase in personnel costs was driven by growth in headcount during the period. The increase in computing costs were driven by additional testing, modeling, and storage requirements used to develop new solutions. The increase in third-party services was driven by external technical resources required to support new development processes and capabilities.

While we expect research and development expenses to increase in absolute dollars in future periods primarily due to higher headcount as we continue to invest in the development of our solutions offerings and new technologies, we expect research and development expenses to decrease as a percentage of revenue in future periods as our revenue growth exceeds our growth in research and development spend.

#### Sales and Marketing

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Sales and marketing	\$ 20,387	\$ 10,279	98 %
Percentage of total revenue	47 %	36 %	
Headcount (at end of period)	89	55	62 %

Sales and marketing expenses increased \$10.1 million, or 98%. \$1.2 million of this growth was due to the addition of exactEarth operating costs, retention and stock acceleration expenses. Organic increases were primarily due to an increase in personnel costs of \$7.0 million, an increase in marketing and professional services costs of \$1.4 million, an increase of \$0.3 million in travel expenses and \$0.2 million increase in other operating expenses. The increase in personnel costs was driven by growth in our headcount involved in selling activities. The increase in marketing and professional services costs was driven by growth in our expenditures for demand generation, brand awareness and public relations. The increase in travel expense was due to improved travel conditions following the COVID-19 pandemic.

While we expect sales and marketing expenses to continue to grow in absolute dollars in the future, primarily due to increased employee-related expenses as we grow our headcount, to support our sales and marketing efforts and our continued expansion of our sales capacity across our solutions, we expect sales and marketing expenses as a percentage of revenue to decrease in future periods as our revenue growth exceeds our growth in sales and marketing spend.

#### General and Administrative

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
General and administrative	\$ 40,479	\$ 12,520	223 %
Percentage of total revenues	93 %	44 %	
Headcount (at end of period)	75	47	60 %

General and administrative expenses increased \$28.0 million, or 223%. \$2.2 million of this growth was due to the addition of exactEarth operating costs, retention and stock acceleration expenses. Organic increases were primarily driven by an increase in professional and consulting fees of \$14.3 million, an increase in personnel costs of \$7.1 million, an increase in business insurance of \$2.7 million, an increase in facilities expenses of \$0.8 million, an increase of \$0.5 million in software expenses, and other miscellaneous operating expenses of \$0.4 million. The increase in professional and consulting fees was primarily driven by accounting, legal and other consulting services associated with the Merger, company readiness for going public and the exactEarth acquisition. The increase in personnel costs was driven by stock-based compensation expense associated with a performance-based equity incentive program as well as overall headcount growth. The increase in business insurance was driven by incremental exposure associated with being a public company. The increase in facilities expenses was driven by an increase in office rent driven by expansion into new office space to accommodate our headcount growth. The increase in software expenses was driven by scaling to support overall company headcount growth.

While we expect our general and administrative expenses to continue to grow in absolute dollars in future periods as our employee-related expenses increase to support our revenue growth and we have increased expenses from being a public company, we expect our general and administrative expenses as a percentage of revenue to decrease as revenue growth exceeds our growth in general and administrative spend.

#### Loss on Satellite Deorbit and Launch Failure

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Loss on satellite deorbit and launch failure	\$ —	\$ 666	(100)%
Percentage of total revenues	— %	2 %	

In fiscal year 2021, we incurred no expense in this category compared to fiscal year 2020, where we experienced the loss of two satellites due to a third-party deployment issue associated with a single launch.

Due to the nature of these events, we cannot predict the magnitude or frequency of future satellite deorbit and launch failure losses. While we sometimes purchase launch insurance when financially practical, the proceeds from these policies will typically only cover a portion of our loss in the event of an unplanned satellite deorbit or launch failure.

#### Other Income (Expense)

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Interest income	\$ 23	\$ 54	(57)%
Interest expense	\$ (11,417)	\$ (6,773)	69%
Change in fair value of contingent earnout liability			-
	\$ 67,026	\$ —	
Change in fair value of warrant liabilities	\$ (1,600)	\$ (198)	708%
Other (expense) income, net	\$ (5,021)	\$ 824	(709)%

Interest income was immaterial.

Interest expense increased \$4.6 million, or 69%, primarily as a result of incurring higher interest charges associated with our EIB, Eastward and FP loan facilities as discussed below.

Change in fair value of contingent earnout liability was \$67.0 million, driven by the mark-to-market adjustment to reflect the fair market valuation of the underlying stock price. In connection with the Merger, eligible Spire equity holders are entitled to receive additional shares of our common stock upon our achievement of certain Earnout Triggering Events which are treated as liabilities and required to be marked to market each reporting period. Changes in valuation are recorded against the Contingent earnout liability account with the offsetting gain or loss recorded in Other Income (expense). For additional information, see Notes 2, 3 and 10 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Change in fair value of warrant liabilities increased by \$1.4 million, driven by the mark-to-market adjustment to reflect the fair market valuation of our public and private warrants. For additional information, see Notes 2, 10 and 13 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Other (expense) income, net increased \$5.8 million, or 709%, primarily driven by \$5.0 million in debt extinguishment expenses resulting from paying off the EIB Loan and the Eastward Loan Facilities, and an increase in realized and unrealized foreign exchange expense of \$1.9 million, and \$0.3 million of miscellaneous other expenses, offset by an increase of \$1.7 million in grant income driven by the extinguishment of debt resulting from the U.S. government's forgiveness of our loan under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act.

We continue to experience foreign currency fluctuations as we re-measure foreign currency denominated transactions and balances into the functional currency of the entities in which they are recorded. Our results of operations are subject to fluctuations due to changes in the Euro, British Pound, Singapore Dollar and Canadian Dollar. We may continue to experience favorable or adverse foreign currency exchange impacts due to volatility in these currencies relative to their respective functional currencies.

#### Income Taxes

(in thousands)	Fiscal Year		2021 to 2020 % Change
	2021	2020	
Income taxes	\$ 497	\$ 400	24%

Income tax increased \$0.1 million, or 24%, primarily driven by higher income tax in our United Kingdom subsidiary.

#### Non-GAAP Financial Measures

We believe that in addition to our results determined in accordance with GAAP, non-GAAP Adjusted EBITDA is useful in evaluating our business, results of operations and financial condition. We believe that this non-GAAP financial measure may be helpful to investors because it provides consistency and comparability with past financial performance and facilitates period to period comparisons of operations, as this eliminates the effects of certain variables from period to period for reasons that we do not believe reflect our underlying business performance. In addition to our GAAP measures, we use this non-GAAP financial measure internally for budgeting and resource allocation purposes and in analyzing our financial results.

For the reasons set forth below, we believe that excluding the following items provides information that is helpful in understanding our results of operations, evaluating our future prospects, comparing our financial results across accounting periods, and comparing our financial results to our peers, many of which provide similar non-GAAP financial measures.

- Loss on satellite deorbit and launch failure. We exclude loss on satellite deorbit and launch failure because if there was no loss, the expense would be accounted for as depreciation and would also be excluded as part of our EBITDA calculation.

- Other (expense) income, net. We exclude other (expense) income, net because it includes one-time and other items that do not reflect the underlying operational results of our business.
- Stock-based compensation. We exclude stock-based compensation expenses primarily because they are non-cash expenses that we exclude from our internal management reporting processes. We also find it useful to exclude these expenses when we assess the appropriate level of various operating expenses and resource allocations when budgeting, planning, and forecasting future periods. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FASB ASC Topic 718, *Stock Compensation* (“ASC 718”), we believe excluding stock-based compensation expenses allows investors to make meaningful comparisons between our recurring core business results of operations and those of other companies.
- Change in fair value of warrant liabilities and contingent earnout liabilities. Spire excludes this as it does not reflect the underlying cash flows or operational results of the business.
- Amortization of purchased intangibles. Spire incurs amortization expense for purchased intangible assets in connection with acquisitions of certain businesses and technologies. Amortization of intangible assets is a non-cash expense and is inconsistent in amount and frequency because it is significantly affected by the timing, size of acquisitions and the inherent subjective nature of purchase price allocations. Because these costs have already been incurred and cannot be recovered, and are non-cash expenses, Spire excludes these expenses for its internal management reporting processes. Spire's management also finds it useful to exclude these charges when assessing the appropriate level of various operating expenses and resource allocations when budgeting, planning and forecasting future periods. Investors should note that the use of intangible assets contributed to Spire's revenues earned during the periods presented and will contribute to Spire's future period revenues as well.
- Other Acquisition Accounting Amortization. Spire incurs amortization expense for purchased data rights in connection with the acquisition of exactEarth and certain technologies. Amortization of this asset is a non-cash expense that can be significantly affected by the inherent subjective nature of the assigned value and useful life. Because this cost has already been incurred and cannot be recovered, and is a non-cash expense, Spire excludes this expense for its internal management reporting processes. Spire's management also finds it useful to exclude this charge when assessing the appropriate level of various operating expenses and resource allocations when budgeting, planning and forecasting future periods.
- Mergers and acquisition related expenses. Spire excludes these expenses as these are associated with transaction costs that are generally one time in nature and not reflective of the underlying operational results of its business.
- EBITDA. We define EBITDA as net income (loss), plus depreciation and amortization expense, plus interest expense, and plus the provision for (or minus benefit from) income taxes.
- Other unusual one-time costs. We exclude these as they are unusual items that do not reflect the ongoing operational results of our business.
- Adjusted EBITDA. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, further adjusted for loss on satellite deorbit and launch failure, change in fair value of warrant liabilities, change in value of contingent earnout liability, other (expense) income, net, stock-based compensation, other acquisition accounting amortization, mergers and acquisition related costs and expenses, and other unusual one-time costs. We believe Adjusted EBITDA can be useful in providing an understanding of the underlying operating results and trends and an enhanced overall understanding of our financial performance and prospects for the future. While Adjusted EBITDA is not a recognized measure under GAAP, management uses this financial measure to evaluate and forecast business performance. Adjusted EBITDA is not intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income as it does not take into account certain requirements, such as capital expenditures and related depreciation, principal and interest payments, and tax payments. Adjusted EBITDA is not a presentation made in accordance with GAAP, and our use of the term Adjusted EBITDA may vary from the use of similarly titled measures by others in our industry due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation.
- The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Investors should read this discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and the related notes thereto also included within.

The following table outlines the reconciliation from net loss to Adjusted EBITDA for the periods indicated:

<i>(in thousands)</i>	Fiscal Year	
	2021	2020
Net loss	\$ (19,312 )	\$ (32,504 )
Depreciation & amortization	8,509	5,546
Net interest	11,394	6,719
Taxes	497	400
EBITDA	1,088	(19,839 )
Loss on satellite deorbit and launch failure	—	666
Change in fair value of contingent earnout liability	(67,026 )	—
Change in fair value of warrant liabilities	1,600	—
Other income (expense), net	5,021	(626 )
Stock-based compensation	11,634	2,160
Mergers and acquisition related expenses	9,718	—
Other unusual one-time costs	387	—
Other acquisition accounting amortization	60	—
Adjusted EBITDA	<u>\$ (37,518 )</u>	<u>\$ (17,639 )</u>

### ***Limitations on the Use of Non-GAAP Financial Measures***

There are limitations to using non-GAAP financial measures because non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures provided by other companies.

The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which items are adjusted to calculate our non-GAAP financial measures. We compensate for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by providing GAAP measures in our public disclosures. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Adjusted EBITDA do not reflect income tax payments that may represent a reduction in cash available to us; and
- Adjusted EBITDA does not reflect the loss on satellite deorbit and launch failure and does not reflect the cash capital expenditure requirements for the replacements of lost satellites. While these expenses could occur in a given year, the existence and magnitude of these costs could vary greatly and is unpredictable.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure to evaluate our business, and to view our non-GAAP financial measures in conjunction with the most directly comparable GAAP financial measures.

### **Liquidity and Capital Resources**

Our principal sources of liquidity to fund our operations are from cash and cash equivalents, which totaled \$109.3 million as of December 31, 2021, mainly from net proceeds from the Merger, borrowings available under the FP Term Loan (as defined below) and the issuance of convertible notes. Of this \$109.3 million, approximately \$11.6 million was held outside of the United States. These amounts compare to cash and cash equivalents of \$15.6 million as of December 31, 2020, of which \$5.2 million was held outside of the United States. These amounts are exclusive of restricted cash which totaled \$0.4 million as of December 31, 2021, and \$0.4 million as of December 31, 2020. Since our inception, we have been in an operating cash flow deficit as we have made significant investments in our technology infrastructure, built out our research and development foundation, grown sales and marketing resources to drive revenue, and scaled general and administrative functions to enable operating effectiveness.

During fiscal year 2021, we issued additional convertible notes with a cumulative principal amount of \$20.0 million, with maturities of January and February 2025, respectively, which converted into our Class A common stock at the Closing. In April 2021, we entered into the FP Credit Agreement (as defined and further described below), utilizing a portion of those funds to pay-off our existing credit arrangements with EIB and Eastward. In November 2021, we closed our acquisition of exactEarth for the purchase price of \$129.0 million, consisting of \$109.6 million in cash and \$22.3 million of common stock, net of \$3.0 million post-combination expense.

We expect that our principal sources of liquidity will be the proceeds received from the Merger, the additional convertible notes issued and the FP Term Loan (as defined below). We believe this will be sufficient to meet our working capital and capital expenditure needs over at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support solution development efforts, the expansion of sales and marketing activities, the ongoing investments in technology infrastructure, the introduction of new and enhanced solutions, and the continuing market acceptance of our solutions. From time to time, we may seek additional equity or debt financing to fund capital expenditures, strategic initiatives or investments and our ongoing operations. In the event that we decide, or are required, to seek additional financing from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition, and results of operations could be adversely affected.

### ***NavSight Merger***

On August 16, 2021, we announced that we had closed our Merger with NavSight. As a result, we became a wholly owned subsidiary of NavSight, and NavSight changed its name to “Spire Global, Inc.”

In connection with the Merger, we raised \$264.8 million of proceeds including the contribution of \$230.0 million of cash held in NavSight’s trust account from its initial public offering, net of redemptions of NavSight public stockholders of \$210.2 million, and \$245.0 million of cash in connection with the PIPE Investment. We incurred \$38.7 million of merger and acquisitions costs, consisting of banking, legal, and other professional fees, of which \$32.1 million was recorded as a reduction to additional paid-in capital, and the remaining \$6.6 million was expensed to general and administrative expenses in the Consolidated Statements of Operations.

For more details on the Merger, including all equity conversions, please see Note 3 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

### ***FP Credit Agreement***

On April 15, 2021, we entered into a credit agreement with FP Credit Partners, L.P., as agent for several lenders (the “FP Lenders”) (as amended on May 17, 2021, the “FP Credit Agreement”), for a \$70.0 million term loan facility (the “FP Term Loan”). Upon funding in May 2021, the FP Term Loan was used (i) to pay off our existing credit facilities with Eastward Fund Management, LLC (the “Eastward Loan Facility”) and European Investment Bank (the “EIB Loan Facility”), and (ii) to fund working capital and for general corporate purposes. We incurred \$12.3 million of debt issuance costs relating to the FP Term Loan.

The FP Lenders were also entitled to a commitment fee of \$1.75 million that was fully earned and paid upon signing the FP Credit Agreement. The FP Term Loan bears interest at a rate of 9.00% per annum. Prior to the Merger, the FP Term Loan bore interest at a rate of 8.50% per annum. Since the FP Lenders elected to exercise their conversion right in connection with the Merger, and we chose not to prepay the remaining, non-converted outstanding principal amount of the FP Term Loan at the closing of such transaction, our interest rate under the FP Term Loan increased to 9.0% per annum.

Interest on the FP Term Loan is payable quarterly in arrears. The total outstanding principal amount of the FP Term Loan will be due and payable at maturity on April 15, 2026. We may prepay the outstanding principal amount of the FP Term Loan at any time, in full but not in part. In addition, since the FP Lenders elected to exercise their conversion right in connection with the Merger, there is no premium or other contractual return in a prepayment. The aggregate amount required to be repaid in a prepayment to the FP Lenders would only be the outstanding principal amount of the FP Term Loan and any accrued and unpaid interest thereon. Our obligations under the FP Credit Agreement are guaranteed by our material subsidiaries, as determined in accordance with the FP Credit Agreement, and secured by substantially all of our assets and the assets of the subsidiary guarantors.

The FP Credit Agreement contains customary affirmative and negative covenants, including covenants that limit our and our subsidiaries' ability to, among other things, incur additional indebtedness, grant liens, make investments, pay dividends or other distributions on our capital stock, dispose of assets, consummate mergers or acquisitions and enter into transactions with affiliates, subject in each case to customary exceptions and qualifications. Prior to the consummation of a Qualifying IPO (as defined in the FP Credit Agreement), which includes the Merger, we were required to maintain, as of the last day of each fiscal quarter, minimum unrestricted cash of at least \$15.0 million, as determined in accordance with the FP Credit Agreement, provided that this covenant did not apply following any fiscal quarter in which we achieved positive EBITDA so long as we continued to maintain positive EBITDA in subsequent fiscal quarters. Since the Merger occurred, we are no longer required to maintain this financial covenant per the terms of the FP Credit Agreement.

The FP Credit Agreement includes customary events of default, including, among other things, payment defaults, breaches of covenants or representations and warranties, cross-defaults with certain other indebtedness, bankruptcy and insolvency events and judgment defaults, subject to grace periods in certain instances. Upon the occurrence and during the continuance of an event of default, the FP Lenders may declare all or a portion of the outstanding obligations payable by us to be immediately due and payable and exercise other rights and remedies provided for under the FP Credit Agreement. Under certain circumstances, a default interest rate will apply on all obligations during the existence of an event of default under the FP Credit Agreement at a per annum rate equal to 2% above the otherwise applicable interest rate.

During fiscal year 2021, we recognized within Other (expense) income, net on the Consolidated Statement of Operations, \$5.0 million as a loss on extinguishment of debt, resulting from paying off the EIB Loan and the Eastward Loan Facilities.

#### ***Eastward Loan Facility***

In December 2020, we entered into a line of credit agreement with Eastward and certain of our subsidiaries as co-borrowers (the "Eastward Loan Facility"). The agreement provided for a term loan facility in an aggregate principal amount of up to \$25.0 million, of which we borrowed \$15.0 million. We used the proceeds to prepay existing indebtedness and the remaining proceeds were available to be used for general corporate purposes. In connection with funding the term loan under the FP Credit Agreement, we repaid the outstanding obligations under the Eastward Loan Facility, including a prepayment premium and fees of \$0.8 million.

The Eastward Loan Facility bore interest at a rate of 11.75% per annum, payable monthly in arrears. We were also required to pay a commitment fee equal to 1.00% of the principal amount of each term loan borrowing. Following an interest only period of 24 months, the principal amount of each term loan was repayable in 24 equal monthly installments based on an amortization period of 36 months. The outstanding principal amount of each term loan, plus a repayment fee equal to 2.00% of the original \$15.0 million principal amount of such term loan, was due and payable 48 months after such borrowing.

Our obligations under the Eastward Loan Facility were guaranteed by certain of our subsidiaries, as determined in accordance with the loan agreement, and were secured by substantially all of our assets and the assets of the co-borrowers. The loan agreement contained customary affirmative and negative covenants, including covenants that limited our and our subsidiaries' ability to, among other things, dispose of assets, consummate mergers or acquisitions, incur additional indebtedness, grant liens, pay dividends or other distributions on our capital stock, make investments and enter into transactions with affiliates, subject in each case to customary exceptions and qualifications.

The Eastward Loan Facility included customary events of default, including, among other things, payment defaults, breaches of covenants or representations and warranties, an investor abandonment default, cross- defaults with certain other indebtedness, bankruptcy and insolvency events and judgment defaults, subject to grace periods in certain instances. Upon the occurrence and during the continuance of an event of default, Eastward had the right to declare all or a portion of the outstanding obligations payable by us to be immediately due and payable and exercise other rights and remedies provided for under the loan agreement. Under certain circumstances, a default interest rate would have applied on all obligations during the existence of an event of default under the loan agreement at a per annum rate equal to 5% above the otherwise applicable interest rate.

#### ***EIB Loan Facility***

In August 2020, we entered into a finance contract with EIB and Spire Global Luxembourg S.a.r.l., as borrower. The finance contract provided for a term loan facility (the "EIB Loan Facility") in an aggregate principal amount of up to EUR 20.0 million, available in three tranches, of which we borrowed EUR 12.0 million. The proceeds of the term loans were required to be used for our innovation and expansion activities in Luxembourg and potentially other EU countries. In connection with funding the term loan under the FP Credit Agreement, we repaid the outstanding obligations under the EIB Loan Facility, including a prepayment premium of EUR 0.2 million.

The total outstanding principal amount of each tranche was due and payable five years after the borrowing date for such tranche. The initial tranche of EUR 5.0 million did not accrue interest. The second tranche of EUR 7.0 million accrued interest at a rate equal to EURIBOR plus 5.00% per annum, payable quarterly in arrears. If borrowed, the third tranche of EUR 8.0 million would have accrued interest at a rate equal to EURIBOR plus 10.0% per annum, payable quarterly in arrears. We were also required to pay a commitment fee equal to 1.00% per annum of the undrawn term loan commitments from the one-year anniversary of the finance contract through the expiration of the commitments in January 2023.

Our obligations under the finance contract were guaranteed by our material subsidiaries, as determined in accordance with the finance contract, and were secured by substantially all of our assets and the assets of the borrower. The finance contract contained customary affirmative and negative covenants, including covenants that limited our and our subsidiaries' ability to, among other things, dispose of assets, consummate mergers or acquisitions, make investments, incur additional indebtedness, grant liens or pay dividends or other distributions on our capital stock, subject in each case to customary exceptions and qualifications.

The finance contract included customary events of default, including, among other things, payment defaults, breaches of covenants or representations and warranties, cross-defaults with certain other indebtedness, bankruptcy and insolvency events and a material adverse change event of default, subject to grace periods in certain instances. Upon the occurrence and during the continuance of an event of default, EIB had the right to declare all or a portion of the outstanding obligations to be immediately due and payable and exercise other rights and remedies provided for under the finance contract. Under certain circumstances, a default interest rate would have applied on all obligations during the existence of an event of default under the finance contract at a per annum rate equal to 2% above the otherwise applicable interest rate.

Under the terms of the EIB finance contract, on August 20, 2020, we issued to EIB a warrant exercisable for 454,899 shares (Tranche A) of Old Spire Common Stock at a price of \$0.0001 per share. Upon completion of the Merger, the exercisable share count converted to 775,966. On October 29, 2020, we issued to EIB an additional warrant exercisable for 454,899 shares (Tranche B) of Old Spire Common Stock at a price of \$0.0001 per share. Upon completion of the Merger, the exercisable share count converted to 775,966. Each such warrant included a put option, whereby EIB had the right to have us repurchase the warrants by paying EIB an amount equal to the then-current fair market value of the shares of Old Spire Common Stock for which the warrants were exercisable. The amount that we were required to pay upon the exercise of the put option was subject to a purchase price cap of EUR 10.0 million for each warrant. In September 2021, EIB submitted a notice of cancellation for the 775,966 EIB warrants (Tranche A). In October 2021, EIB submitted a notice of cancellation for the remaining 775,966 EIB warrants (Tranche B). The total settlement value associated with the EIB warrants was \$19.9 million and was paid in November 2021. Upon settlement, \$12.8 million was released from restricted cash which had been held in guarantee for EIB warrant redemption.

#### ***Acquisition of exactEarth***

In November 2021, we closed our acquisition of exactEarth for the purchase price of \$129.0 million, consisting of \$109.6 million in cash and \$22.3 million of common stock, net of \$3.0 million post-combination expense. The acquisition of exactEarth accelerates growth of our existing maritime business with additional data solutions, cross-selling opportunities, and expansion of our geographic footprint. exactEarth is now a fully-owned subsidiary of Spire Global, Inc. and will continue to conduct operations from Cambridge, Ontario, Canada.

For additional detail regarding the terms associated with the exactEarth acquisition, see Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

#### ***Government Loan***

As part of our acquisition of exactEarth in November 2021, we assumed a loan agreement with the Strategic Innovation Fund ("SIF") which was recorded at fair value of the debt. As of December 31, 2021, \$4.5 million was included in Long-term debt, non-current on our Consolidated Balance Sheets. Under this agreement and subsequent amendment, we are eligible to receive funding for certain expenditures incurred from February 13, 2018 to May 12, 2023, up to a maximum of \$5.7 million. The loan is repayable in 15 annual payments beginning February 28, 2026 and has a stated interest rate of zero.

For additional detail regarding the terms associated with our financing arrangements, see Notes 8 and 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

#### ***Convertible Notes***

From July 2019 through October 2020, we issued and sold subordinated convertible promissory notes in the aggregate principal amount of \$42.9 million (the "2019 Spire Notes"). In May 2021, we agreed with the holders of the 2019 Spire Notes to extend the maturity date of all convertible promissory notes outstanding at December 31, 2020 from January 29, 2022 to July 31, 2022. From January 2021 through February 2021, we issued and sold subordinated convertible promissory notes in the aggregate principal amount of \$20.0 million, which mature four years from the date of issuance (the "2021 Spire Notes"). The 2019 Spire Notes and the 2021 Spire Notes accrued interest at a rate of 8.0% per annum and converted into shares of our common stock in connection with the Closing, so they are no longer outstanding.

The following table summarizes our net cash used in operating activities, net cash used in investing activities, and net cash provided by financing activities for the periods indicated:

<i>(in thousands)</i>	Fiscal Year			
	2021		2020	
Net cash used in operating activities	\$	(57,986 )	\$	(14,773 )
Net cash used in investing activities	\$	(119,479 )	\$	(10,415 )
Net cash provided by financing activities	\$	270,534	\$	16,624

#### ***Cash Flows from Operating Activities***

Our largest source of operating cash inflows is cash collections from our customers. Our primary uses of cash from operating activities are for employee-related expenditures, expenses related to our technology infrastructure, expenses related to our computing infrastructure (including compute power, database storage and content delivery costs), building infrastructure costs (including leases for office space), fees for third-party services, and marketing program costs.

Net cash used in operating activities in fiscal year 2021 was \$58.0 million. This reflected our net loss of \$19.3 million, adjustments for non-cash items of \$36.3 million, and a net decrease in our operating assets and liabilities of \$2.2 million. Non-cash items primarily included \$11.6 million of stock-based compensation,

\$8.5 million of depreciation and amortization expense, \$6.0 million of non-cash interest and debt issuance amortization expense, \$2.3 million on debt extinguishment expense, \$1.6 million on warrant liability revaluation, and \$0.5 million of other non-cash expenses offset by \$67.0 million non-cash gain on the contingent earnout liability revaluation. The net decrease in operating assets and liabilities primarily included an increase of \$6.7 million in other current assets combined with a \$5.0 million increase in accounts receivable. This was offset by an increase of \$4.7 million in accrued wages and other expenses, a \$2.3 million increase in accounts payable, a \$2.2 million increase in other long term liabilities, and a \$0.3 million increase in other non-cash assets and liabilities.

Net cash used in operating activities in fiscal year 2020 was \$14.8 million. This reflected our net loss of \$32.5 million, adjustments for non-cash items of \$13.7 million, and a net decrease in our operating assets and liabilities of \$4.0 million. Non-cash items primarily included \$5.0 million of non-cash interest and financing related costs, \$5.5 million of depreciation and amortization expense, \$2.2 million of stock-based compensation expense, \$0.7 million for loss on satellite deorbit and launch failure and \$0.3 million of other miscellaneous items. The net decrease in operating assets and liabilities primarily included an increase of \$1.1 million in contract assets and deferred contract costs, a decrease of \$0.5 million in other long-term liabilities, and an increase of \$0.4 million in accounts receivable. This was offset by an increase of \$3.2 million in contract liabilities and an increase of \$2.6 million in accounts payable and other accrued expenses.

#### ***Cash Flows from Investing Activities***

The cash flows from investing activities primarily relate to cash used for business acquisitions, the procurement, development, and deployment of capital assets, including satellites, ground stations, machinery and equipment, furniture, computer equipment and software, and leasehold improvements.

Net cash used in investing activities in fiscal year 2021 was \$120.8 million. This was driven by net \$103.9 million of cash used in the exactEarth acquisition, \$10.7 million of investment in our technology infrastructure and \$4.7 million of investment in leasehold improvements, furniture, computer equipment, and machinery equipment.

Net cash used in investing activities in fiscal year 2020 was \$10.4 million. This was primarily driven by \$9.6 million of investment in our technology infrastructure and \$0.7 million of investment in leasehold improvements, furniture, computer equipment, and machinery equipment.

#### ***Cash Flows from Financing Activities***

The cash flows from financing activities relate primarily to the Merger, debt, warrants and convertible note financings.

Net cash provided by financing activities in fiscal year 2021 was \$270.5 million. This was primarily driven by \$264.8 million of proceeds from the Merger, \$70.5 million of proceeds from the FP and SIF loan transactions, \$20.0 million of proceeds from the issuance of convertible notes, and \$1.3 million of proceeds from the exercise of stock options, offset by payments of \$31.8 million for merger and acquisitions costs related to the reverse recapitalization, repayments of \$29.6 million to EIB and Eastward Capital, \$19.9 million to settle the EIB warrants, and payments of \$4.7 million for debt issuance costs related to the FP loan.

Net cash provided by financing activities in fiscal year 2020 was \$16.6 million. This was primarily driven by \$30.1 million of new loan proceeds net of issuance costs and \$0.6 million of proceeds from convertible notes, offset by \$14.1 million of re-payment on our existing loan facility.

For additional information regarding the terms of our credit facilities and notes, see Notes 8 and 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

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

Our consolidated financial statements are prepared in accordance with GAAP. In the preparation of these consolidated financial statements, we are required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in the notes to the consolidated financial statements, the following accounting policies involve a greater degree of judgment and estimates. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

##### *Revenue Recognition*

Our contracts with customers may include promises to transfer multiple solutions and services to a customer. A performance obligation is a promise in a contract with a customer to transfer solutions or services that are capable of being distinct, whereby the customer can benefit from the solution or service either on its own or with other available resources, and are distinct in the context of the contract, whereby the transfer of the solution or service is separately identifiable from other promises in the contract. Determining whether solutions and services are distinct performance obligations that should be accounted for separately or combined as a single performance obligation involves significant judgement that requires us to assess the nature of the promise and value delivered to the customer. Certain of our contracts contain multiple project-based solutions and services promised to a customer over various phases (e.g., scoping, development, manufacturing, testing, launch, and/or satellite operations), which we assess at contract inception to determine which of the solutions and services promised in a contract are distinct in order to identify individual performance obligations.

For contracts with more than one performance obligation, the transaction price is allocated among the performance obligations using the relative standalone selling price ("SSP") of each obligation. Judgment is required to determine the SSP for each distinct performance obligation. SSP is generally estimated using cost plus a reasonable margin based on value added to the customer.

For certain project-based performance obligations, we recognize a portion of our revenue over time using the output method, specifically contract milestones, which we have determined to be the most direct and reasonable measure of progress as they reflect the results achieved and value transferred to the customer.

### *Business Combinations and Valuation of Goodwill and Acquired Intangible Assets*

We allocate the purchase price of acquired companies to tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date. The purchase price allocation process requires management to make significant estimates and assumptions with respect to the valuation of intangible assets. Examples of critical estimates and assumptions in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to future revenue growth, margins, customer retention rates, technology life, royalty rates, expected use of acquired assets, and discount rates. These factors are also considered in determining the useful life of the acquired intangible assets. These estimates are based in part on historical experience, market conditions and information obtained from management of the acquired companies and are inherently uncertain. Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recorded.

### *Contingent Earnout Liability*

In connection with the Reverse Recapitalization and pursuant to the Merger Agreement, eligible Spire equity holders are entitled to receive additional shares of our Common Stock upon the achievement of certain Earnout Triggering Events. In accordance with ASC 815-40, the earnout shares are not indexed to the Common Stock and therefore are accounted for as a liability and an offset to Additional paid-in capital on the Consolidated Balance Sheets at the reverse recapitalization date and subsequently remeasured at each reporting date with changes in fair value recorded as a component of Other income (expense), net in the Consolidated Statements of Operations.

The contingent earnout liability is categorized as a Level 3 fair value measurement using the Monte Carlo model because the Company estimates projections during the Earnout Period utilizing unobservable inputs. Contingent earnout payments involve certain assumptions requiring significant judgment and actual results may differ from assumed and estimated amounts. The assumptions utilized in the calculation are based on the achievement of certain stock price milestones, including the current price of our common stock, expected volatility, risk-free rate, expected term and dividend rate.

### *Warrant Liability*

We generally classify warrants for the purchase of shares of our common stock as liabilities on our Consolidated Balance Sheets unless the warrants meet certain specific criteria that require the warrants to be classified within stockholders' deficit. Those warrants accounted for as liabilities are freestanding financial instruments that may require us to transfer assets upon exercise. The warrant liability is initially recorded at fair value upon the date of issuance of each warrant and is subsequently remeasured to fair value at each reporting date. The fair value of the Public Warrants is based on quoted market prices and is classified as a Level 1 financial instrument. The fair value of the Private Warrants is estimated using the Black-Scholes model with inputs that include the Company's stock price in an actively traded market, making this fair value classified as a Level 2 financial instrument. The other significant assumptions used in the model are the exercise price, expected term, volatility, interest rate, and dividend yield.

### *Stock-Based Compensation*

We have an equity incentive plan under which we grant stock-based awards to employees and non-employees. We account for stock-based awards in accordance with ASC 718, which requires the measurement and recognition of compensation expense, based on estimated fair values, for all stock-based awards made to employees and non-employees for stock options.

We recognize the cost of stock-based awards granted to our employees and non-employees based on the estimated grant-date fair value of the awards. For Restricted Stock Units ("RSU") with service-based vesting conditions, the fair value is calculated based upon the Company's closing stock price on the date of grant using the intrinsic value method. We determine the fair value of stock options using the Black-Scholes option pricing model, which is impacted by the following assumptions:

- Common Stock Valuation—Prior to our Closing Date of the Merger, determining the fair value of the shares of common stock underlying our stock-based awards, which were not publicly traded, involved significant judgment and had historically been determined with the help of an independent third-party valuation firm. For awards granted subsequent to the Closing Date, the fair value of our common stock is based on the closing price of our common stock, as reported on the NYSE, on the date of grant.
- Expected Term—We use the weighted average period that the stock options are expected to remain outstanding based on historical experience.
- Expected Volatility—As our stock was not publicly traded prior to the Closing, the volatility is based on a benchmark analysis of reported data for a peer group of companies.
- Expected Dividend Yield—The dividend rate used is zero as we have never paid any cash dividends on our common stock and does not anticipate doing so in the foreseeable future.
- Risk-Free Interest Rate—The interest rates used are based on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

### *Common Stock Valuation*

Historically, for all periods prior to the Merger, since there has been no public market of our common stock, the fair value of the shares of common stock underlying our share-based awards was estimated on each grant date by our board of directors. To determine the fair value of our common stock underlying option grants, our board of directors considered, among other things, input from management, valuations of our common stock prepared by unrelated third-party valuation firms in accordance with the guidance provided by the American Institute of Certified Public Accountants 2013 Practice Aid, Valuation of



Privately-Held-Company Equity Securities Issued as Compensation, and our board of directors' assessment of additional objective and subjective factors that it believed were relevant, and factors that may have changed from the date of the most recent valuation through the date of the grant. These factors include, but are not limited to:

- our results of operations and financial position, including the present value of expected future cash flows and the value of tangible and intangible assets;
- risks and opportunities relevant to our business;
- the status of platform development activities;
- our business conditions and projections;
- the market value of companies engaged in a substantially similar business;
- the lack of marketability of our common stock as a private company;
- the prices at which we sold shares of our convertible preferred stock to outside investors in arms-length transactions;
- the rights, preferences, and privileges of our convertible preferred stock relative to those of our common stock;
- the likelihood of achieving a liquidity event for our securityholders, such as an initial public offering or a sale of the company, given prevailing market conditions;
- the hiring of key personnel and the experience of management; and
- trends and developments in our industry, including the impact of the COVID-19 pandemic.

For valuations performed prior to December 31, 2020, we used the option pricing method, ("OPM"), back-solve method. In an OPM framework, the backsolve method for inferring the equity value implied by a recent financing transaction involves making assumptions for the expected time to liquidity, volatility and risk-free rate and then solving for the value of equity such that value for the most recent financing equals the amount paid. This method was selected due to our stage and uncertainty regarding the timing and probability of possible future exit scenarios.

For valuations performed from January 1, 2021 to the Merger, we used a hybrid method of the OPM and the Probability-Weighted Expected Return Method ("PWERM"). PWERM considers various potential liquidity outcomes. Our approach included the use of an initial public offering scenario, a strategic merger or sale scenario, and a scenario assuming continued operation as a private entity. Under the hybrid OPM and PWERM method, the per share value calculated under the OPM and PWERM are weighted based on expected exit outcomes specific to each allocation methodology to arrive at a final estimated fair value per share of the common stock before a discount for lack of marketability is applied.

Following the Closing, we have used the market closing price of our Class A common stock as reported on the NYSE.

#### **Accounting Pronouncements Recently Adopted and Not Yet Adopted**

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently adopted accounting pronouncements and new accounting pronouncements not yet adopted as of the date of this Annual Report on Form 10-K.

#### **Emerging Growth Company Status**

We are an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we are (i) no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

#### **Smaller Reporting Company Status**

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of our common stock held by non-affiliates exceeds \$250 million as of the prior June 30, or (ii) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior June 30.

#### **Internal Control Over Financial Reporting**

In connection with the preparation of our consolidated financial statements for fiscal year 2021 and fiscal year 2020, we identified material weaknesses in our internal control over financial reporting. For additional information, see the sections titled "*Risk Factors*" and "*Controls and Procedures*."

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

### *Foreign currency exchange risk*

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Singapore Dollar, and Canadian Dollar and may be adversely affected in the future due to changes in foreign currency exchange rates. We continue to experience foreign currency fluctuations primarily due to the periodic re-measurement of our foreign currency monetary account balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Changes in exchange rates may negatively affect our revenue and other operating results as expressed in U.S. dollars. We do not currently engage in foreign exchange hedging contracts. As we continue to expand our international presence, we will assess options for mitigating foreign exchange risk.

We have experienced and will continue to experience fluctuations in our net loss as a result of gains or losses related to revaluing certain asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. For our fiscal years 2021 and 2020, we had a loss of \$1.9 million and \$0.1 million, respectively. A hypothetical 10% strengthening or weakening of the U.S. dollar relative to the currencies in which our revenue and expenses are denominated would have resulted in an increase or decrease, respectively, in our reported fiscal year 2021 pre-tax loss of approximately \$1.8 million.

### *Interest rate sensitivity*

We had cash and cash equivalents totaling \$109.3 million as of December 31, 2021. This amount was held primarily in demand deposit accounts. The cash and cash equivalents are held for working capital purposes or strategic investment purposes. We do not enter into investments for trading or speculative purposes. As of December 31, 2021, the FP Term Loan had a fixed rate of 9.0% with no exposure to interest rate fluctuations. The SIF loan is interest free.

## Item 8. Financial Statements and Supplemental Data

### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

#### CONSOLIDATED FINANCIAL STATEMENTS

	Page
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 238)</a>	67
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2020</a>	68
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2021 and 2020</a>	69
<a href="#">Consolidated Statements of Comprehensive Loss for the years ended December 31, 2021 and 2020</a>	70
<a href="#">Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the years ended December 31, 2021 and 2020</a>	71
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2020</a>	72
<a href="#">Notes to Consolidated Financial Statements</a>	73

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Spire Global, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Spire Global, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive loss, of changes in stockholders' equity (deficit) and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
San Francisco, California  
March 30, 2022

We have served as the Company's auditor since 2019.

**Spire Global, Inc.**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share amounts)

	2021	December 31,	2020
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 109,256	\$	15,571
Accounts receivable, net (including allowance of \$339 and \$174 as of December 31, 2021 and 2020, respectively)	10,163		3,738
Contract assets	2,084		853
Other current assets	10,071		2,112
Total current assets	131,574		22,274
Property and equipment, net	48,704		20,458
Goodwill	53,627		—
Customer relationships	24,388		—
Other intangible assets	19,765		751
Other long-term assets, including restricted cash	12,136		939
Total assets	<u>\$ 290,194</u>	<u>\$</u>	<u>44,422</u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>			
Current liabilities			
Accounts payable	\$ 5,824	\$	1,775
Accrued wages and benefits	5,646		1,590
Contract liabilities, current portion	8,627		8,110
Other accrued expenses	4,823		1,813
Total current liabilities	24,920		13,288
Long-term debt	51,124		26,645
Contingent earnout liability	11,369		—
Convertible notes payable, net (including related parties of \$0 and \$7,498 as of December 31, 2021 and 2020, respectively)	—		48,631
Deferred income tax liabilities	835		338
Warrant liability	11,482		4,007
Other long-term liabilities	1,600		249
Total liabilities	101,330		93,158
Commitments and contingencies (Note 11)			
Stockholders' equity (deficit)			
Series A preferred stock, \$0.0001 par value, none authorized, issued and outstanding at December 31, 2021 and 12,671,911 shares authorized, 21,615,723 shares issued and outstanding at December 31, 2020 (liquidation value of \$52,809 at December 31, 2020)	—		52,809
Series B preferred stock, \$0.0001 par value, none authorized, issued and outstanding at December 31, 2021 and 4,869,754 shares authorized, 8,306,818 shares issued and outstanding at December 31, 2020 (liquidation value of \$35,228 at December 31, 2020)	—		35,228
Series C preferred stock, \$0.0001 par value, none authorized, issued and outstanding at December 31, 2021 and 9,126,525 shares authorized, 12,804,176 shares issued and outstanding at December 31, 2020 (liquidation value of \$65,222 at December 31, 2020)	—		65,222
Common stock, \$0.0001 par value, 1,000,000,000 Class A and 15,000,000 Class B shares authorized, 139,096,000 Class A and 12,058,614 Class B shares issued and outstanding at December 31, 2021; 55,000,000 shares authorized, 17,664,015 Class A shares issued and outstanding at December 31, 2020	15		2
Additional paid-in capital	418,575		10,131
Accumulated other comprehensive income (loss)	732		(982)
Accumulated deficit	(230,458)		(211,146)
Total stockholders' equity (deficit)	188,864		(48,736)
Total liabilities and stockholders' equity (deficit)	<u>\$ 290,194</u>	<u>\$</u>	<u>44,422</u>

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

**Spire Global, Inc.**  
**Consolidated Statements of Operations**  
*(In thousands, except share and per share amounts)*

	Year Ended December 31,	
	2021	2020
Revenue	\$ 43,375	\$ 28,490
Cost of revenue	18,720	10,285
Gross profit	24,655	18,205
Operating expenses		
Research and development	31,615	20,751
Sales and marketing	20,387	10,279
General and administrative	40,479	12,520
Loss on satellite deorbit and launch failure	—	666
Total operating expenses	92,481	44,216
Loss from operations	(67,826)	(26,011)
Other income (expense)		
Interest income	23	54
Interest expense	(11,417)	(6,773)
Change in fair value of contingent earnout liability	67,026	—
Change in fair value of warrant liabilities	(1,600)	(198)
Other (expense) income, net	(5,021)	824
Total other income (expense), net	49,011	(6,093)
Loss before income taxes	(18,815)	(32,104)
Income tax provision	497	400
Net loss	\$ (19,312)	\$ (32,504)
Basic and diluted net loss per share	\$ (0.31)	\$ (1.85)
Weighted-average shares used in computing basic and diluted net loss per share	62,137,434	17,610,405

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

**Spire Global, Inc.**  
**Consolidated Statements of Comprehensive Loss**  
*(In thousands)*

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	Year Ended December 31,	
	2021	2020
Net loss	\$ (19,312 )	\$ (32,504 )
Other comprehensive loss:		
Foreign currency translation adjustments	1,714	(354 )
Comprehensive loss	<u>\$ (17,598 )</u>	<u>\$ (32,858 )</u>

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

**Spire Global, Inc.**  
**Consolidated Statements of Changes in Stockholders' Equity (Deficit)**  
*(In thousands, except share amounts)*

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares <sup>(1)</sup>	Amount	Shares <sup>(1)</sup>	Amount	Shares <sup>(1)</sup>	Amount	Shares <sup>(1)</sup>	Amount				
<b>Balance, January 1, 2020</b>	21,615,723	\$ 52,809	8,306,818	\$ 35,228	12,804,176	\$ 65,222	17,602,594	\$ 2	\$ 7,354	\$ (628)	\$ (178,642)	\$ (18,655)
Exercise of stock options	—	—	—	—	—	—	61,421	—	75	—	—	75
Stock compensation expense	—	—	—	—	—	—	—	—	2,160	—	—	2,160
Issuance of stock warrants	—	—	—	—	—	—	—	—	542	—	—	542
Net loss	—	—	—	—	—	—	—	—	—	—	(32,504)	(32,504)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	(354)	—	(354)
<b>Balance, December 31, 2020</b>	21,615,723	\$ 52,809	8,306,818	\$ 35,228	12,804,176	\$ 65,222	17,664,015	\$ 2	\$ 10,131	\$ (982)	\$ (211,146)	\$ (48,736)
Exercise of stock options	—	—	—	—	—	—	923,200	—	1,289	—	—	1,289
Stock compensation expense	—	—	—	—	—	—	—	—	11,634	—	—	11,634
Issuance of common stock relating to the acquisition	—	—	—	—	—	—	5,230,167	1	19,361	—	—	19,362
Issuance of shares to FP Lenders (Note 8)	—	—	—	—	—	—	2,468,492	—	22,868	—	—	22,868
Exercise of Series C preferred warrants	—	—	—	—	146,919	891	—	—	—	—	—	891
Conversion of warrants to common stock	—	—	—	—	—	—	672,355	—	308	—	—	308
Conversion of Series A preferred stock to common stock upon the reverse recapitalization	(21,615,723)	(52,809)	—	—	—	—	21,615,723	2	52,807	—	—	—
Conversion of Series B preferred stock to common stock upon the reverse recapitalization	—	—	(8,306,818)	(35,228)	—	—	8,306,818	1	35,227	—	—	—
Conversion of Series C preferred stock to common stock upon the reverse recapitalization	—	—	—	—	(12,951,095)	(66,113)	12,951,095	1	66,112	—	—	—
Conversion of convertible notes to common stock upon the reverse recapitalization	—	—	—	—	—	—	37,034,620	4	70,929	—	—	70,933
Issuance of common stock upon the reverse recapitalization and PIPE financing, net of merger costs <sup>(2)</sup>	—	—	—	—	—	—	44,288,129	4	206,304	—	—	206,308
Contingent earnout liability upon closing of the merger	—	—	—	—	—	—	—	—	(78,395)	—	—	(78,395)
Net loss	—	—	—	—	—	—	—	—	—	—	(19,312)	(19,312)
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	1,714	—	1,714
<b>Balance, December 31, 2021</b>	—	\$ —	—	\$ —	—	\$ —	151,154,614	\$ 15	\$ 418,575	\$ 732	\$ (230,458)	\$ 188,864

(1) The shares of the Company's common and convertible preferred stock, prior to the Merger (as defined in Note 1) have been retroactively restated to reflect the exchange ratio of approximately 1.7058 established in the Merger as described in Note 3.

(2) Included in the share number is 12,058,614 shares of Class B common stock.

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

**Spire Global, Inc.**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Year Ended December 31,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net loss	\$ (19,312 )	\$ (32,504 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,509	5,546
Loss on disposal of property and equipment	—	705
Loss on impairment of intangible assets	91	—
Stock-based compensation	11,634	2,160
Accretion on carrying value of convertible notes	2,103	4,490
Amortization of debt issuance costs	3,876	338
Change in fair value of warrant liability	1,600	198
Change in fair value of contingent earnout liability	(67,026 )	—
Deferred income tax liabilities	497	133
Loss on extinguishment of debt	2,277	171
Changes in operating assets and liabilities:		
Accounts receivable, net	(5,010 )	(429 )
Contract assets	(1 )	(1,057 )
Other current assets	(6,565 )	400
Other long-term assets	13	(152 )
Accounts payable	2,291	1,106
Accrued wages and benefits	1,751	987
Contract liabilities	161	3,159
Other accrued expenses	2,917	493
Other long-term liabilities	2,208	(517 )
Net cash used in operating activities	(57,986 )	(14,773 )
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(15,421 )	(10,314 )
Investment in intangible assets	(166 )	(101 )
Payments made in connection with business acquisition, net	(103,892 )	—
Net cash used in investing activities	(119,479 )	(10,415 )
<b>Cash flows from financing activities</b>		
Proceeds from reverse recapitalization and PIPE financing	264,823	—
Payments of transaction costs related to reverse recapitalization	(31,806 )	—
Proceeds from long-term debt	70,515	30,937
Proceeds from issuance of convertible notes payable	20,000	550
Payments on redemption of long-term debt	(29,628 )	(14,130 )
Payments on redemption of warrants	(19,942 )	—
Payments of debt issuance costs	(4,717 )	(808 )
Proceeds from exercise of stock options	1,289	75
Net cash provided by financing activities	270,534	16,624
Effect of foreign currency translation on cash, cash equivalent and restricted cash	590	19
Net increase (decrease) in cash, cash equivalents and restricted cash	93,659	(8,545 )
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of year	15,986	24,531
End of year	<u>\$ 109,645</u>	<u>\$ 15,986</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 3,130	\$ 1,501
<b>Noncash Investing and financing activities</b>		
Conversion of Series A, B and C preferred stock into common stock upon the reverse recapitalization	\$ 154,150	\$ —
Contingent earnout liability recognized upon the closing of the reverse recapitalization	\$ 78,395	\$ —
Conversion of convertible notes to common stock upon the reverse recapitalization	\$ 70,933	\$ —
Public and private warrants acquired as part of the Merger	\$ 26,707	\$ —
Issuance of shares to FP Credit Partners, L.P. ("FP") (Note 8)	\$ 22,868	\$ —
Issuance of shares in the acquisition	\$ 19,361	\$ —
Exercise of Series C preferred stock warrants	\$ 891	\$ —
Property and equipment purchased but not yet paid	\$ 687	\$ 18
Issuance of stock warrants with long-term debt	\$ 308	\$ 4,154

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



## **1. Nature of Business**

Spire Global, Inc. (“Spire” or the “Company”), founded in August 2012, is a global provider of space-based data and analytics that offers its customers unique datasets and insights about earth from the ultimate vantage point. The Company collects this space-based data through its proprietary constellation of multi-purpose nanosatellites. By designing, manufacturing, integrating and operating its own satellites and ground stations, the Company has unique end-to-end control and ownership over its entire system. The Company offers the following three Data Solutions to customers: Maritime, Aviation and Weather. As a fourth solution, the Company is providing “space-as-a-service” through its Space Services solution.

The Company is comprised of Spire Global, Inc. (United States or U.S.) and its wholly owned subsidiaries Spire Global UK Limited (United Kingdom or U.K.), Spire Global Luxembourg S.a.r.l. (Luxembourg), Spire Global Singapore Pte. Ltd. (Singapore) and Spire Global Canada Acquisition Corp. (Canada). Spire Global Canada Acquisition Corp. is the sole owner of exactEarth Ltd. (Canada), which in turn is the sole owner of exactEarth Europe Ltd. (England and Wales). The Company currently operates offices in seven locations: San Francisco, Boulder, Washington D.C. (U.S.), Glasgow (U.K.), Luxembourg, Cambridge, Ontario, and Singapore.

On August 16, 2021 (the “Closing Date”), Spire Global Subsidiary, Inc. (formerly known as Spire Global, Inc.) (“Old Spire”) closed its previously announced merger with NavSight Holdings, Inc. (“NavSight”), a special purpose acquisition company, pursuant to the terms of the Business Combination Agreement, dated as of February 28, 2021, by and among Spire, NavSight, NavSight Merger Sub, Inc., a wholly owned subsidiary of NavSight (“NavSight Merger Sub”), and Peter Platzer, Theresa Condor, Jeroen Cappaert, and Joel Spark (collectively, the “Old Spire Founders,” and such agreement, the “Merger Agreement”). As a result, NavSight Merger Sub merged with and into Old Spire, the separate corporate existence of NavSight Merger Sub ceased, and Old Spire continued as the surviving corporation and a wholly owned subsidiary of NavSight (the “Merger”). NavSight then changed its name to Spire Global, Inc. (together with its consolidated subsidiary, “New Spire” or “Spire”) and Old Spire changed its name to Spire Global Subsidiary, Inc. Please refer to Note 3 “Reverse Recapitalization” for further details of the Merger.

In November 2021, the Company acquired exactEarth, a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions in Canada for a combination of cash and Spire stock. Please refer to Note 4 “Business Acquisition” for further details of the acquisition.

## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and regulations of the U.S. Securities and Exchange Commission. The Company’s consolidated financial statements include the accounts of Spire Global, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements for the year ended December 31, 2021 include the accounts of Spire Global, Inc. (i.e. former NavSight) and its wholly-owned subsidiary, Old Spire, following the Reverse Recapitalization as further discussed in Note 3 “Reverse Recapitalization.” For periods prior to the Merger, the reported share and per share amounts have been retroactively converted by applying the Exchange Ratio with the exception of authorized shares. Issued and outstanding shares and warrants as disclosed herein have been adjusted reflecting the Exchange Ratio. All other accompanying financial statements as of December 31, 2020 include only the accounts of Old Spire.

### **Liquidity Risks and Uncertainties**

Since inception, the Company has been engaged in developing its product offerings, raising capital, and recruiting personnel. The Company’s operating plan may change as a result of many factors currently unknown and there can be no assurance that the current operating plan will be achieved in the time frame anticipated by the Company, and it may need to seek additional funds sooner than planned. If adequate funds are not available to the Company on a timely basis, it may be required to delay, limit, reduce, or terminate certain commercial efforts, or pursue merger or acquisition strategies, all of which could adversely affect the holdings or the rights of the Company’s stockholders.

The Company has a history of operating losses and negative cash flows from operations since inception. During the year ended December 31, 2021, net loss was \$19,312 and cash used in operations was \$57,986. In August 2021, the Company received net proceeds of approximately \$236,632 from Private Investment in Public Equity (“PIPE”) investors (the “PIPE Investors”) and the Merger. The Company held cash and cash equivalents of \$109,256, excluding restricted cash, at December 31, 2021. The Company believes that it will have sufficient working capital to operate for a period of one year from the issuance of the 2021 consolidated financial statements based on the borrowings under the FP Term Loan Agreement (as defined in Note 8) and the funds raised associated with the closing of the Merger (the “Closing”) (Note 3).

The Company’s assessment of the period of time through which its financial resources will be adequate to support its operations is a forward-looking statement and involves risks and uncertainties. The Company’s actual results could vary as a result of many factors, including its growth rate, subscription renewal activity, the timing and extent of spending to support its infrastructure and research and development efforts and the expansion of sales and marketing activities. The Company may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. The Company has based its estimates on assumptions that may prove to be wrong, and it could use its available capital resources sooner than it currently expects. The Company may be required to seek additional equity or debt financing. Future liquidity and cash requirements will depend on numerous factors, including market penetration, the introduction of new products, and potential acquisitions of

*(In thousands, except shares and per share data, unless otherwise noted)*

related businesses or technology. In the event that additional financing is required from outside sources, the Company may not be able to raise it on acceptable terms or at all. If the Company is unable to raise additional capital when desired, or if it cannot expand its operations or otherwise capitalize on its business opportunities because it lacks sufficient capital, its business, results of operations, and financial condition would be adversely affected.

### **COVID-19 Impact**

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which continues to spread throughout the United States and the world and has resulted in authorities implementing numerous measures to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. While the Company is unable to accurately predict the full impact that the COVID-19 pandemic will have on its results of operations, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic or any resurgences of the pandemic locally or globally, the Company's compliance with these measures has impacted its day-to-day operations and could continue to disrupt its business and operations, as well as that of certain of the Company's customers whose industries are more severely impacted by these measures, for an indefinite period of time. During the fiscal year ending December 31, 2021, the Company has experienced adverse changes in customer buying behavior that began in March 2020 as a result of the impact of the COVID-19 pandemic, including decreased customer engagement, delayed sales cycles, and deterioration in near-term demand. In 2021, the Delta and the Omicron variants of COVID-19 have become the dominant strains in numerous countries around the world, including the United States, and is believed to be more contagious than other previously identified COVID-19 strains. Despite these headwinds, the Company experienced an increase in revenue for fiscal year 2021, as compared to fiscal year 2020. As a result of the impact of the COVID-19 pandemic, the Company experienced delays and re-work due to third party satellite launch providers schedule shifts, delays and increased expenses in its hiring process, some attrition from adjusting company policies due to the COVID-19 pandemic and additional time and expenses supporting customer contracts.

### **Segment Information**

The Company operates as one reportable and operating segment, which relates to the sale of subscription-based data, insights, predictive analytics and related project-based services to global customers across a range of industries. The Company's chief operating decision maker is its chief executive officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Management's significant estimates include assumptions in revenue recognition, allowance for credit losses, valuation of certain assets and liabilities acquired from the business combination, realizability of deferred income tax assets, and fair value of equity awards, contingent earnout liabilities and warrant liabilities. Actual results could differ from those estimates. Management assessed the impact of COVID-19 on the estimates and assumptions and determined there was no material impact.

### **Foreign Currency Translation**

The Company's foreign subsidiaries, which have defined their functional currency as their local currency, translate their assets and liabilities into U.S. Dollars at the exchange rate existing at the balance sheet date, and translate their results from operations at the average exchange rate for each period. The resulting translation adjustments are included as a component of Accumulated other comprehensive loss on the Consolidated Balance Sheets, Consolidated Statements of Changes in Stockholders' Equity (Deficit) and as Other comprehensive loss in the Consolidated Statements of Comprehensive Loss. Gains and losses from foreign currency transactions are included in Other (expense) income, net in the Consolidated Statements of Operations.

### **Fair Value Measurements**

To account for fair value measurements and disclosures, a fair value hierarchy was established that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company uses the following valuation techniques to measure fair value for its assets and liabilities:

Level 1 Quoted market prices for identical assets and liabilities in active markets.

Level 2 Significant other observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs reflecting management's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

*(In thousands, except shares and per share data, unless otherwise noted)*

**Cash, Cash Equivalents and Restricted Cash**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Restricted cash included in Other long-term assets, including restricted cash on the Consolidated Balance Sheets, represents amounts pledged as guarantees or collateral for financing arrangements and lease agreements, as contractually required.

The following table shows components of cash, cash equivalents, and restricted cash reported on the Consolidated Balance Sheets and in the Consolidated Statements of Cash Flows as of and for the years then ended:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 109,256	\$ 15,571
Restricted cash included in Other long-term assets	389	415
	<u>\$ 109,645</u>	<u>\$ 15,986</u>

**Accounts Receivable**

Accounts receivable are stated at the amounts management expects to collect from outstanding balances. An allowance for credit losses is recorded based on historical loss experience, consideration of current and future economic conditions, and evaluation of a customer's current and future financial condition. Increases and decreases in the allowance for credit losses are included as a component of general and administrative expense in the consolidated statements of income. Recoveries of accounts receivable for which an allowance exists, or those that were previously written off, are recorded when received. The Company recorded an expense for credit losses of \$84 and \$174 for the years ended December 31, 2021 and 2020, respectively.

The Company generally grants credit to its customers on an unsecured basis. The Company does not have any off-balance sheet credit exposure related to its customers.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and restricted cash, and accounts receivable. The Company typically has cash accounts in excess of Federal Deposit Insurance Corporation insurance coverage. The Company has not experienced any losses on such accounts, and management believes that the Company's risk of loss is remote.

The Company has a concentration of contractual revenue arrangements with various government agencies. The Company had the following customers whose revenue and accounts receivable balances individually represented 10% or more of the Company's total revenue and/or accounts receivable:

	Year Ended December 31,		December 31,	
	2021	2020	2021	2020
	Revenue	Revenue	Accounts Receivable	Accounts Receivable
Customer A	27 %	19 %	29 %	*
Customer B	16 %	17 %	*	59 %
Customer C	10 %	19 %	12 %	*

\* Revenue and/or accounts receivable from these customers were less than 10% of total revenue and/or accounts receivable during the period.

The Company has a concentration in vendor purchases. The Company believes its reliance on its vendors could be shifted over a period of time to alternative vendors should such a change be necessary. If the Company were to be unable to obtain alternative vendors due to factors beyond its control, operations would be disrupted in the short term while alternative vendors were secured. The Company has the following vendors where purchases of equipment, components and services individually represented 10% or more of the Company's total purchases:

	Year Ended December 31,	
	2021	2020
	Purchases	Purchases
Vendor A	*	15 %
Vendor B	*	11 %
Vendor C	*	11 %
Vendor D	10 %	*

\* Purchases from these vendors were less than 10% of total purchased during the period.

The Company is dependent on third parties to launch its satellites into space, and any launch delay, malfunction, or failure could have a negative impact on revenue and might cause the Company not to be able to accommodate customers with sufficient data to meet minimum service level agreements until replacement satellites are available. The Company also incorporates technology and terrestrial data sets from third parties into its platform and its inability to maintain rights and access to such technology and data sets would harm its business and results of operations.

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

*(In thousands, except shares and per share data, unless otherwise noted)*

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization. In-service satellites and related launch costs are capitalized based on its commission date of the underlying asset. Capitalized launch costs for each satellite are allocated based on the total cost of the launch divided by the number of satellites included on that launch. In-service ground stations and related costs are capitalized once signals are transmitted with in-service satellites. In the event of a failed launch or deployment of satellites, the related equipment impairment and launch costs are expensed and recorded in Loss on satellite deorbit and launch failure in the Consolidated Statements of Operations.

The Company also capitalizes certain software costs incurred in connection with developing internal-use software during the project development stage so long as management with the relevant authority authorizes the project, it is probable the project will be completed, and the software will be used to perform the function intended. Costs incurred for enhancements that are expected to result in additional significant functionality are capitalized and amortized over the estimated useful life of the enhancement. Costs related to preliminary project activities and post-implementation operational activities are expensed as incurred. Internal-use software, which consists primarily of the Company's enterprise software used to build and operate the Company's satellites, is stated at cost less accumulated amortization.

General maintenance and repairs are charged to expense as incurred. Significant refurbishment, renewal and betterments are capitalized. When assets are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as Other income (expense) in the Company's Consolidated Statements of Operations.

Depreciation and amortization are computed utilizing the straight-line method over the estimated useful lives of depreciable assets in the table below. Leasehold improvements are amortized using the straight-line method over the lesser of the life of the asset or the remaining life of the lease.

	Years
Furniture and fixtures	7
Machinery and equipment	5
In-service ground stations	4
Computer software and website development	3
Computer equipment	3
Capitalized satellite launch costs and in-service satellites	2-3

As of December 31, 2021 and 2020, 37% and 74%, respectively, of the Company's long-lived assets were located in the U.S., 41% and none, respectively were located in Canada, and 22% and 26%, respectively were located in Europe, Middle East and Africa (collectively, "EMEA"). Within EMEA, 20% of the Company's long-lived assets were located in the UK at December 31, 2021. Within EMEA, 19% of the Company's long-lived assets were located in the UK at December 31, 2020.

**Equity Method Investments**

The Company accounts for equity investments in which it has significant influence, but not a controlling financial interest, using the equity method of accounting. Under the equity method of accounting, investments are initially recorded at cost, less impairment, and subsequently adjusted to recognize the Company's share of earnings or losses as a component of Other (expense) income, net in the Consolidated Statements of Operations. The Company's equity method investments are required to be reviewed for impairment when it is determined there may be an other-than-temporary loss in value. The Company has not recorded any impairment losses related to our equity method investments during the years ended December 31, 2021 and 2020.

**Business Combinations**

The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Such valuations require us to make significant estimates and assumptions, especially at the acquisition date with respect to intangible assets. While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed, these estimates which include, but are not limited to, future revenue growth, margins, customer retention rates, technology life, royalty rates, expected use of acquired assets, and discount rates, are inherently uncertain and subject to refinement.

Goodwill is measured as the excess of the consideration transferred over the fair value of assets acquired and liabilities assumed on the acquisition date. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred included in the General and administrative expenses in the Consolidated Statements of Operations. The authoritative guidance allows a measurement period of up to one year from the date of acquisition to make adjustments to the preliminary allocation of the purchase price. As a result, during the measurement period the Company may record adjustments to the fair values of assets acquired and liabilities assumed, with the corresponding offset to goodwill to the extent that it identifies adjustments to the preliminary purchase price allocation.

### **Goodwill and Intangible Assets**

Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and identifiable intangible assets acquired in business acquisitions. The Company performs a qualitative assessment on goodwill annually in the fourth quarter or if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. If it is determined in the qualitative assessment that the fair value of the Company's single reportable unit is more likely than not below its carrying amount, then the Company will perform a quantitative impairment test. The quantitative goodwill impairment test is performed by comparing the fair value of the reporting unit with its carrying amount. Any excess in the carrying value of the goodwill over its fair value is recognized as an impairment loss. For purposes of goodwill impairment testing, the Company has one reporting unit. Due to the timing of the acquisition of goodwill, this was not applicable for the year ended December 31, 2021. There were no goodwill impairments recorded during the years ended December 31, 2021 and 2020.

Intangible assets consist of acquired intangible assets which include customer relationships, developed technology and trade names and the costs to obtain patents and perpetual nonexclusive license rights for the use of intellectual property. Acquired intangible assets, other than goodwill, are amortized over their estimated useful lives, ranging from 1 to 12 years, based upon the estimated economic value derived from the related intangible asset. Significant judgment is used in determining fair values of acquired intangible assets and their estimated useful lives. Fair value and useful life determinations may be based on, among other factors, estimates of future expected cash flows, royalty cost savings and appropriate discount rates used in calculating present values.

Intangible assets are tested for impairment whenever there are indicators of impairment. The Company recognized impairment charges of \$91 for intangible assets for the year ended December 31, 2021 and none for the year ended December 31, 2020.

### **Impairment of Long-Lived Assets**

The Company assesses potential impairments to long-lived and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets or asset groups. If impairment exists, the impairment loss is measured and recorded based on undiscounted estimated future cash flows. In estimating future cash flows, assets are grouped at the lowest levels for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. The Company did not recognize any impairment charges for long-lived assets for the years ended December 31, 2021 and 2020.

### **Deferred Offering Costs and Merger Costs**

The Company capitalizes within Other current assets on the Consolidated Balance Sheets certain legal, accounting and other third-party fees that are directly related to the Company's in-process equity financing until such financings are consummated. After consummation of the equity financing, these costs are recorded as a reduction of the proceeds received from the offering (Note 3). Should a planned equity financing be abandoned, terminated or significantly delayed, the deferred offering costs are written off to operating expenses. There were no deferred offering costs capitalized as of December 31, 2021 and 2020.

During the year ended December 31, 2021, the Company also incurred \$6,591 of costs related to the Merger, including \$4,846 for professional services and \$1,745 of other merger related costs. These amounts have been included in General and administrative expenses in the Consolidated Statements of Operations for the year ended December 31, 2021. No such costs were incurred during the year ended December 31, 2020.

### **Debt Issuance Costs**

For Long-term debt and Convertible notes payable, the Company presents debt issuance costs on the Consolidated Balance Sheets as a direct deduction from their carrying amounts. Debt issuance costs and the fair value assigned to stock warrants issued related to term loans and convertible notes payable are amortized over the respective term of the debt facility using the effective interest method.

### **Warrants**

The Company generally classifies warrants for the purchase of shares of its common stock and preferred stock as liabilities on its Consolidated Balance Sheets unless the warrants meet certain specific criteria that require the warrants to be classified within stockholders' deficit. Those warrants accounted for as liabilities are freestanding financial instruments that may require the Company to transfer assets upon exercise. The warrant liability is initially recorded at fair value upon the date of issuance of each warrant and is subsequently remeasured to fair value at each reporting date. Changes in the fair value of the warrant liability are recognized as a component of Other income, net in the Consolidated Statements of Operations. Changes in the fair value of the warrant liabilities will continue to be recognized until the warrants are exercised, expire or qualify for equity classification. Warrants classified as equity are initially recorded at fair value on the date of issuance and recorded in Additional paid-in capital on the Company's Consolidated Balance Sheets until the warrants are exercised or expire.

(In thousands, except shares and per share data, unless otherwise noted)

The Company assumed 11,499,992 publicly-traded warrants ("Public Warrants") and 6,600,000 private placement warrants issued by NavSight ("Private Warrants" and, together with the Public Warrants, the "Common Stock Warrants") upon the Merger, all of which were issued in connection with NavSight's initial public offering and entitled the holder to purchase one share of the Company's common stock, par value \$0.0001 ("Common Stock") at an exercise price of \$11.50 per share. The Public Warrants are publicly traded and are exercisable for cash unless certain conditions occur, such as the failure to have an effective registration statement related to the shares issuable upon exercise or redemption by the Company under certain conditions, at which time the warrants may be cashless exercised. The Private Warrants are non-redeemable for cash so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants are redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company evaluated the Common Stock Warrants and concluded that they do not meet the criteria to be classified within stockholders' equity. The agreement governing the Common Stock Warrants includes a provision that could result in a different settlement value for the Common Stock Warrants depending on their holder. Because the holder of an instrument is not an input into the pricing of a fixed-for-fixed option on the Company's ordinary shares, the Private Warrants are not considered to be indexed to the Company's own stock. In addition, the provision provides that in the event of a tender or exchange offer accepted by holders of more than 50% of the outstanding shares of the Company's ordinary shares, all holders of the Common Stock Warrants would be entitled to receive cash for all of their Common Stock Warrants. Specifically, in the event of a qualifying cash tender offer (which could be outside of the Company's control), all Common Stock Warrant holders would be entitled to cash, while only certain of the holders of the Company's ordinary shares may be entitled to cash. These provisions preclude the Company from classifying the Common Stock Warrants in stockholders' equity. As the Common Stock Warrants meet the definition of a derivative, the Company recorded these warrants as liabilities on the Consolidated Balance Sheets at fair value (Note 10), with subsequent changes in their respective fair values recognized in the Consolidated Statements of Operations at each reporting date.

#### Contingent Earnout Liability

In connection with the Reverse Recapitalization and pursuant to the Merger Agreement, eligible Spire equity holders are entitled to receive additional shares of the Company's Common Stock upon the Company achieving certain Earnout Triggering Events (as described in the Merger Agreement and Note 3). In accordance with ASC 815-40, the earnout shares are not indexed to the Common Stock and therefore are accounted for as a liability and an offset to Additional paid-in capital on the Consolidated Balance Sheets at the reverse recapitalization date and subsequently remeasured at each reporting date with changes in fair value recorded as a component of Other income (expense), net in the Consolidated Statements of Operations.

The contingent earnout liability is categorized as a Level 3 fair value measurement using the Monte Carlo model (Note 10) because the Company estimates projections during the Earnout Period utilizing unobservable inputs. Contingent earnout payments involve certain assumptions requiring significant judgment and actual results may differ from assumed and estimated amounts.

#### Revenue Recognition

The Company generates revenue from four main solutions: Maritime, Aviation, Weather and Space Services. The Company offers the following three data solutions to customers:

- **Maritime:** precise space-based data used for highly accurate ship monitoring, ship safety and route optimization.
- **Aviation:** precise space-based data used for highly accurate aircraft monitoring, aircraft safety and route optimization.
- **Weather:** precise space-based data used for highly accurate weather forecasting.

As a fourth solution, the Company is also pioneering an innovative "space-as-a-service" business model through its Space Services solution. The Company leverages its fully deployed infrastructure and large-scale operations to enable customers to obtain customized data through its API.

Revenue recognition involves the identification of the contract, identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations and recognition of revenue as the performance obligations are satisfied.

The Company recognizes revenue for each separately identifiable performance obligation in a data solutions contract representing a promise to transfer data or a distinct service to a customer. In most cases, data provided under the Company's data solutions contracts are accounted for as a single performance obligation due to the integrated nature of the Company's precise space-based data. In some data access contracts, the Company provides multiple project-based services to a customer, most commonly when a contract covers multiple phases of the space services solution (e.g., development, manufacturing, launch and satellite operations). In those cases, the Company accounts for each distinct project-based deliverables as a separate performance obligation and allocates the transaction price to each performance obligation based on its relative standalone selling price, which is generally estimated using cost plus a reasonable margin.

The Company recognizes revenue when (or as) the performance obligation is satisfied, either over time or at a point in time. The Company has determined that each data access subscription provides a series of distinct services in which the customer simultaneously receives and consumes data. Therefore, for subscription-based data services, the Company recognizes revenue ratably over the subscription period. Revenue is recognized upon delivery for data products such as archive data and custom reports, which are performance obligations satisfied at a point in time upon transfer of control. For space services, control of the data typically is transferred at the time the customer gains access to the benefit of the service. If customer acceptance is required, revenue is recognized upon receipt of notice of customer acceptance, which is generally a short period of time after delivery. For certain project-based performance obligations (e.g., manufacturing and launch phases), revenue is recognized over time, using the output method, specifically contract

milestones, which we have determined to be the most direct and reasonable measure of progress as they reflect the results achieved and value transferred to the customer.

#### **Contract Assets and Liabilities**

For each of the Company's contracts, the timing of revenue recognition, customer billings, and cash collections determines the recorded accounts receivables, contract assets, and contract liabilities on the Company's Consolidated Balance Sheets. Payment terms and conditions generally include a requirement to pay within 30 days. When revenue is recognized in advance of customer invoicing, a contract asset is recorded for the unbilled receivable. Conversely, contract liabilities are recorded when the Company has an unconditional right to consideration before it has satisfied a performance obligation. Contract liabilities consist of funds received in advance of revenue recognition from subscription services or project-based services that are subsequently recognized when the revenue recognition criteria are met. The non-current portion of Contract liabilities consists of funds received in advance of revenue recognition from subscription services or other project-based services that have remaining contractual obligations greater than one year from the balance sheet date.

#### **Deferred Contract Costs**

Sales commissions earned by the Company's employees are considered incremental costs of obtaining a contract. An asset is recognized for sales commissions if the Company expects the period of benefit from these costs to be more than one year. The Company amortizes the deferred contract costs on a straight-line basis over the period of expected benefit, which is primarily 12 months, consistent with the pattern of revenue recognition of the related performance obligation. The amortized costs are recorded in Sales and marketing expense in the Company's Consolidated Statements of Operations. The Company expenses sales commissions as incurred when the period of benefit is less than one year.

Deferred contract costs are included in Other current assets, for the current portion, and Other long-term assets, for the non-current portion, on the Company's Consolidated Balance Sheets. Deferred contract costs at December 31, 2021 and 2020 were \$1,419 and \$1,004, respectively, of which \$885 and \$657 were classified as current, respectively. During the years ended December 31, 2021 and 2020, the Company recognized \$730 and \$396, respectively, as amortization of deferred contract costs in Sales and marketing expense.

#### **Cost of Revenue**

Costs directly related to providing project-based services and producing data that is subscribed by the customers, including cost of third-party data sets, and allocated overhead costs, are included in Cost of revenue in the Consolidated Statements of Operations. Overhead costs primarily include allocable amounts of utilities, rent, depreciation expense on assets used directly in revenue producing activities, indirect materials, production and test administration expenses, and repairs and maintenance.

#### **Research and Development Costs**

Research and development expenses consist primarily of employee-related expenses, third-party consulting fees, and computing costs which are expensed as incurred.

#### **Sales and Marketing**

Sales and marketing expenses consist primarily of employee-related expenses, sales commissions, marketing and advertising costs, costs incurred in the development of customer relationships, brand development costs and travel-related expenses.

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021 and 2020, was \$797 and \$285, respectively, and is included in Sales and marketing expenses in the Consolidated Statements of Operations.

#### **General and Administrative Costs**

General and administrative expenses consist of employee-related expenses for personnel in the Company's executive, finance and accounting, facilities, legal, human resources, global supply chain, and management information systems functions, as well as other administrative employees. In addition, general and administrative expenses include fees related to third-party legal counsel, fees related to accounting, tax and audit costs, office facilities costs, software subscription costs, and other corporate costs.

#### **Employee Benefit Plan**

The Company has a qualified retirement plan which covers all employees who meet certain eligibility requirements. Plan matching contributions, discretionary profit-sharing contributions, and qualified nonelective contributions may be made to the 401(k) salary deferral plan at the discretion of the Company's Board of Directors. The Company did not make any matching contributions, discretionary profit-sharing contributions and/or qualified nonelective contributions during the years ended December 31, 2021 and 2020.

The Company has defined contribution pension plans at its foreign subsidiaries which covers all employees who meet certain eligibility requirements. The contributions made by the Company under these plans during the years ended December 31, 2021 and 2020 were not material.

### **Stock-Based Compensation**

The Company has an equity incentive plan under which the Company grants stock-based awards to employees and non-employees. The Company accounts for stock-based awards in accordance with FASB Accounting Standards Codification ("ASC") 718, *Stock-Based Compensation*, which requires the measurement and recognition of compensation expense, based on estimated fair values, for all stock-based awards made to employees and non-employees for stock options. Restricted Stock Units ("RSU") with service-based vesting conditions, the fair value is calculated based upon the Company's closing stock price on the date of grant using the intrinsic value method. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period and forfeitures are accounted for as they occur.

Key assumptions used in the determination of fair value for stock options are as follows:

*Expected term.* Because of the lack of sufficient historical data, the Company uses the simple average of the vesting period and the contractual term to estimate the period the stock options are expected to be outstanding.

*Expected volatility.* The Company determines the expected stock price volatility based on the historical volatility of the Company's Class A common stock and the historical volatilities of an industry peer group.

*Expected dividend yield.* The Company does not use a dividend rate due to the fact that the Company has never declared or paid cash dividends on its common stock and does not anticipate doing so in the foreseeable future.

*Risk-free interest rate.* The Company bases its interest rate on a treasury instrument for which the term is consistent with the expected life of the stock options.

### **Income Taxes**

The Company was incorporated in the state of Delaware as a C corporation. Deferred income taxes of the Company are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. All deferred tax assets and liabilities within each particular tax jurisdiction are offset and presented as a noncurrent deferred tax asset or liability. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The factors used to assess the likelihood of realization include the history of taxable income or loss, forecasts of future taxable income and available tax planning strategies that could be implemented to realize net deferred tax assets.

The Company accounts for uncertainty in income taxes in accordance with ASC 740-10, *Income Taxes*, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return, should be recorded in the consolidated financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest accrued related to unrecognized tax benefits in Interest expense and penalties, if any, in General and administrative expenses in the accompanying Consolidated Statements of Operations.

### **Related Parties**

In November 2021, in conjunction with the acquisition of exactEarth, Myriota, a Spire customer, became a related party, as exactEarth has 14% ownership of Myriota. As of December 31, 2021, \$4,101 of investment in Myriota is included in Other long-term assets, including restricted cash on the Consolidated Balance Sheets. The Company generated \$408 in revenue during the year ended December 31, 2021 and \$170 accounts receivable as of December 31, 2021 from Myriota.

One of the Company's stockholders and debtors is also a customer from which the Company generated \$871 of revenue for the year ended December 31, 2020. No revenue was generated from this customer for the year ended December 31, 2021.

The Company borrowed gross proceeds of \$1,232 of Convertible notes payable in February 2021 and \$6,414 of Convertible notes payable during the year ended December 31, 2019, from certain stockholders (Note 9). Interest expense recognized on related party Convertible notes payable is \$413 and \$783 for the years ended December 31, 2021 and 2020, respectively.

Immediately prior to the effective time of the Merger, the Convertible Notes were automatically converted into shares of common stock of Old Spire ("Old Spire Common Stock") (Note 3 and Note 9). Total carrying value of the related party balance included as Convertible notes payable, net on the Consolidated Balance Sheets was \$0 and \$7,498 as of December 31, 2021 and 2020, respectively.

### **Comprehensive Loss**

Comprehensive loss is comprised of Net loss and Other comprehensive loss consisting of Foreign currency translation adjustments.

### **Net Loss Per Share**

The Company follows the two-class method when computing net income (loss) per share as the Company has issued shares that meet the definition of participating securities. The Company has two types of common stock, Class A and Class B. Class B common stock has no economic rights, therefore has been excluded from the computation of basic and diluted net loss per share. The two-class method determines net income (loss) per share for each class of



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common and participating securities according to dividends declared, if any, and participating rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company's convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in losses of the Company. Accordingly, in periods in which the Company reports a net loss, such losses are not allocated to participating securities. In such periods, diluted net loss per share is the same as basic net loss per share, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. Upon the Closing Date of the merger, the preferred stock two-class method is no longer applicable.

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) is computed by adjusting net income (loss) to reallocate undistributed earnings based on the potential impact of dilutive securities. Diluted net income (loss) per share is computed by dividing the diluted net income (loss) by the weighted-average number of common shares outstanding during the period, including potential dilutive common shares assuming the dilutive effect of common stock equivalents.

#### JOBS Act Accounting Election

The Company is provided the option to adopt new or revised accounting guidance under the requirements provided to an "emerging growth company" under the JOBS Act either (1) within the same periods as those otherwise applicable to public business entities, or (2) within the same time periods as non-public business entities, including early adoption when permissible. With the exception of certain accounting standards where the Company elected to early adopt when permissible, the Company has elected to adopt new or revised accounting guidance within the same time period as non-public business entities, as indicated below.

#### Accounting Pronouncements Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended ("ASU 2016-13"), which requires the measurement and recognition of expected credit losses for financial assets not held at fair value. ASU 2016-13 replaces the existing incurred loss impairment model with a forward-looking expected credit loss model which will result in earlier recognition of credit losses. The Company adopted the requirements of ASU 2016-13 effective January 1, 2021 and determined that the financial impact from the adoption of this standard was immaterial to its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal Use Software* (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (A Consensus of the FASB Emerging Issues Task Force) ("ASU 2018-15"), which aligns the requirements for capitalizing implementation costs incurred in a cloud computing hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal use software. The Company adopted the requirements of ASU 2018-15 effective January 1, 2021 and determined that the financial impact from the adoption of this standard was immaterial to its consolidated financial statements.

In March 2020 and January 2021, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, and ASU 2021-01, *Reference Rate Reform* (Topic 848), respectively, which refine the scope of ASC Topic 848 and clarify some of its guidance as part of the FASB's monitoring of global reference rate reform activities. These standards permit entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, for computing variation margin settlements, and for calculating price alignment interest in connection with reference rate reform activities under way in global financial markets. The amendments in ASU 2020-04 were effective for all entities as of March 12, 2020 through December 31, 2022 and the amendments in ASU 2021-01 are effective immediately for all entities. The Company determined that the financial impact from the adoption of these standards was immaterial to its consolidated financial statements.

#### Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). Since this standard was originally issued, there have been improvements and clarification released by the FASB. Under the new standard, a lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. This standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company will adopt the new standard on January 1, 2022 using a modified retrospective approach with a cumulative-effect adjustment to opening retained earnings. Therefore, upon adoption, the Company will not adjust its comparative period financial statements or disclose ASC 842 lease disclosures for periods before January 1, 2022. The Company has evaluated the available accounting policy elections and practical expedients permitted by the standard and will adopt the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. While the Company is still finalizing its evaluation of the impact of the new lease accounting guidance, the Company expects a material impact to the consolidated financial statements as a result of the recognition of right-of-use assets and leases liabilities. In addition, the Company does not expect the standard to have a material impact on the Company's liquidity or debt covenant compliance under its current agreement.

The new standard also provides practical expedients for a company's ongoing accounting. The Company will elect the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities including

*(In thousands, except shares and per share data, unless otherwise noted)*

for existing short-term leases of assets in transition. The Company also currently expects to elect the practical expedient to not separate lease and non-lease components for all its leases.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes, by removing certain exceptions to the general principles and its intended to improve consistent application. A franchise tax that is partially based on income will be recognized as an income-based tax and any incremental amount will be recognized as non-income-based tax. This standard is effective for fiscal years beginning after December 15, 2021 (January 1, 2022 for the Company), with early adoption permitted. The Company does not expect the standard to have a material impact on the Company's Consolidated Financial Statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations* (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to recognition of an acquired contract liability and payment terms and their effect on subsequent revenue recognized by the acquirer. The guidance is effective for annual reporting periods beginning after December 15, 2022, including interim periods within that reporting period and should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The Company did not early adopt for the most recent acquisition of exactEarth.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance* (Topic 832), guidance on modifying the disclosure requirements to increase the transparency of government assistance including disclosure of the types of assistance, an entity's accounting for the assistance and the effect of the assistance on an entity's financial statements. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2021. The Company does not expect this accounting standard update to have a material impact on its consolidated financial statements.

### **3. Reverse Capitalization**

Immediately prior to the Closing:

- All 12,671,911 outstanding shares of Old Spire Series A Convertible Preferred Stock were converted into an equivalent number of shares of Old Spire Common Stock on a one-to-one basis.
- All 4,869,754 outstanding shares of Old Spire Series B Convertible Preferred Stock were converted into an equivalent number of shares of Old Spire Common Stock on a one-to-one basis
- All 7,592,402 outstanding shares of Old Spire Series C Convertible Preferred Stock were converted into an equivalent number of shares of Old Spire Common Stock on a one-to-one basis
- Each of the Convertible Notes (as defined in Note 9) automatically converted into shares of Old Spire Common Stock. The conversion ratio for the 2019 and 2020 Convertible Notes was 2.4808 and the conversion ratio for the 2021 Convertible Notes was 13.6466.
- Old Spire Warrants (with the exception of warrants for 909,798 shares issued to European Investment Bank ("EIB," and such warrants, the "EIB Warrants")) were exercised in full on a cashless basis into the right to receive shares of Old Spire Common Stock, which was settled on a net-basis. The EIB Warrants were settled as of December 31, 2021 (Note 8).

Pursuant to the Merger Agreement, at the Closing:

- Each share of outstanding Class A common stock and Class B common stock of NavSight was exchanged for one share of Class A Common Stock of New Spire, par value \$0.0001 per share ("New Spire Class A Common Stock").
- Each share of Old Spire Common Stock, including shares of Old Spire Common Stock issued pursuant to the conversion of the Old Spire Preferred Stock, the Convertible Notes and the Old Spire Warrants (excluding the EIB warrants), was converted into a number of shares of New Spire Class A Common Stock equal to the Per Share Closing Consideration ("the exchange ratio") of 1.7058, as defined in the Merger Agreement.
- Each share of Old Spire Common Stock is entitled to the contingent earnout right to receive a number of shares of New Spire Class A Common Stock equal to a Per Share Earnout Consideration of 0.1236, as defined in the Merger Agreement, payable in four equal tranches if the trading price of the New Spire Class A Common Stock is greater than or equal to \$13.00, \$16.00, \$19.00, or \$22.00 for any 20 trading days within any 30 consecutive trading day period on or prior to the date that is five years following the Closing Date, as adjusted based on the formula defined in the Merger Agreement with respect to the portion of earnout value allocated to holders of options to purchase shares of Old Spire Common Stock ("Old Spire Options") assumed by NavSight.
- All outstanding Old Spire Options were assumed and converted into option awards that are exercisable for shares of New Spire Class A Common Stock pursuant to an option exchange ratio of 1.8282.
- The outstanding EIB Warrants were assumed by New Spire and converted into warrants that are exercisable for a number of shares of New Spire Class A Common Stock equal to the exchange ratio of 1.7058.
- The Old Spire Founders purchased 12,058,614 shares of New Spire Class B Common Stock, which equal the number of shares of New Spire Class A Common Stock that each Founder received at the Closing. Shares of New Spire Class B Common Stock carry nine votes per share, do not have dividend rights, are entitled to receive a maximum of \$0.0001 per share of New Spire Class B Common Stock upon liquidation, are subject to certain additional restrictions on transfer, and are subject to forfeiture in certain circumstances.

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

All fractional shares were rounded down.

On February 28, 2021, concurrently with the execution of the Merger Agreement, NavSight entered into Subscription Agreements with the PIPE Investors, pursuant to which the PIPE Investors collectively subscribed for 24,500,000 shares of New Spire Class A Common Stock for an aggregate purchase price equal to \$245,000 (the "PIPE Investment") less approximately \$7,142 of equity issuance costs associated with the PIPE Investment. The PIPE Investment was consummated immediately prior to the Closing. The number of shares of Common Stock issued immediately following the Closing was:

	<b>Number of Shares</b>
Old Spire Common Stock (excluding Founders)	6,405,302
Old Spire Convertible Preferred Stock	42,873,636
Old Spire Convertible Notes	37,034,620
Old Spire Warrants (excluding EIB warrants)	672,355
<b>Total Class A common shares to Old Spire stockholders (excluding Founders)</b>	<b>86,985,913</b>
New Spire Class A Common Stock issued to Old Spire Founders	12,058,614
New Spire Class A Common Stock issued to PIPE Investors	24,500,000
New Spire Class A Common Stock held by public stockholders	1,979,515
New Spire Class A Common Stock issued to FP Lenders	2,468,492
New Spire Class A Common Stock resulting from conversion of NavSight Class B Common Stock	5,750,000
<b>Total Shares of New Spire Class A Common Stock</b>	<b>133,742,534</b>
New Spire Class B Common Stock issued to Old Spire Founders	12,058,614
<b>Total Shares of New Spire Common Stock</b>	<b>145,801,148</b>

The Merger is accounted for as a reverse recapitalization under GAAP. This determination is primarily based on Old Spire stockholders comprising a relative majority of the voting power of New Spire and having the ability to nominate the members of the board of directors of New Spire. Old Spire's operations prior to the acquisition comprising the only ongoing operations of New Spire, and Old Spire's senior management comprising a majority of the senior management of New Spire. Under this method of accounting, NavSight is treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the financial statements of Spire Global, Inc. represent a continuation of the financial statements of Old Spire with the Merger being treated as the equivalent of Old Spire issuing stock for the net assets of NavSight, accompanied by a recapitalization. The net assets of NavSight are stated at historical costs, with no goodwill or other intangible assets recorded. Operations prior to the Merger are presented as those of Old Spire. All periods prior to the Merger have been retrospectively adjusted using the exchange ratio for the equivalent number of shares outstanding immediately after the Merger to affect the reverse recapitalization.

In connection with the Merger, the Company raised \$264,823 of proceeds including the contribution of \$230,027 of cash held in NavSight's trust account from its initial public offering, net of redemptions of NavSight public stockholders of \$210,204, and \$245,000 of cash in connection with the PIPE Investment. The Company incurred \$38,569 of merger costs, consisting of banking, legal, and other professional fees, of which \$31,978 was recorded as a reduction to additional paid-in capital, and the remaining \$6,591 was expensed to General and administrative expenses in the Consolidated Statements of Operations.

#### 4. Business Acquisition

On November 30, 2021, through the execution of a share purchase agreement, the Company acquired 100% of the voting equity interest of exactEarth for a purchase price of \$128,953, and was accounted for as a business combination. The acquisition of exactEarth accelerates growth of Spire's existing maritime business with additional data solutions, cross-selling opportunities, and expansion of the Company's geographic footprint. Each outstanding share of exactEarth common stock was exchanged for 0.1 shares of Spire Class A common stock and \$1.95505 per share in cash.

In 2021, the Company incurred \$4,733 of acquisition-related costs. These expenses are included in General and administrative expense on the Consolidated Statement of Operations for the year ended December 31, 2021 and are reflected in pro forma earnings for the year ended December 31, 2020, in the table below.

The purchase price components are summarized in the following table:

	<b>Amount</b>
Value of Spire shares issued <sup>(1)</sup>	\$ 22,333
Cash consideration paid <sup>(2)</sup>	109,592
Less amount classified as post-combination expense <sup>(3)</sup>	(2,972)
<b>Total purchase consideration</b>	<b>\$ 128,953</b>

(1) Represents the fair value of 5,230,167 shares of Spire Class A common share transferred as of the November 30, 2021 ("acquisition date") as consideration (based on the closing market price of \$4.27 per share on the acquisition date) consisting of 4,984,225 shares issued for outstanding exactEarth shares, in addition to 100,047 and 145,895 shares to settle exactEarth stock options and restricted stock units ("RSU"), respectively.

(2) Included in the cash consideration are:

- a. \$97,454 for outstanding exactEarth shares,
- b. \$8,888 cash settlement of exactEarth stock options, RSU and deferred stock units, and
- c. \$3,250 related to acquisition fees of exactEarth paid by Spire upon the closing of the acquisition.

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

(3)\$2,972 was treated as post-combination expense in connection with the replacement of exactEarth's outstanding equity awards. This amount has been reflected in the Consolidated Statement of Operations for the year ended December 31, 2021.

**Purchase Price Allocation**

The purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess recorded to goodwill. The recognition of goodwill, none of which is expected to be deductible for income tax purposes, was made attributable to the workforce of the acquired business on synergies expected to arise and strategic benefits the Company expects to realize from the acquisition.

The allocation of the purchase price has not been finalized, mainly due to the period of time between the acquisition of exactEarth and the date of this filing, and is based upon the best available information at the current time. The final determination of the fair values of the customer relationships, other intangible assets and investment in Myriota acquired is dependent upon certain valuation and other studies that have not yet been finalized, and will be completed as soon as practicable, but no later than one year after the consummation of the acquisition of exactEarth.

The following table summarizes the preliminary estimated acquisition date fair value of the exactEarth assets acquired and liabilities assumed:

	Amount
Cash and cash equivalents	\$ 5,700
Account receivable	1,707
Contract assets	1,233
Prepaid expenses and other current assets	7,980
Property and equipment	19,991
Goodwill	52,986
Customer relationships	24,265
Intangible assets	19,356
Prepaid data rights, non-current	6,219
Investment in Myriota	4,563
Other long-term assets	261
Total assets acquired	144,261
Accounts payable	1,091
Accrued expenses	9,056
Contract liabilities	1,219
Long-term debt	3,895
Other long-term-liabilities	47
Total liabilities assumed	15,308
Net assets acquired	<u>\$ 128,953</u>

The purchase price allocation to identifiable finite-lived intangible assets acquired was as follows:

	Estimated Useful Lives	Amount
Customer relationships	12 years	\$ 24,265
Developed technology	12 years	13,790
Trade names	5 years	2,337
Backlog	1 years	3,229
Total intangible assets		<u>\$ 43,621</u>

The Company applied the relief-from-royalty method to estimate the fair values of the developed technology and trade names, and the multi-period excess earnings method to estimate the fair values of the customer relationships and backlog for the acquired intangible assets.

**Unaudited Pro Forma Financial Information**

The following unaudited pro forma information presents the combined results of operations as if the acquisition of exactEarth had been completed in the beginning of the applicable comparable prior annual reporting period. The unaudited pro forma results include adjustments primarily related to the following: (i) amortization associated with preliminary estimates for the acquired intangible assets; (ii) depreciation of the property plant and equipment step-up in fair value (iii) expense relating to replacement awards; and (iv) the inclusion of acquisition costs as of the earliest period presented. The nonrecurring adjustments of \$4,733 related to acquisition costs incurred and \$2,972 related to replacement awards have been included in the pro forma income statement for the year ended December 31, 2020.

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

The unaudited pro forma results do not reflect any cost saving synergies from operating efficiencies or the effect of the incremental costs incurred from integrating exactEarth. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the acquisitions had occurred at the beginning of the period presented, nor are they indicative of future results of operations:

	December 31,	
	2021	2020
Net revenue	\$ 61,497	\$ 42,281
Net loss	\$ (18,629)	\$ (61,796)

Revenues and losses attributable to the acquired business since the date of the acquisition recognized within the Consolidate Statement of Operations for the year ended December 31, 2021 were \$1,479 and \$1,470, respectively.

**5.Revenue, Contract Assets, Contract Liabilities and Remaining Performance Obligations Disaggregation of Revenue**

Revenue from subscription-based contracts was \$20,356 and represented 47% of total revenue for the year ended December 31, 2021. Revenue from subscription-based contracts was \$7,677, representing 27% of total revenue for the year ended December 31, 2020. Revenue from non-subscription-based contracts was \$23,019 and represented 53% of total revenue for the year ended December 31, 2021. Revenue from non-subscription-based contracts was \$20,813, representing 73% of total revenue for the year ended December 31, 2020.

The following revenue disaggregated by geography was recognized:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
EMEA <sup>(1)</sup>	\$ 20,562	48 %	\$ 14,213	50 %
Americas <sup>(2)</sup>	15,719	36 %	10,759	38 %
Asia Pacific <sup>(3)</sup>	7,094	16 %	3,518	12 %
Total	<u>\$ 43,375</u>	<u>100 %</u>	<u>\$ 28,490</u>	<u>100 %</u>

(1)Netherlands represented 24% and 37% for the years ended December 31, 2021 and 2020, respectively.

(2)U.S. represented 36% and 38% for the years ended December 31 2021 and 2020, respectively.

(3)Australia represented 11% and 9% for the years ended December 31, 2021 and 2020, respectively.

**Contract Assets**

The increase in contract assets is due to the acquisition of exactEarth. At December 31, 2021 and 2020, Contract assets were \$2,084 and \$853, respectively, on the Consolidated Balance Sheets. Changes in Contract assets were as follows:

	December 31,	
	2021	2020
Balance at the beginning of the year	\$ 853	\$ 493
Contract assets recorded during the year	2,529	1,577
Reclassified to Accounts receivable	(1,298)	(1,217)
Balance at the end of the year	<u>\$ 2,084</u>	<u>\$ 853</u>

**Contract Liabilities**

At December 31, 2021, Contract liabilities were \$9,255 of which \$8,627 is reported in current portion of Contract liabilities and \$628 is reported in non-current potion in Other long-term liabilities on the Company's Consolidated Balance Sheets. At December 31, 2020, Contract liabilities were \$8,110 and is reported in current portion of Contract liabilities on the Consolidated Balance Sheets.

Changes in Contract liabilities were as follows:

	December 31,	
	2021	2020
Balance at the beginning of the year	\$ 8,110	\$ 4,550
Contract liabilities recorded during the year	8,343	7,759
Revenue recognized during the year	(6,950)	(4,199)
Other	(248)	—
Balance at the end of the year	<u>\$ 9,255</u>	<u>\$ 8,110</u>

(In thousands, except shares and per share data, unless otherwise noted)

#### Remaining Performance Obligations

The Company has performance obligations associated with commitments in customer contracts for future services that have not yet been recognized as revenue. These commitments for future services exclude (i) contracts with an original term of one year or less, and (ii) cancellable contracts. As of December 31, 2021, the amount not yet recognized as revenue from these commitments is \$83,171. The Company expects to recognize 53% of these future commitments over the next 12 months and the remaining 47% thereafter as revenue when the performance obligations are met.

#### 6. Other Balance Sheet Components

Other current assets, including restricted cash consisted of the following:

	December 31,	
	2021	2020
Technology and other prepaid contracts	\$ 744	\$ 767
Prepaid insurance	4,430	68
Deferred contract costs	885	657
Other receivables	1,396	409
Other current assets	2,616	211
	<u>\$ 10,071</u>	<u>\$ 2,112</u>

Other accrued expenses consisted of the following:

	December 31,	
	2021	2020
Professional services	\$ 1,164	\$ 420
Sales tax	195	122
Software	1,036	470
Satellite/launch/ground station material	312	—
Other	2,116	801
	<u>\$ 4,823</u>	<u>\$ 1,813</u>

Property and equipment, net consisted of the following:

	December 31,	
	2021	2020
Satellites in-service	\$ 51,368	\$ 26,196
Internally developed software	2,160	2,166
Ground stations in-service	2,200	1,872
Leasehold improvements	1,754	1,589
Machinery and equipment	2,761	1,873
Computer equipment	2,168	1,153
Computer software and website development	472	472
Furniture and fixtures	1,167	379
	64,050	35,700
Less: Accumulated depreciation and amortization	(30,120 )	(23,260 )
	33,930	12,440
Satellite, launch and ground station work in progress	11,478	4,934
Finished satellites not in-service	3,296	3,084
Property and equipment, net	<u>\$ 48,704</u>	<u>\$ 20,458</u>

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2021 and 2020, was \$8,509 and \$5,330, respectively, including amortization of internal-use software of \$34 and \$144, respectively. There were no costs incurred from failed launches and losses from satellite deorbit and other equipment failure during the year ended December 31, 2021 and \$666 for the year ended December 31, 2020. Costs related to failed launches are not capitalized and are included in Loss on satellite deorbit and launch failure in the Consolidated Statements of Operations.

#### 7. Goodwill and Intangible Assets

The following table summarizes changes in goodwill balance:

Balance at December 31, 2020	\$ -
Goodwill related to exactEarth acquisition	52,986
Impact of foreign currency translation	641
Balance at December 31, 2021	<u>\$ 53,627</u>

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

Intangible assets consisted of the following:

	2021	December 31,	
		2021	2020
Customer relationships	\$	24,559	\$ -
Developed technology		13,957	-
Trade names		2,366	-
Backlog		3,268	-
Patents		491	591
FCC licenses		480	480
		45,121	1,071
Less: Accumulated amortization		(968 )	(320 )
	\$	<u>44,153</u>	<u>\$ 751</u>

In conjunction with the exactEarth acquisition, the Company acquired intangible assets for a total of \$43,621 in November 2021. As of December 31, 2021, the weighted-average amortization period for Customer relationships and Developed technology was 11.9 years, Trade names was 4.9 years, Backlog was 0.9 years and patents and FCC licenses was 7.6 years. Amortization expense related to intangible assets for the years ended December 31, 2021 and 2020, was \$666 and \$81, respectively.

During the year ended December 31, 2021, the Company recognized impairment charges of \$91 for intangible assets relating to patent costs. No impairment charges were recognized for the year ended December 31, 2020. The patents asset balance as of December 31, 2021 and 2020 includes \$196 and \$284 of capitalized patent costs, respectively, that will begin amortization upon the issuance of an official patent right to the Company.

As of December 31, 2021, the expected future amortization expense of intangible assets is as follows:

Years ending December 31,			
2022		\$	6,747
2023			3,736
2024			3,729
2025			3,728
2026			3,675
2027 and thereafter			22,342
			43,957
Capitalized patent costs, unissued			196
		\$	<u>44,153</u>

#### 8. Long-Term Debt

Long-term debt consisted of the following:

	2021	December 31,	
		2021	2020
Eastward Loan Facility	\$	—	\$ 15,000
EIB Loan Facility		—	14,734
FP Term Loan		71,512	—
PPP Loan		—	1,699
Other		4,464	10
Total long-term debt		75,976	31,443
Less: Debt issuance costs		(24,852 )	(4,798 )
Non-current portion of long-term debt	\$	<u>51,124</u>	<u>\$ 26,645</u>

The Company recorded \$8,368 and \$1,406 of interest expense from long-term debt for the years ended December 31, 2021 and 2020, respectively.

#### PPP Loan

In April 2020, the Company received loan proceeds in the amount of \$1,709 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan under the PPP was in the form of a note payable to SVB (the “PPP Loan”) originally scheduled to mature in April 2022, which has been classified as Long-term debt on the Consolidated Balance Sheet at December 31, 2020. The PPP Loan incurred interest at a rate of 1.00% per annum payable monthly. The PPP Loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes. The Company’s PPP Loan and accrued interest were forgiven in January 2021.

#### EIB Loan Facility

In August 2020, the Company's Luxembourg subsidiary entered into a loan agreement with the European Investment Bank ("EIB") that provided for a total loan facility of EUR 20,000 distributable in three tranches (the "EIB Loan Facility") and was collateralized by substantially all assets of the Company. In connection with the EIB debt agreement, on August 20, 2020, the Company issued to EIB 454,899 warrants exercisable into the Company's common stock at a price of \$0.0001 per share (Note 13) and drew EUR 5,000 under the Tranche A of the EIB Loan Facility on September 23, 2020. Borrowing under Tranche A did not carry an interest component. On October 29, 2020, the Company issued an additional 454,899 warrants to EIB exercisable into the Company's common stock at a price of \$0.0001 per share (Note 13) and drew EUR 7,000 under Tranche B of the EIB Loan Facility on November 23, 2020. Borrowing under Tranche B carried interest at EURIBOR plus 5% per annum (4.457% at December 31, 2020). The borrowings under the EIB Loan Facility were due in full five years from the disbursement date of the relevant tranche, which have been classified in non-current portion of Long-term debt on the Consolidated Balance Sheet at December 31, 2020, with interest payable quarterly in arrears. The prepayment premium on the EIB Loan Facility for Tranches B was 3% in the first year, 2% in the second year and 1% in the third year on the principal amount of the loan repaid. The EIB Loan Facility included covenants that limit the Company's ability to, among other things, dispose assets, consummate mergers and acquisitions, incur additional indebtedness, grant liens, pay dividends or other distributions without preapproval by EIB.

The Company incurred \$551 of debt issuance costs and issued common stock warrants with an estimated fair value of \$3,612 at their dates of issuance, the total of which has been presented as a deduction from the carrying amounts of the EIB Loan Facility on the Consolidated Balance sheet and were being amortized to interest expense over the term of the EIB Loan Facility. In May 2021, the outstanding balance of the EIB Loan Facility was paid off.

On September 24, 2021, EIB submitted a notice of cancellation for 775,966 EIB warrants (Tranche A). The valuation for settlement of these warrants was based on a 20-day volume weighted average price ("VWAP") valuation method using the Company's publicly traded stock price as of September 30, 2021. On October 18, 2021, EIB submitted a notice of cancellation for the remaining 775,966 EIB warrants (Tranche B). The valuation for settlement of these warrants was based on the VWAP 20-day trading price method as of October 14, 2021, as stated in the notice of cancellation. These warrants were settled in November 2021 for \$19,942.

#### Eastward Loan Facility

In December 2020, the Company entered into a loan agreement with Eastward Fund Management, LLC ("Eastward") to borrow up to \$25,000 (the "Eastward Loan Facility"). On December 30, 2020, the Company drew \$15,000 of the available loan facility under the Eastward Loan Facility and incurred a \$300 repayment fee due upon maturity of the Eastward Loan Facility. In conjunction with the Eastward loan agreement, the Company agreed to issue to Eastward up to a total of 314,861 warrants to acquire the Company's common stock if the full facility was drawn. The Company paid a 1% commitment fee on the principal amount borrowed. The Company would have paid interest only for the first 24 months this loan was outstanding and then \$625 plus interest during each of the final 24 months this loan was outstanding. The interest rate for the Eastward Loan Facility was 11.75% per annum and the total term of this loan was 48 months. The prepayment premium on the Eastward Loan Facility was 3% during the first two years, 2% in the third year and 1% thereafter on the principal amount of the loan repaid. The Eastward Loan Facility included covenants that limit the Company's ability to, among other things, dispose assets, consummate mergers and acquisitions, incur additional indebtedness, grant liens, pay dividends or other distributions without preapproval by Eastward.

On December 30, 2020, the Company issued to Eastward 188,916 warrants exercisable into the Company's common stock at a price of \$3.97 per share (Note 13). These warrants have been determined to be accounted for as equity at their estimated fair value at the date of issuance. The Company recorded \$542 as Additional paid-in capital and presented the related debt issuance costs as a deduction from the carrying amounts of the Eastward Loan Facility on the Consolidated Balance Sheet which are being amortized to interest expense over the term of the Eastward Loan Facility. In May 2021, the outstanding balance of Eastward Loan Facility was paid off.

#### FP Term Loan Facility

On April 15, 2021, the Company entered into a credit agreement with FP Credit Partners, L.P., as agent for several lenders (the "FP Lenders") (as amended on May 17, 2021, the "FP Credit Agreement"), for a \$70,000 term loan facility (the "FP Term Loan"). Upon funding in May 2021, the FP Term Loan was used (i) to pay off the Company's existing credit facilities with Eastward Fund Management, LLC (the "Eastward Loan Facility") and EIB (the "EIB Loan Facility") and (ii) to fund working capital and for general corporate purposes. The Company incurred \$12,277 of debt issuance costs relating to the FP Term Loan.

The FP Lenders had the option to elect to convert a portion of their specified contractual return into common stock of the Company immediately preceding the Merger, at a conversion price specified in the FP Term Loan Agreement by submitting a notice to convert on or prior to the funding date in May 2021 (the "Conversion Election"). If the FP Lenders had exercised the Conversion Election, and the Company did not elect to repay the outstanding principal amount of the FP Term Loan at the Closing, then the interest rate would have increased to 9% per annum. However, the FP Lenders did not make the Conversion Election and so the interest rate would have decreased to 4% per annum upon the occurrence of the Merger under the original terms of the FP Term Loan Agreement.

At the date of the closing of the FP Term Loan Agreement, the contingent interest feature described immediately above was determined to be an embedded derivative asset with an associated debt premium recorded. The fair value of this financial instrument of \$8,922 was presented net within Long-term Debt on the Consolidated Balance Sheets at June 30, 2021. However, because of the interest rate increase under the FP Amendment (as defined below), the contingent interest embedded derivative asset and associated debt premium were derecognized upon the execution of the FP Amendment.

The FP Term Loan includes covenants that limit the Company's ability to, among other things, make investments, dispose of assets, consummate mergers and acquisitions, incur additional indebtedness, grant liens, enter into transactions with affiliates, pay dividends or other distributions without preapproval by the FP Lenders. The Company was required to maintain minimum unrestricted cash of at least \$15,000 as of each fiscal quarter end, except for the



**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

*(In thousands, except shares and per share data, unless otherwise noted)*

quarter immediately following the first quarter where the Company reports positive EBITDA, until the closing of a qualifying IPO, which includes the Merger. The Company issued an equity grant of 977,723 shares of New Spire Class A Common Stock with a value of \$8,065 to the FP Lenders upon funding of the FP Term Loan.

On August 5, 2021, the Company and FP Lenders executed an amendment (the "FP Amendment") to the FP Term Loan to modify certain terms. Among other things, the FP Amendment waived the instance of the noncompliance with provisions for the timely notification of the Company's election to add accrued unpaid interest as of June 30, 2021 to the outstanding principal. The FP Lenders also waived any default interest that would have applied as a result of the noncompliance.

The FP Amendment also reinstated the previously expired Conversion Election and served as formal notice of this election by the FP Lenders. As a result, the FP Lenders received 1,490,769 shares of New Spire Class A Common Stock. In connection with FP's exercise of the Conversion Election, the interest rate on the FP Term Loan increased to 9% per annum following the Closing.

The Company has determined that the FP Amendment represents an accounting modification of the original FP Term Loan. In connection with the debt modification accounting, no gain or loss was recorded related to the FP Amendment, and the Company capitalized the fair value of \$14,803 for the 1,490,769 shares of New Spire Class A Common Stock issued to the FP Lenders to be amortized over the remaining life of the FP Term Loan as part of the effective yield of the FP Term Loan beginning in the third quarter of 2021.

The FP Term Loan matures on April 15, 2026 and is collateralized by substantially all assets of the Company. The Company has the option to prepay the loan in advance of its final maturity, which was subject to a prepayment penalty under the original terms of the FP Term Loan Agreement that varied between \$17,500 and \$49,000 based on the timing and circumstances of the repayment.

During the year ended December 31, 2021, the Company recognized within Other (expense) income, net on the Consolidated Statement of Operations, \$4,954 as a loss on extinguishment of debt, resulting from paying off the EIB Loan Facility and the Eastward Loan Facility, and \$1,699 as a gain from extinguishment of debt resulting from the U.S. government's forgiveness of the Company's loan under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act.

#### **Government Loan**

In November 2021, the Company completed its acquisition of exactEarth and assumed an interest free loan agreement with the Strategic Innovation Fund ("SIF") which was recorded at an amount equal to the proceeds received. As of December 31, 2021 \$4,464 was included in Long-term debt, non-current on the Consolidated Balance Sheets. Under this agreement and subsequent amendment, the Company is eligible to receive funding for certain expenditures incurred from February 13, 2018 to May 12, 2023 to a maximum of \$5,701. The loan is repayable in 15 annual payments beginning February 28, 2026.

#### **9. Convertible Notes**

Between July 2019 and October 2020, the Company entered into several subordinated convertible note purchase agreements for gross proceeds totaling \$42,884 (the "2019 and 2020 Convertible Notes"). The 2019 and 2020 Convertible Notes accrue interest at 8% per annum, compounded quarterly. In May 2021, the Company and the holders of the 2019 and 2020 Convertible Notes agreed to extend the maturity date of all convertible promissory notes outstanding at December 31, 2020 from January 29, 2022 to July 31, 2022. If not converted, at the option of the holders, all unpaid principal, interest and a balloon payment of 5% of the principal balance is due on the stated maturity date of July 31, 2022. The accretion of the carrying value of the Convertible Notes for the additional balloon payment is recorded as additional interest expense over the term of the 2019 and 2020 Convertible Notes. In connection with securing the 2019 and 2020 Convertible Notes, the Company incurred debt issuance costs of \$392 that have been recorded as a deduction of the carrying amount of convertible debt and are being amortized to interest expense over the term of the 2019 and 2020 Convertible Notes. Conversion of the 2019 and 2020 Convertible Notes can be automatic based on events such as an initial public offering ("IPO") by the Company or voluntary based on events such as a change of control or maturity.

From January 2021 through February 2021, the Company issued and sold several convertible promissory notes in the aggregate amount of \$20,000 (the "2021 Convertible Notes", and together with the 2019 and 2020 Convertible Notes, the "Convertible Notes"). The 2021 Convertible Notes mature four years from the date of issuance and accrue interest at 8% per annum, compounded quarterly. In connection with securing the 2021 Convertible Notes, the Company incurred debt issuance costs of \$62 that have been recorded as a deduction of the carrying amount of convertible debt and are being amortized to interest expense over the life of the 2021 Convertible Notes. Conversion of the 2021 Convertible Notes can be automatic based on events such as an IPO by the Company or voluntary based on events such as a change of control or maturity.

Immediately prior to the effective time of the Merger, the Convertible Notes were automatically converted into shares of Old Spire Common Stock. The conversion ratio to Old Spire Common Stock for the 2019 and 2020 Convertible Notes was 2.4808 whereas the conversion ratio to Old Spire Common Stock for the 2021 Convertible Notes was 13.6466. This conversion then gave the right to receive shares of New Spire Class A Common Stock equal to the number of shares of Old Spire Common Stock received from such conversion multiplied exchange ratio of 1.7058.

Total accrued interest on Convertible Notes was \$0 and \$5,944 as of December 31, 2021 and 2020, respectively, and included in Convertible notes payable, net on the Consolidated Balance Sheets. After the conversion of the Convertible Notes, the balloon interest accrual of \$1,698 was reversed in August 2021, which was only payable upon full maturity of the Convertible Notes. The Company recorded \$2,103 and \$4,490 of interest expense on the Convertible Notes for the years ended December 31, 2021 and 2020, respectively.

## 10. Fair Value Measurement

The following tables present the Company's fair value hierarchy for its financial instruments that are measured at fair value on a recurring basis:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Long-term liabilities				
Public warrants	\$ 5,060	\$ —	\$ —	\$ 5,060
Private Placement warrants	—	6,422	—	6,422
Contingent Earnout liability	—	—	11,369	11,369
	<u>\$ 5,060</u>	<u>\$ 6,422</u>	<u>\$ 11,369</u>	<u>\$ 22,851</u>
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Long-term liabilities				
EIB warrant liability	\$ —	\$ —	\$ 4,007	\$ 4,007

### Public Warrants

The fair value of the Public Warrants is based on quoted market prices and is classified as a Level 1 financial instrument.

### Private Placement Warrants

The fair value of the Private Warrants is estimated using the Black-Scholes model with inputs that include the Company's stock price in an actively traded market, making this fair value classified as a Level 2 financial instrument. The other significant assumptions used in the model are the exercise price, expected term, volatility, interest rate, and dividend yield.

The table below quantifies the significant inputs used for the Private Warrants:

	December 31, 2021		August 16, 2021	
Fair value of the Company's common stock	\$	3.38	\$	9.93
Exercise price	\$	11.50	\$	11.50
Risk-free interest rate		1.26 %		0.75 %
Expected volatility factor		70.0 %		22.0 %
Expected dividend yield		— %		— %
Remaining contractual term (in years)		4.6		5.0

### Contingent Earnout Liability

The estimated fair value of the contingent earnout liability was determined using a Monte Carlo simulation using a distribution of potential outcomes on a monthly basis over the Earnout Period (Note 3) prioritizing the most reliable information available. The assumptions utilized in the calculation are based on the achievement of certain stock price milestones, including the current price of the Company's common stock, expected volatility, risk-free rate, expected term and dividend rate.

The table below quantifies the significant inputs used for the Contingent Earnout Liability:

	December 31, 2021		August 16, 2021	
Fair value of the Company's common stock	\$	3.38	\$	9.93
Risk-free interest rate		1.26 %		0.75 %
Expected volatility factor		70.0 %		70.0 %
Expected dividend yield		— %		— %
Remaining contractual term (in years)		0.004		0.004

### EIB Warrant Liabilities

The warrant liability in the tables above consisted of the fair value of warrants to purchase the Company's common stock at a price of \$0.0001 per share (or redeem for cash) and preferred stock and was based on the significant inputs not observable in the market, which prior to the Merger represented a Level 3 measurement within the fair value hierarchy. The Company's valuation of the stock warrants utilized the Black-Scholes option-pricing model, which incorporates assumptions and estimates to value the stock warrants. Changes in the fair value of the stock warrants are recognized in Other income (expense), net in the Consolidated Statements of Operations.

The quantitative inputs utilized in the fair value measurement of the stock warrant liability include the fair value per share of the Company's common stock, the remaining contractual term of the warrants, risk-free interest rate, expected dividend yield and expected volatility of the price of the Company's common stock. Prior to the Merger, the Company determined the fair value per share of the Company's common and preferred stock using a hybrid

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

valuation method that utilized a combination of an option pricing model method and the Probability-Weighted Expected Return Method (“PWERM”). The PWERM is a scenario-based methodology that estimates the fair value of equity securities based upon an analysis of future values, assuming various outcomes. As the probability of the Merger closing increased, the fair value of the EIB warrant liability increased as of the date of the exercise. The risk-free interest rate is based on a treasury instrument for which the term is consistent with the expected life of the warrants. As there was no public market for the Company’s common and preferred stock, the Company determined the expected volatility for warrants granted based on an analysis of reported data for a peer group of companies.

After the Merger, the EIB warrant liabilities moved from Level 3 to Level 2, as a result of the Company’s common stock now being traded on the New York Stock Exchange, until the date of settlement.

In November 2021, EIB warrants were settled for a cash amount of \$19,942. As of December 31, 2021 no EIB warrants remained outstanding. The table below quantifies the inputs used for the EIB warrants:

		December 31,		
	2021		2020	
Fair value of the Company’s common stock	\$	—	\$	4.19
Risk-free interest rate		—	%	0.13 %
Expected volatility factor		—	%	68.4 %
Remaining contractual term (in years)		—		4.7

The following table provides a roll-forward of the aggregate fair values of the Level 3 financial instruments:

	Contingent Earnout Liability		Contingent Interest Embedded Derivative		Warrant Liability
Fair value at December 31, 2019	\$	—	\$	—	\$ 197
Issuance of warrants to EIB		—		—	3,612
Change in fair value		—		—	198
Fair value at December 31, 2020		—		—	4,007
Issuance of warrants to Silicon Valley Bank		—		—	308
Conversion of Silicon Valley Bank warrants to common stock		—		—	(308 )
Exercise of Series C preferred warrants		—		—	(891 )
Contingent interest embedded derivative recognized relating to the FP Term Loan agreement		—	8,922		—
Contingent interest embedded derivative derecognized upon the execution of the FP amendment		—	(8,922 )		—
Contingent earnout liability recognized upon the closing of the reverse recapitalization		78,395		—	—
Change in fair value included in other income (expense), net		(67,026 )		—	19,466
Transferred to Level 2 upon the closing of the reverse recapitalization		—		—	(22,582 )
Fair value at December 31, 2021	\$	11,369	\$	—	\$ —

During the year ended December 31, 2021, the Company issued 32,412 warrants at a fair value of \$308 to Silicon Valley Bank with an exercise price of \$1.60. The warrants allow the holder to acquire the Company’s common stock. Silicon Valley Bank exercised the Series C warrants and they were converted into common stock upon the Closing.

Certain holders of Series C preferred stock exercised their warrants at a nominal amount to purchase 146,919 shares of the Company’s common stock at a fair value of \$891 during the year ended December 31, 2021.

Based on the recent rounds of debt financing during the years ended December 31, 2021 and 2020 and the terms of those debt agreements, current market conditions and the Company’s financial condition, the carrying amounts for Long-term debt and Convertible notes payable approximate fair value. The carrying amounts reported on the Consolidated Balance Sheets of other assets and liabilities which are considered to be financial instruments approximate fair value based on their short-term nature and current market indicators are classified as Level 3.

(In thousands, except shares and per share data, unless otherwise noted)

### Warrant Equity

The following tables present the Company's fair value hierarchy for its warrants classified as equity that are measured at fair value on a nonrecurring basis:

Equity:	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Warrants	\$ —	\$ —	\$ 970	\$ 970

Equity:	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Warrants	\$ —	\$ —	\$ 970	\$ 970

The warrant liability in the table above classified as equity was recorded at fair value on the date of issuance and is not remeasured. The fair value of warrants was based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company's valuation of the stock warrants utilized the Black-Scholes option-pricing model, which incorporates assumptions and estimates to value the stock warrants.

### 11. Commitments and Contingencies Operating Leases

The Company leases office facilities and sites for its ground stations under noncancelable operating leases. These leases expire at various dates through 2029. Rent expense, including ground station leases, for the years ended December 31, 2021 and 2020, was \$3,313 and \$2,418, respectively.

Future minimum lease payments under noncancelable operating leases that have initial or remaining noncancelable lease terms greater than one-year as of December 31, 2021 are as follows:

Years ending December 31,	
2022	\$ 2,600
2023	2,389
2024	2,307
2025	2,284
2026	2,275
2027 and thereafter	4,393
	<u>\$ 16,248</u>

### L3Harris Commitment

In conjunction with the exactEarth acquisition, the Company acquired the agreement with L3Harris ("L3Harris Agreement") to receive satellite automatic identification system ("S-AIS") data from the L3Harris AppStar payloads on-board Iridium NEXT Constellation, Iridium's Real-Time Second-Generation satellite constellation with 58 AppStar payloads. Under the Amended and Restated L3Harris Agreement dated January 21, 2020 ("A&R L3Harris Agreement"), the Company incurs a fixed fee of \$358 per month. The A&R L3Harris Agreement concludes on August 7, 2031.

Under the A&R L3Harris Agreement, the Company will pay a 30% share of S-AIS data revenues for the portion of exactEarth annual S-AIS data revenue which is in excess of \$16,000. No revenue share was owed to L3Harris under the A&R L3Harris Agreement, with respect to AIS Analytics sales during the year ended December 31, 2021. For the year ended December 31, 2021, \$417 was recognized in Cost of revenue on the Consolidated Statements of Operations.

The following table summarizes the operational fees commitment under the A&R L3Harris Agreement, which includes the fixed payments to L3Harris:

Years ending December 31,	
2022	\$ 4,296
2023	4,296
2024	4,296
2025	4,296
2026	4,296
2027 and thereafter	19,873
	<u>\$ 41,353</u>

(In thousands, except shares and per share data, unless otherwise noted)

### Litigation

At times, the Company is party to various claims and legal actions arising in the normal course of business. Although the ultimate outcome of these matters is not presently determinable, management believes that the resolution of all such pending matters, will not have a material adverse effect on the Company's business, results of operations, financial condition or cash flows; however, there can be no assurance that the ultimate resolution of these matters will not have a material impact on the Company's consolidated financial statements in any period.

### 12. Stock-Based Compensation

In December 2012, the Company adopted the 2012 Stock Option and Grant Plan (the "Plan") under which the Company may grant stock options to purchase shares of its common stock to certain employees and nonemployees of the Company. The 2012 Plan was terminated as of the Closing, and accordingly, no additional awards will be granted under the 2012 Plan thereafter.

In connection with the Closing, the Company adopted the 2021 Equity Incentive Plan (the "2021 Plan") and the 2021 Employee Stock Purchase Plan ("2021 ESPP"). The number of shares available for issuance under the 2021 Plan will be increased on the first day of each fiscal year, beginning on January 1, 2022, in an amount equal to the lesser of (i) 23,951,000 shares of New Spire Class A Common Stock, (ii) a number of shares of New Spire Class A Common Stock equal to 5% of the total number of shares of all of New Spire Class A Common Stock outstanding as of the last day of the immediately preceding fiscal year, or (iii) such number of shares of New Spire Class A Common Stock as the Company's board of directors or its designated committee may determine no later than the last day of the immediately preceding fiscal year.

The 2021 Plan permits the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock, restricted stock units, and performance awards to employees, directors, or consultants under the 2021 Plan. The 2021 ESPP, the Company can grant stock options to employees to purchase shares of Class A common stock at a purchase price which equals to 85% of the lower of (i) the fair market value of common stock on the first trading day of the offering period or (ii) the fair market value of common stock on the exercise date. As of December 31, 2021, 8,983,092 and 3,194,000 shares were available for grant under the 2021 Plan and 2021 ESPP, respectively.

The following table summarizes stock option activity under the Plan:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)
<b>Options outstanding at December 31, 2020<sup>(1)</sup></b>	19,444,178	1.78	7.9
Granted	4,909,367	4.88	
Exercised	(923,200 )	1.40	
Forfeited, canceled, or expired	(2,166,498 )	2.96	
<b>Options outstanding at December 31, 2021</b>	<u>21,263,847</u>	2.40	7.2
Vested and expected to vest at December 31, 2021	21,263,847	2.40	7.2
Exercisable at December 31, 2021	12,651,086	1.91	6.3

(1) These amounts have been adjusted to correctly present the prior period activity and options outstanding at December 31, 2020.

The Company's option award quantities and prices prior to the Merger have been retroactively restated to reflect the exchange ratio of approximately 1.8282 established in the Merger as described in Note 3.

The aggregate intrinsic value of options exercised as of December 31, 2021 and 2020, was \$5,339 and \$68, respectively. The aggregate fair value of options vested as of December 31, 2021 and 2020 was \$3,908 and \$940, respectively. The Company received \$1,289 and \$75 in cash proceeds from options exercised during the years ended December 31, 2021 and 2020, respectively. The weighted-average grant date fair value of options granted for the years ending December 31, 2021 and 2020 was \$2.92 and \$2.37, respectively. The aggregate intrinsic value of options outstanding as of December 31, 2021 and 2020 was \$26,865 and \$7,841, respectively. The aggregate intrinsic value of options exercisable as of December 31, 2021 and 2020 was \$18,639 and \$6,446, respectively.

The following table summarizes stock RSU activity under the Plan:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
<b>Outstanding as of December 31, 2020</b>	—	\$ -
RSU granted	866,402	\$ 4.08
RSU vested	—	\$ -
RSU forfeited	(82,500 )	\$ 5.35
<b>Outstanding as of December 31, 2021</b>	<u>783,902</u>	\$ 3.94

For RSUs with service-based vesting conditions, the fair value is calculated based upon the Company's closing stock price on the date of grant, and the stock-based compensation expense is recognized over the four-year vesting period.

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

As of December 31, 2021, there was \$17,709 of total unrecognized compensation expense related to options and RSUs expected to be recognized over a weighted average-period of 3.01 years.

The following table summarizes the components of total stock-based compensation expense based on roles and responsibilities of the employees within the Consolidated Statements of Operations:

	Year Ended December 31,	
	2021	2020
Cost of revenue	\$ 432	\$ 39
Research and development	2,859	1,000
Sales and marketing	2,307	327
General and administrative	6,036	794
	<u>\$ 11,634</u>	<u>\$ 2,160</u>

The fair value of stock-based compensation for stock options was estimated using the Black-Scholes option-pricing model requiring the use of subjective valuation assumptions and inputs, including the expected stock price volatility. The Company's options have characteristics significantly different from those of traded options, and changes in input assumptions can materially affect the fair value estimates. Stock-based compensation expense for options is recognized over their respective vesting period, which ranges from one to four years

The fair value of all stock-based compensation was estimated using the following assumptions at the date of the grant:

	Year Ended December 31,	
	2021	2020
Risk-free interest rate	0.6% - 1.4%	0.4% - 1.5%
Expected volatility factor	66.9% - 70.0%	44.9% - 68.4%
Expected option life	5.0 - 6.08 years	5.1 - 6.8 years
Expected dividend yield	—	—

### 13. Stockholders' Equity

In August 2021, the Company's Board of Directors approved the amended and restated certificate of incorporation which states the Company's authority to issue 1,000,000,000 shares of Class A and 15,000,000 shares of Class B common stock with a par value of \$0.0001 per share. The total number of shares of Preferred Stock authorized to be issued is 100,000,000 shares with a par value of \$0.0001 per share.

#### Common Stock

Shares of Class A common stock have both economic and voting rights. Shares of Class B common stock have no economic rights, but do have voting rights. Each holder of shares of Class A common stock will be entitled to one vote for each share of common stock held at all meetings of shareholders and each holder of shares of Class B common stock will be entitled to nine votes for each share of common stock held at all meetings of shareholders.

Prior to the Closing Date of the merger, voting, dividend and liquidation rights of the holders of the common stock were subject to and qualified by the rights, powers, and preferences of the holders of the preferred stock. The holders of the common stock were entitled to one vote for each share of common stock held at all meetings of shareholders. Dividends were issued to common stockholders only after holders of the preferred stock receive funds legally available in the amount equal to 8% of the original issuance price per annum on each outstanding share of preferred stock. In the event of liquidation, dissolution, distribution of assets or winding-up of the Company, the holders of common stock would receive payment on a pro rata basis on the number of shares held by each such holder, after the rights of the holders of the preferred stock have been satisfied.

#### Preferred Stock

On May 15, 2014, the Company issued 5,506,734 shares of Series A preferred stock with an original issuance price of \$4.1767 per share for \$22,900. In conjunction with the Series A preferred stock financing, convertible promissory notes of \$8,000, including principal and accrued interest, were converted into 7,165,177 shares of Series A preferred stock. On June 15, 2015, the Company issued 4,869,754 shares of Series B preferred stock at an issuance price of \$7.2615 per share for \$35,228.

Beginning on August 17, 2017, and at various subsequent closings in 2017, the Company issued 5,270,120 shares of Series C preferred stock with an original issuance price of \$8.7078 per share for \$45,800. In conjunction with the Series C preferred stock financing, convertible promissory notes of \$15,600, including principal and accrued interest, were converted into 2,236,153 shares of Series C preferred stock. Upon the Closing Date of the merger, all preferred stock were converted into Class A Common Stock of New Spire (Note 3)

The following were the rights and privileges of the Company's preferred stock:

#### Dividends

Holders of preferred stock, in preference to the holders of common stock, shall be entitled to receive, but only out of funds legally available thereof, cash dividends at a rate of 8% of the original issue price per annum on each outstanding share of preferred stock. Such dividends shall be payable only when, as and if declared by the Board of Directors and shall be noncumulative. As long as shares of preferred stock are outstanding, the Company is precluded

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

*(In thousands, except shares and per share data, unless otherwise noted)*

from declaring, paying or setting aside any dividends, or making any other distribution on the common stock, or purchasing, redeeming or otherwise acquiring for value any shares of common stock, unless all dividends on the preferred stock then have been paid or declared and set apart and the holders of the preferred stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of preferred stock in an amount at least equal to the dividend payable on each share. No dividends have been declared or paid out as of the Closing Date.

**Voting Rights**

Each holder of outstanding shares of preferred stock shall be entitled to cast the number of votes equal to the number of each share of common stock into which the shares of preferred stock held by each holder are convertible as of the record date for determining shareholders entitled to vote on such matter. Holders of preferred stock shall vote together with the holders of common stock as a single class.

**Liquidation**

In the event of any voluntary or involuntary liquidation, the holders of preferred stock shall be entitled to receive, prior and in preference to any distribution of the proceeds of such liquidation to the holders of common stock, an amount per share equal to the sum of the applicable original issue price for the preferred stock, plus declared but unpaid dividends on such share. Upon completion of the distribution to the preferred stockholders, all of the remaining proceeds available for distribution to stockholders shall be distributed among the holders of common stock pro rata based on the number of shares of common stock held by each holder. The Long-term debt and Convertible Notes are senior in order of preference to the Company's preferred stock and then common stock in the event of a liquidation.

**Conversion**

Each share of preferred stock shall be convertible, at the option of the holder, at any time after the date of issuance of such share, into shares of common stock as is determined by dividing the applicable original issue price for such share of preferred stock by the applicable conversion price for such share of preferred stock. The initial conversion price per share for each series of preferred stock shall be the original issue price applicable to such series.

**Redemption**

The Company's preferred stock is not redeemable at either the option of the Company or the holder.

**Common and Preferred Stock Warrants**

On September 29, 2017, the Company entered into a development agreement with an investor in the Series C preferred stock financing to develop an enhanced version of the Company's hosted services which provides access to the Company's satellite data. In accordance with the terms of the Development Agreement, the Company issued warrants to purchase additional shares of the Series C preferred stock at the original issuance price. The Series C warrants vest upon achievement of certain terms of the contract. As of December 31, 2020, the Series C warrants were fully vested and unexercised. As the Series C warrants were free-standing financial instruments that may require the Company to transfer assets upon exercise, these warrants were classified as liabilities and included in Other long-term liabilities on the Consolidated Balance Sheets at their estimated fair value as of each reporting date.

Under the terms of the EIB Loan Facility, on August 20, 2020, the Company issued to EIB 454,899 warrants exercisable into common shares at a price of \$0.0001 per share. On October 29, 2020, the Company issued to EIB an additional 454,899 warrants exercisable into common shares at a price of \$0.0001 per share. These common stock warrants were determined to be derivative liabilities due to EIB's put option and are included in Other long-term liabilities on the Consolidated Balance Sheets at their estimated fair value. As of December 31, 2020, the liability for these warrants was valued at \$3,810. These warrants were settled in November 2021 for \$19,942 (Note 8).

Under the terms of the Eastward Loan Facility, on December 30, 2020, the Company issued to Eastward 188,916 warrants exercisable into common shares at a price of \$3.97 per share. These common stock warrants have been determined to be accounted for as equity classified warrants and the Company recorded \$542 as Additional paid-in capital in the Statement of Changes in Stockholders Equity (Deficit) for the year ended December 31, 2020 at their estimated fair value as of the date of issuance. The Eastward warrants were settled upon the Closing Date of the Merger (Note 3).

**14. Income Taxes**

Income (loss) before income taxes consisted of the following:

	Year Ended December 31,	
	2021	2020
Domestic income (loss)	\$ 802	\$ (28,300 )
Foreign loss	(19,617 )	(3,804 )
Income (loss) before income taxes	<u>\$ (18,815 )</u>	<u>\$ (32,104 )</u>

**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

The income tax provision consists of the following:

	Year Ended December 31,	
	2021	2020
<b>Current income tax provisions:</b>		
Federal	\$ —	\$ —
State	—	—
Foreign	—	321
Current income tax provision	—	321
<b>Deferred income tax expense:</b>		
Federal	—	—
State	—	—
Foreign	497	79
Deferred income tax expense	497	79
Total income tax provision	<u>\$ 497</u>	<u>\$ 400</u>

The following table presents a reconciliation of the federal statutory rate of 21% to effective tax rate:

	Year Ended December 31,	
	2021	2020
U.S. federal tax benefit at statutory rate	21.0 %	21.0 %
State income taxes, net of federal benefit	10.4 %	3.5 %
exactEarth acquisition costs	(5.5 )%	0.0 %
Merger costs	(7.4 )%	0.0 %
Merger contingent fees	8.6 %	0.0 %
Contingent earnout liability	68.2 %	0.0 %
Non-deductible expenses and other	0.6 %	(0.9 )%
Research and development credits	4.7 %	5.4 %
Foreign rate differential	7.8 %	(0.6 )%
Change in valuation allowance, net	(111.0 )%	(29.6 )%
Effective tax rate	<u>(2.6 )%</u>	<u>(1.2 )%</u>

The significant components of deferred tax assets (liabilities) are as follows:

	Year Ended December 31,	
	2021	2020
<b>Deferred tax assets</b>		
Net operating loss carryforward	\$ 75,129	\$ 38,529
Research and development credit carryforward	6,002	2,454
Stock-based compensation	599	52
Property and equipment	4,177	367
Intangibles	440	855
Other accruals	2,284	1,073
Gross deferred tax assets	88,631	43,330
Less: Valuation allowance	(74,558 )	(43,330 )
Net deferred tax assets	14,072	—
<b>Deferred tax liabilities</b>		
Intangibles	(14,072 )	—
Foreign property and equipment and intangibles	(835 )	(338 )
Gross deferred tax liabilities	(14,907 )	(338 )
Net deferred tax liabilities	<u>\$ (835 )</u>	<u>\$ (338 )</u>

As of December 31, 2021, the Company had accumulated undistributed earnings generated by its foreign subsidiaries of \$10,688. The Company continues to assert that all its foreign earnings are to be permanent income reinvested and expects future U.S. cash generation to be sufficient to meet future U.S. cash needs. As such, the Company has not recognized a deferred tax liability related to unremitted foreign earnings.

Realization of the deferred tax assets is dependent upon the generation of future taxable income, if any, the amount and timing of which are uncertain. The Company could not conclude that it was more likely than not that tax benefits from operating losses would be realized and, accordingly, has provided a full valuation allowance against its United States, Singapore, Luxemburg, Canada, and a portion of their United Kingdom deferred tax assets. The valuation allowance as of December 31, 2020 was \$43,330, which increased to \$74,558 as of December 31, 2021. The increase in the valuation allowance of \$31,228 includes \$10,347 related to the acquisition of exactEarth's deferred tax assets subjected to a valuation allowance through purchase accounting. The remaining valuation allowance change of \$20,882 is mostly related to current year losses.



**Spire Global, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021 and 2020**

(In thousands, except shares and per share data, unless otherwise noted)

At December 31, 2021, the Company had \$189,313 and \$65,512 of federal and state net operating losses available to reduce future taxable income, which will begin to expire in 2032 for federal and state tax purposes. Approximately \$106,788 of federal net operating loss included above can be carried forward indefinitely. At December 31, 2020, the Company had \$135,134 and \$38,323 of federal and state net operating losses available to reduce future taxable income.

The Company also has federal research and development tax credit carryforward of \$3,332 and \$2,454 as of December 31, 2021 and 2020, respectively. These federal tax credits begin to expire in 2039.

The federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383, respectively of the Internal Revenue Code of 1986, as amended, and similar provisions under state law. Under those sections of the Internal Revenue Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research and development tax credits, to offset its post-change income or tax liability may be limited. In general, an "ownership change" will occur if there is a cumulative change in ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period. The Company has not yet undertaken an analysis of whether the past equity financing transactions constitute an "ownership change" for purposes of Internal Revenue Code Section 382 and Section 383. The Company may experience ownership changes in the future from the sale of its equity or business combination transactions.

As of December 31, 2021, the Company had \$12,063, \$2,685, \$16,793 and \$188 of Luxembourg, Singapore, Canada and United Kingdom foreign net operating losses available to reduce future taxable income, which will begin to expire in 2035 for Luxembourg and in 2029 for Canada, while Singapore and United Kingdom have indefinite carry forward period. As of December 31, 2020, the Company had \$6,227, \$2,336, \$16,398 and \$192 of Luxembourg, Singapore, Canada and United Kingdom foreign net operating losses available to reduce future taxable income.

**Unrecognized Tax Benefits**

The Company does not have any significant uncertain tax positions.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in general and administrative expense on the accompanying Consolidated Statements of Operations.

The Company is subject to taxation in the United States, Canada, Luxembourg, Singapore and the United Kingdom. The Company has not been audited by the Internal Revenue Service or any state or foreign tax authority. The Company is subject to audit by the Internal Revenue Service for income tax returns filed since inception due to net operating loss carryforwards. The Company is subject to audit in Singapore and the United Kingdom from tax years 2017 and 2018, respectively, and in Luxembourg from tax year 2019.

**15. Net Loss per Share**

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Year Ended December 31,	
	2021	2020
<b>Numerator:</b>		
Net loss	\$ (19,312 )	\$ (32,504 )
<b>Denominator:</b>		
Weighted-average shares used in computing basic and diluted net loss per share	62,137,434	17,610,405
Basic and diluted net loss per share	\$ (0.31 )	\$ (1.85 )

The Company has two types of common stock, Class A and Class B. Class B common stock has no economic rights, therefore has been excluded from the computation of basic and diluted net loss per share. The Company's potential dilutive securities have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share is the same.

The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the years ended December 31, 2021 and 2020 because including them would have had an anti-dilutive effect:

	Year Ended December 31,	
	2021	2020
Stock options to purchase common stock	21,263,847	19,676,350
Public and private warrants	18,099,992	—
RSU Shares	783,902	—
Convertible preferred stock (if-converted)	—	42,726,773
Warrants for the purchase of Series C convertible preferred stock (if-converted)	—	146,919
Warrants for the purchase of common stock	—	2,328,009
Convertible notes (if-converted)	—	34,219,450
	<u>40,147,741</u>	<u>99,097,501</u>

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule(s) 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2021 because of the material weaknesses in internal control over financial reporting described below.

In designing and evaluating disclosure controls and procedures, our management recognizes that any system of controls, however well designed and operated, can provide only reasonable assurance, and not absolute assurance, that the desired control objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals in all future circumstances. Accordingly, our disclosure controls and procedures must be designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

#### Management's Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting, or an attestation report of our independent registered public accounting firm, as allowed by the SEC for reverse acquisitions between an issuer and a private operating company when it is not possible to conduct an assessment of the private operating company's internal control over financial reporting in the period between the consummation date of the reverse acquisition and the date of management's assessment of internal control over financial reporting (pursuant to Section 215.02 of the SEC Division of Corporation Finance's Regulation S-K Compliance & Disclosure Interpretations).

As discussed elsewhere in this Annual Report on Form 10-K, we completed the Merger on August 16, 2021. Prior to the Merger, we were a special purpose acquisition company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more operating businesses. As a result, previously existing internal controls are no longer applicable or comprehensive enough as of the assessment date as our operations prior to the Merger were insignificant compared to those of the consolidated entity post-Merger. The design of internal control over financial reporting for Spire Global, Inc. post-Merger has required and will continue to require significant time and resources from management and other personnel. As a result, management was unable, without incurring unreasonable effort or expense to conduct an assessment of our internal control over financial reporting as of December 31, 2021.

#### Material Weaknesses in Internal Control over Financial Reporting

We have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

We did not design and maintain an effective control environment commensurate with the financial reporting requirements of a public company. Specifically, we lacked a sufficient number of professionals with an appropriate level of internal controls and accounting knowledge, training, and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, amongst other things, insufficient segregation of duties in our finance and accounting functions. This material weakness contributed to following additional material weaknesses.

- (i) We did not design and maintain an effective risk assessment process at a precise enough level to identify new and evolving risks of material misstatement in our financial statements. Specifically, changes to existing controls or the implementation of new controls have not been sufficient to respond to changes to the risks of material misstatement in the financial statements;
- (ii) We did not design and maintain effective controls over the segregation of duties related to journal entries and account reconciliations. Specifically, certain personnel have the ability to both (a) create and post journal entries within our general ledger system, and (b) prepare and review account reconciliations;

The material weaknesses above resulted in certain immaterial audit adjustments, which were recorded prior to the issuance of the consolidated financial statements as of and for the year ended December 31, 2020. Additionally, these material weaknesses could result in a misstatement of substantially all of our

accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

(iii) We did not design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of GAAP of such transactions. Specifically, we did not design and maintain controls to timely identify and account for warrant instruments, and to account for business combinations, including the associated valuation estimates and the completeness and accuracy of the opening balance sheet. The material weakness related to warrant instruments resulted in the restatement of the previously issued financial statements of NavSight related to adjustments to warrant liabilities and equity. The material weakness related to business combinations did not result in a misstatement to our consolidated financial statements. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

(iv) We did not design and maintain effective controls over certain information technology (“IT”) general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain:

- (a) user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs, and data to appropriate company personnel;
- (b) program change management controls for our financial systems to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized, and implemented appropriately; and
- (c) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

These IT deficiencies did not result in a misstatement to the financial statements, however, the deficiencies, when aggregated, could impact our ability to maintain effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

#### **Remediation Efforts on Material Weaknesses in Internal Control over Financial Reporting**

In response to the material weaknesses identified, we have implemented changes to our internal control over financial reporting throughout 2021, and will begin or continue performing the following remedial actions in 2022:

##### *Control Environment and Hiring Key Personnel*

Our remediation actions related to improving our control environment and hiring key personnel include the following:

- In Q4 2021, the Company has hired additional accounting and IT personnel, to bolster its reporting, technical accounting, and IT capabilities to a level commensurate with the internal control requirements of a public company. Additionally, the Company has realigned and doubled its accounting group and established a managerial position to manage financial systems.
- The Company continues to monitor personnel requirements and increase headcount and roles where needed to address corporate control structure, in addition to providing necessary ongoing training to its finance and accounting personnel.

##### *Risk Assessment*

Our remediation actions related to improving the controls related to our risk assessment process include the following:

- The Company engaged a third party to assist in designing and implementing a risk assessment process to identify and evaluate changes in the Company’s business and the impact on its internal controls.
- The Company conducted a financial risk assessment to identify key business processes and establish internal materiality thresholds. The Company performed walkthroughs of all key processes, identified key controls, and developed narratives describing risk points, processes, and corresponding controls. A Risk and Control Matrix (RCM) has been created that will serve as the basis for the 2022 testing program.
- The Company engaged a third party to complete an initial Enterprise Risk Assessment. The Company identified key risks for technology-based organizations and interviewed management team members and the Chair of the Audit Committee. The Company reviewed responses received, compiled a list of identified risks, and developed heat maps to depict the likelihood, impact, and preparedness of the Company to respond to the

identified risks. During 2022, actions plan will be developed to address the risks, a testing plan will be created and executed, and results will be reviewed with management.

#### *Segregation of Duties*

Our remediation actions related to improving the controls related to segregation of duties include the following:

- The Company has designed and implemented controls to prevent or detect a material misstatement resulting from certain personnel with the ability to create and post journal entries within the Company's general ledger system. Management reviews all journal entries initiated and approved to ensure appropriate segregation of duties. These controls will be performed until automated controls are designed and operating effectively to ensure appropriate segregation of duties.
- The Company has designed and implemented controls to ensure appropriate segregation of duties related to account reconciliation preparation and review.
- In Q4 2021, the Company engaged a third party to complete an initial Segregation of Duties Assessment. In 2022, the Company will complete a thorough segregation of duties analysis across all processes and locations, including establishing appropriate authorities and responsibilities.

#### *Non-routine, unusual or complex transactions*

Our remediation actions related to improving our controls related to accounting for non-routine, unusual, or complex transactions include the following:

- The Company will design and implement controls to timely identify and account for non-routine, unusual or complex transactions, including controls over the preparation and review of accounting memoranda addressing these matters. The Company will incorporate testing of controls over non-routine, unusual or complex transactions into its overall testing program during 2022. Since the Merger occurred in August 2021, warrant instruments are accounted for in accordance with the Company's accounting policy which ensures proper application of GAAP for such transactions.

#### *IT General Controls*

Our remediation actions related to improving our IT general controls include the following:

- Management designed and maintained testing and approval controls for program development to ensure that the software is aligned with business and IT requirements, which operated for a newly implemented application in 2021. This includes final approval and testing of the software prior to migration to production.
- The Company will design and implement IT general controls, including controls over the review and update of user access rights and privileges and change management. As of March 2022, the Company has mapped a revised series of IT-related control activities for our Enterprise Resource Planning (ERP) system, with the goal to execute ITGCs over our ERP system, and then design and implement similar controls for the remaining of our financially relevant applications.

While these actions and planned actions are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period, we are committed to continuous improvement and will continue to diligently review our internal control over financial reporting. The material weaknesses will not be considered remediated until management completes the design and implementation of the measures described above and the controls operate for a sufficient period of time and management has concluded, through testing, that these controls are effective.

#### **Inherent Limitations on Effectiveness of Controls**

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **Changes in Internal Control over Financial Reporting**

We are taking actions to remediate the material weakness in our internal control over financial reporting. As described above, there were changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9B. Other Information**

None.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III**

## **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item, including information about our Directors, Executive Officers and Audit Committee and Code of Business Conduct and Ethics, is incorporated by reference to the definitive Proxy Statement for our 2022 Annual Meeting of Stockholders, which will be filed with the SEC, no later than 120 days after December 31, 2021.

## **Item 11. Executive Compensation**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

## **Item 12. Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

## **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

## **Item 14. Principal Accounting Fees and Services**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2022 Annual Meeting of Stockholders, which will be filed with the SEC no later than 120 days after December 31, 2021.

## **PART IV**

## **Item 15. Exhibits, Financial Statement Schedules**

The following documents are filed as part of this Annual Report on Form 10-K:

- (1) Consolidated Financial Statements: Our consolidated financial statements are listed in the "Index to consolidated financial statements" under Part II, Item 8 of this Annual Report on Form 10-K.
- (2) Financial Statement Schedules: All financial statement schedules are omitted because the information called for is not required or is shown in the consolidated financial statements or in the notes thereto.
- (3) Exhibits: The documents listed below are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicated below.

**Exhibit Index**

<u>Exhibit Number</u>	<u>Description</u>	<b>Incorporated by Reference</b>			
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>
2.1	<a href="#">Business Combination Agreement, dated as of February 28, 2021, by and among the registrant, NavSight Merger Sub Inc., Spire Global Subsidiary, Inc., Peter Platzer, Theresa Condor, Joel Spark, and Jeroen Cappaert.</a>	S-4/A	333-256112	Annex A	July 16, 2021
2.2	<a href="#">Arrangement Agreement and Plan of Arrangement, dated as of September 13, 2021, by and among the registrant, exactEarth Ltd. and Spire Global Canada Acquisition Corp., as amended October 15, 2021.</a>	10-Q	001-39493	2.1	November 10, 2021
3.1	<a href="#">Certificate of Incorporation of Spire Global, Inc.</a>	S-1	333-259733	3.1	September 23, 2021
3.2	<a href="#">Bylaws of Spire Global, Inc.</a>	S-1	333-259733	3.2	September 23, 2021
4.1	<a href="#">Specimen Class A Common Stock Share Certificate of the registrant.</a>	8-K	001-39493	4.1	August 20, 2021
4.2	<a href="#">Warrant Agreement, dated as of September 9, 2020, by and between American Stock Transfer &amp; Trust Company, LLC and the registrant.</a>	S-1/A	333-240100	4.4	August 5, 2020
4.3	<a href="#">Description of Securities.</a>				
10.1+	<a href="#">Spire Global, Inc. 2021 Equity Incentive Plan and forms of agreement thereunder.</a>	S-1	333-259733	10.3	September 23, 2021
10.2+	<a href="#">Spire Global, Inc. 2021 Employee Stock Purchase Plan.</a>	S-1	333-259733	10.4	September 23, 2021
10.3	<a href="#">Loan and Security Agreement by and among Spire, certain lenders party thereto, FP Credit Partners, L. P., as agent for the lenders, and certain of Spire's subsidiaries as guarantors, dated as of April 15, 2021, with Amendment No. 1 dated as of May 17, 2021 and Amendment No. 2 dated as of August 5, 2021.</a>	S-1	333-259733	10.17	September 23, 2021
10.4+	<a href="#">Outside Director Compensation Policy of Spire Global, Inc., as amended November 9, 2021, and election forms thereunder.</a>	10-Q	001-39493	10.6	November 10, 2021
10.5	<a href="#">Investor Rights Agreement, dated as of February 28, 2021, by and among the registrant, Six4 Holdings, LLC, Gilman Louie, Henry Crumpton, Jack Pearlstein, Robert Coleman, William Crowell, Peter Platzer, Theresa Condor, William Porteous and Stephen Messer.</a>	S-4/A	333-256112	Annex I	July 16, 2021
10.6+	<a href="#">Long Term Employment Contract, dated as of January 1, 2022, by and between Spire Global Luxembourg Sarl and Peter Platzer.</a>				
10.7+	<a href="#">Expatriation Letter, dated as of December 12, 2017, by and between Spire Global, Inc. and Peter Platzer.</a>	S-4/A	333-256112	10.10	July 16, 2021
10.8+	<a href="#">Tax Equalization Policy, dated as of December 12, 2017, by and between Spire Global, Inc. and Peter Platzer.</a>	S-4/A	333-256112	10.11	July 16, 2021
10.9+	<a href="#">Form of Offer Letter by and between Spire Global, Inc. and each of Thomas Krywe and Ananda Martin.</a>	S-4/A	333-256112	10.12	July 16, 2021
10.10+	<a href="#">Offer Letter, dated as of July 19, 2017, by and between Spire Global, Inc. and Keith Johnson.</a>	S-4/A	333-256112	10.13	July 16, 2021
10.11+	<a href="#">Long Term Employment Contract, dated as of January 1, 2018, by and between Spire Global Luxembourg Sarl and Theresa Condor.</a>	S-4/A	333-256112	10.15	July 16, 2021
10.12+	<a href="#">Form of Spire Global, Inc. 2021 Commission Plan.</a>	S-4/A	333-256112	10.16	July 16, 2021
10.13+	<a href="#">Form of Spire Global, Inc. 2021 Salary Adjustment and Annual Performance Bonus.</a>	S-4/A	333-256112	10.17	July 16, 2021
10.14+	<a href="#">Form of Change in Control and Severance Agreement of Spire Global, Inc.</a>	S-4/A	333-256112	10.18	July 16, 2021
10.15	<a href="#">Contribution Agreement by and between Her Majesty the Queen in Right of Canada and exactEarth Ltd, dated as of October 18, 2018, with Amendment No. 1 dated as of November 22, 2021.</a>				
21.1	<a href="#">Subsidiaries of Registrant.</a>				
23.1	<a href="#">Consent of PricewaterhouseCoopers LLP.</a>				
24.1	<a href="#">Power of Attorney (included on signature page).</a>				
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
32.1	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Redeemable Noncontrolling Interest and Stockholders' Deficit, (v) Consolidated Statements of Cash Flows, and (vi) Notes to consolidated financial statements.				
104	Cover Page Interactive Data File (contained in Exhibit 101)				

+ Indicates management contract or compensatory plan.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Spire Global, Inc.

Date: March 30, 2022

By: \_\_\_\_\_  
**Peter Platzer**  
**Chief Executive Officer and Director**

## POWER OF ATTORNEY AND SIGNATURES

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas Krywe and Ananda Martin, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Name</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Peter Platzer</u> <b>Peter Platzer</b>	Chief Executive Officer and Director (Principal Executive Officer)	March 30, 2022
<u>/s/ Thomas Krywe</u> <b>Thomas Krywe</b>	Chief Financial Officer (Principal Financial and Accounting Officer)	March 30, 2022
<u>/s/ Theresa Condor</u> <b>Theresa Condor</b>	Chief Operating Officer and Director	March 30, 2022
<u>/s/ Dirk Hoke</u> <b>Dirk Hoke</b>	Director	March 30, 2022
<u>/s/ Stephen Messer</u> <b>Stephen Messer</b>	Director	March 30, 2022
<u>/s/ Jack Pearlstein</u> <b>Jack Pearlstein</b>	Director	March 30, 2022
<u>/s/ William Porteous</u> <b>William Porteous</b>	Director	March 30, 2022







## DESCRIPTION OF SECURITIES

*The following description of the capital stock of Spire Global, Inc. (“us,” “our,” “we,” or the “Company”) is a summary. We have adopted an amended and restated certificate of incorporation and amended and restated bylaws and this description summarizes the provisions that are included in such documents. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this Exhibit 4.3, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws, our Investor Rights Agreement (defined below) and the Warrant Agreement (defined below), each previously filed with the Securities and Exchange Commission (the “SEC”) and incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part, and to the applicable provisions of Delaware law.*

### General

Our authorized capital stock consists of 1,115,000,000 shares, \$0.0001 par value per share, of which:

- 1,000,000,000 shares are designated as Class A common stock;
- 15,000,000 shares are designated as Class B common stock; and
- 100,000,000 shares are designated as preferred stock.

As of December 31, 2021, there were 139,096,000 shares of Class A common stock issued and outstanding, 12,058,614 shares of Class B common stock outstanding, and no shares of our preferred stock outstanding.

### Common Stock

Our certificate of incorporation authorizes two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of our Class A common stock and our Class B common stock are identical, except with respect to voting and certain economics rights. Some of the terms of these classes of our common stock are discussed in greater detail below.

#### *Dividend Rights*

Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends, the holders of our Class A common stock are entitled to receive dividends on a pro rata basis out of any assets legally available as may be declared from time to time by our board of directors. Dividends may not be declared or paid on our Class B common stock.

#### *Right to Receive Liquidation Distributions*

If we become subject to a liquidation, dissolution, or winding up, the assets legally available for distribution to our stockholders would be distributable on an equal priority, pro rata basis to the holders of our Class A common stock unless different treatment is approved by the majority of the holders of our Class A common stock and our Class B common stock, each voting separately as a class, subject to the rights of any holders of any series of our preferred stock then outstanding. Our Class B common stock is entitled to receive a maximum of \$0.0001 per upon a liquidation, dissolution, or winding up.

#### *Voting Rights*

Holders of our Class A common stock are entitled to one vote for each share held as of the record date for the determination of the stockholders entitled to vote on such matters and holders of our Class B common stock are entitled to nine votes for each share held at the record date for the determination of the stockholders entitled to vote on such matters, except as otherwise required by law. The holders of our Class A common stock and our Class B common stock vote together as a single class, unless otherwise expressly provided in our certificate of incorporation or required by law.

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Under our certificate of incorporation, approval of the holders of at least two-thirds of the outstanding shares of our Class B common stock, voting as a separate class, is required to:

- directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise, amend or repeal, or adopt any provision of our certificate of incorporation inconsistent with, or otherwise alter, any provision of our certificate of incorporation relating to the voting or other rights, powers, preferences, privileges or restrictions of our Class B common stock;
- reclassify any outstanding shares of our Class A common stock into shares having the right to have more than one vote for each share thereof; or
- issue any shares of our Class B common stock.

In addition, Delaware law could require either holders of our Class A common stock or of our Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our certificate of incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of stock in a manner that affected its holders adversely; and
- if we were to seek to amend our certificate of incorporation to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment.

Subject to any rights of the holders of any series of our preferred stock to elect directors under specified circumstances, the number of directors that constitutes our board of directors will be fixed solely by resolution of our board of directors. Our certificate of incorporation and bylaws have established a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of our stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. There is no cumulative voting with respect to the election of directors.

#### *Conversion and Transferability*

Shares of our Class A common stock and our Class B common stock are not convertible into any other shares of our capital stock. Each share of our Class B common stock will automatically and without further action on the part of us or the holders of our Class B common stock be transferred to us for no consideration upon (i) the affirmative written election of such holder, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the first time after 11:59 p.m. Eastern Time on August 16, 2021, which is the closing date of our merger with NavSight (defined below), that both (a) such Founder is no longer providing services to us as an officer, employee, or consultant and (b) such Founder is no longer one of our directors, (iii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date that such Founder's employment with us is terminated for Cause for Termination (as such term is defined in our certificate of incorporation), or (iv) upon the death or disability of such Founder. In addition, upon the sale, assignment, transfer, or other disposition of shares of Class A common stock held by the Founders pursuant to transfers not permitted by our certificate of incorporation, an equivalent number of shares of Class A common stock held by such Founder will be automatically and without further action on the part of us or such Founder be transferred to us for no consideration.

Notwithstanding the foregoing, all outstanding shares of our Class B common stock will automatically and without further action on the part of us or the holders of Class B common stock be transferred to us for no consideration on (i) the date specified by the holders of two-thirds of the then outstanding shares of our Class B common stock, voting as a separate class, or in the affirmative written election executed by the holders of two-thirds of the then outstanding shares of our Class B common stock, or (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date that the number of outstanding shares of our Class B common stock held by the Founders represents less than 10% of the aggregate number of shares of our Class B common stock held collectively by the Founders as of 11:59 p.m. Eastern Time on August 16, 2021.

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### *Other Matters*

All outstanding shares of our common stock are fully paid and nonassessable. Our common stock is not entitled to preemptive rights and is not subject to redemption or sinking fund provisions.

### **Preferred Stock**

Our board of directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of preferred stock in series, to establish from time to time the number of shares to be included in each such series, and by filing a certificate pursuant to the applicable law of the State of Delaware (“Preferred Stock Designation”) to fix the designation, powers, preferences, and rights of the shares of each series and any qualifications, limitations, or restrictions thereof. Our board of directors is empowered to increase or decrease the number of shares of any series of Preferred Stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders, unless required by the Preferred Stock Designation, irrespective of the provisions of the Delaware General Corporation Law (the “DGCL”). Our board of directors is able to authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of the company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. There are currently no plans to issue any shares of preferred stock.

### **Warrants**

#### ***Public Warrants***

Pursuant to the warrant agreement by and between American Stock Transfer & Trust Company, LLC (“AST”) and NavSight Holdings, Inc., a Delaware corporation and our predecessor company (“NavSight”), dated as of September 9, 2020 (the “Warrant Agreement”), each whole warrant entitles the registered holder to purchase one share of our Class A common stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing on September 16, 2021, provided in each case that we have an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), covering the shares of Class A common stock issuable upon exercise of the warrants and a current prospectus relating to them is available (or we permit holders to exercise their warrants on a cashless basis under the circumstances specified in the Warrant Agreement) and such shares are registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the Warrant Agreement, a warrant holder may exercise its warrants only for a whole number of shares of Class A common stock. The warrants will expire five years after August 16, 2021, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to us satisfying our obligations described below with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable and we will not be obligated to issue a share of Class A common stock upon exercise of a warrant unless the share of Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant.

We have agreed that, as soon as practicable, but in no event later than twenty business days after August 16, 2021, use our commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the shares of our Class A common stock issuable upon exercise of the warrants. We will use commercially reasonable efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration or redemption of the warrants in accordance with the provisions of the Warrant Agreement. If a registration statement covering the issuance of the shares of our Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after August 16, 2021,

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warrant holders may, until such time as there is an effective registration statement and during any period when we will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. In addition, if shares of Class A common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of the Public Warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we elect to do so, it will not be required to file or maintain in effect a registration statement, but we will use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering each such warrant for that number of shares of Class A common stock equal to the lesser of (i) the quotient obtained by dividing (a) the product of the number of shares of Class A common stock underlying the warrants, multiplied the excess of the “fair market value” less the exercise price of the warrants by (b) the fair market value and (ii) 0.361. The “fair market value” shall mean the volume weighted average price of the shares of Class A common stock for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

*Redemption of Warrants When the Price per Share of Class A Common Stock Equals or Exceeds \$18.00*

Once the warrants become exercisable, we may redeem the outstanding warrants (except as described herein with respect to the private placement warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the last reported sale price of the shares of our Class A common stock for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption to the warrant holders (the “Reference Value”) equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like).

If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. However, we will not redeem the warrants unless an effective registration statement under the Securities Act covering the shares of Class A common stock issuable upon exercise of the warrants is effective and a current prospectus relating to those shares of Class A common stock is available throughout the 30-day redemption period.

We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder will be entitled to exercise his, her, or its warrant prior to the scheduled redemption date. Any such exercise would not be done on a “cashless” basis and would require the exercising warrant holder to pay the exercise price for each warrant being exercised. However, the price of the shares of Class A common stock may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the \$11.50 (for whole shares) warrant exercise price after the redemption notice is issued.

*Redemption of Warrants When the Price per Share of Class A Common Stock Equals or Exceeds \$10.00*

Once the warrants become exercisable, we may redeem the outstanding warrants:

- in whole and not in part;
  - at \$0.10 per warrant upon a minimum of 30 days’ prior written notice of redemption; provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the “fair market value” of Class A common stock (as defined below);
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- if, and only if, the Reference Value (as defined above under “*Redemption of Warrants When the Price per Share of Class A common stock Equals or Exceeds \$18.00*”) equals or exceeds \$10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like); and
- if the Reference Value is less than \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like), the private placement warrants must also be concurrently called for redemption on the same terms (except as described above with respect to a holder’s ability to cashless exercise its warrants) as the outstanding public warrants as described above.

The numbers in the table below represent the number of shares of Class A common stock that a warrant holder will receive upon exercise in connection with a redemption by us pursuant to this redemption feature, based on the “fair market value” of Class A common stock on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for \$0.10 per warrant), determined based on volume-weighted average price of Class A common stock as reported during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below. We will provide warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends.

Pursuant to the Warrant Agreement, references above to shares of Class A common stock shall include a security other than shares of Class A common stock into which the shares of Class A common stock have been converted or exchanged for in the event we are not the surviving company in the initial business combination. The numbers in the table below will not be adjusted when determining the number of shares of Class A common stock to be issued upon exercise of the warrants if we are not the surviving entity in a merger.

The stock prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares issuable upon exercise of a warrant or the exercise price of the warrant is adjusted. See “—*Anti-dilution Adjustments.*” If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted stock prices in the column headings will equal the stock prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the warrant after such adjustment and the denominator of which is the price of the warrant immediately prior to such adjustment. In such an event, the number of shares in the table below shall be adjusted by multiplying such share amounts by a fraction, the numerator of which is the number of shares deliverable upon exercise of a warrant immediately prior to such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted. If the exercise price of the warrant is adjusted, as a result of raising capital in connection with the initial business combination, the adjusted stock prices in the column headings will by

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multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price as set forth under the heading “—*Anti-dilution Adjustments*” and the denominator of which is \$10.00.

Redemption Date (period to expiration of warrants)	Fair Market Value of Class A Common Stock								
	● \$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$16.00	\$17.00	⊞ \$18.00
60 months	0.261	0.281	0.297	0.311	0.324	0.337	0.348	0.358	0.361
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.361
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.361
51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.361
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.361
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.361
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.361
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.361
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.361
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.361
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.361
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.361
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.361
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.361
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.361
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.361
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.361
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.361
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.361
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Class A common stock to be issued for each warrant exercised will be determined by a straight-line



interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365 or 366-day year, as applicable. For example, if the volume-weighted average price of Class A common stock as reported during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$11.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.277 Class A common stock for each whole warrant. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the volume-weighted average price of Class A common stock as reported during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$13.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.298 Class A common stock for each whole warrant. In no event will the warrants be exercisable in connection with this redemption feature for more than 0.361 Class A common stock per warrant (subject to adjustment).

This redemption feature differs from the typical warrant redemption features used in many other blank check offerings, which typically only provide for a redemption of warrants for cash (other than the private placement warrants) when the trading price for the shares of Class A common stock exceeds \$18.00 per share for a specified period of time. This redemption feature is structured to allow for all of the outstanding warrants to be redeemed when the shares of Class A common stock are trading at or above \$10.00 per share, which may be at a time when the trading price of Class A common stock is below the exercise price of the warrants. We have established this redemption feature to provide it with the flexibility to redeem the warrants without the warrants having to reach the \$18.00 per share threshold. See “—Redemption of Warrants When the Price per Share of Class A Common Stock Equals or Exceeds \$18.00.” Holders choosing to exercise their warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares for their warrants based on an option pricing model with a fixed volatility input as of the date of the IPO. This redemption right provides us with an additional mechanism by which to redeem all of the outstanding warrants, and therefore have certainty as to our capital structure as the warrants would no longer be outstanding and would have been exercised or redeemed. We will be required to pay the applicable redemption price to warrant holders if we choose to exercise this redemption right and it will allow us to quickly proceed with a redemption of the warrants if we determine it is in our best interest to do so. As such, we would redeem the warrants in this manner when we believe it is in our best interest to update our capital structure to remove the warrants and pay the redemption price to the warrant holders.

As stated above, we can redeem the warrants when our Class A common stock is trading at a price starting at \$10.00, which is below the exercise price of \$11.50, because it will provide certainty with respect to our capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of shares. If we choose to redeem the warrants when Class A common stock is trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer shares of Class A common stock than they would have received if they had chosen to wait to exercise their warrants for Class A common stock if and when such Class A common stock was trading at a price higher than the exercise price of \$11.50.

No fractional shares of Class A common stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of Class A common stock to be issued to the holder. If, at the time of redemption, the warrants are exercisable for a security other than the shares of Class A common stock pursuant to the warrant agreement (for instance, if we are not the surviving company in a merger), the warrants may be exercised for such security. At such time as the warrants become exercisable for a security other than the shares of Class A common stock, we (or surviving company) will use our commercially reasonable efforts to register under the Securities Act the security issuable upon the exercise of the warrants.

#### *Redemption Procedures*

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person’s affiliates), to the warrant agent’s actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the shares of Class A common stock issued and outstanding immediately after giving effect to such exercise.

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### *Anti-dilution Adjustments*

If the number of outstanding shares of Class A common stock is increased by a stock capitalization or stock dividend payable in shares of Class A common stock, or by a split-up of common stock or other similar event, then, on the effective date of such stock capitalization or stock dividend, split-up or similar event, the number of shares of Class A common stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of Class A common stock. A rights offering to holders of Class A common stock entitling holders to purchase Class A common stock at a price less than the "historical fair market value" (as defined below) will be deemed a stock dividend of a number of shares of Class A common stock equal to the product of (i) the number of shares of Class A common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A common stock) and (ii) one minus the quotient of (x) the price per share of Class A common stock paid in such rights offering and (y) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of Class A common stock, in determining the price payable for Class A common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) "historical fair market value" means the volume-weighted average price of shares of Class A common stock as reported during the 10 trading day period ending on the trading day prior to the first date on which the shares of Class A common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of shares of Class A common stock on account of such Class A common stock (or other securities into which the warrants are convertible), other than (i) as described above, (ii) any cash dividends or cash distributions which, when combined on a per share basis with all other cash dividends and cash distributions paid on the shares of Class A common stock during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed \$0.50 (as adjusted to appropriately reflect any other adjustments and excluding cash dividends or cash distributions that resulted in an adjustment to the exercise price or to the number of shares of Class A common stock issuable on exercise of each warrant) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than \$0.50 per share, or (iii) in those other cases applicable per the terms of the Warrant Agreement, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A common stock in respect of such event.

If the number of outstanding shares of Class A common stock is decreased by a consolidation, combination, reverse share split or reclassification of Class A common stock or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of shares of Class A common stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Class A common stock.

Whenever the number of shares of Class A common stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (i) the numerator of which will be the number of shares of Class A common stock purchasable upon the exercise of the warrants immediately prior to such adjustment and (ii) the denominator of which will be the number of shares of Class A common stock so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding Class A common stock (other than those described above or that solely affects the par value of such Class A common stock), or in the case of any merger or consolidation of us with or into another corporation (other than a consolidation or merger in which we are the continuing corporation and that does not result in any reclassification or reorganization of the outstanding Class A common stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of us as an entirety or substantially as an entirety in connection with which we are dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of Class A common stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of Class A common stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants

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immediately prior to such event. If less than 70% of the consideration receivable by the holders of Class A common stock in such a transaction is payable in the form of Class A common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants.

The warrants were issued in registered form under a warrant agreement between AST, as warrant agent, and NavSight. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 65% of the then-outstanding Public Warrants to make any change that adversely affects the interests of the registered holders.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive Class A common stock. After the issuance of Class A common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number, the number of shares of Class A common stock to be issued to the warrant holder.

#### ***Private Placement Warrants***

The private placement warrants are identical to the public warrants, except that, so long as they are held by the Sponsor or its permitted transferees, (i) they will not be redeemable by us, (ii) they (including the Class A common stock issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold until 30 days after the Closing, (iii) they may be exercised by the holders on a cashless basis, and (iv) they will be entitled to registration rights.

#### **Anti-Takeover Provisions**

Certain provisions of Delaware law, our certificate of incorporation, and our bylaws, which are summarized below, may have the effect of delaying, deferring, or discouraging another person from acquiring control of us. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors.

#### ***Section 203 of the DGCL***

We are governed by the provisions of Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
  - upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do
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not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include mergers, asset sales, and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” as a person who, together with affiliates and associates, owns, or, within the prior three years, did own, 15% or more of the corporation’s outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing changes in control of us.

#### *Proposed Certificate of Incorporation and Proposed Bylaws Provisions*

Our certificate of incorporation and bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our board of directors or management team, including the following:

#### **Dual Class Stock**

As described above, our Class B common stock has nine votes per share, while our Class A common stock, which is the only class of our capital stock that is publicly traded, has one vote per share. As a result of this dual class structure, the Founders have an aggregate of ten votes per share of Class A common stock, which will provide the Founders significant influence over matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction.

#### **Board of Directors Vacancies**

Our certificate of incorporation and bylaws authorize only a majority of the remaining members of our board of directors, although less than a quorum, to fill vacant directorships, including newly created seats. In addition, subject to the rights of holders of any series of preferred stock to elect directors under specific circumstances, the number of directors constituting our board of directors will be permitted to be set only by a resolution of our board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This will make it more difficult to change the composition of our board of directors and will promote continuity of management.

#### **Classified Board**

Our board of directors is divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This system of electing and removing directors may tend to discourage a third-party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

#### **Stockholder Action; Special Meeting of Stockholders**

Our certificate of incorporation and bylaws provide that our stockholders may not take action by written consent but may only take action at a duly called annual or special meeting of the stockholders. As a result, a holder controlling a majority of the voting power of our capital stock would not be able to amend our bylaws, amend our certificate of incorporation or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. Our bylaws further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairperson of our board of directors, or our Chief Executive Officer, President, or Secretary, thus prohibiting stockholder action to call a special meeting. These provisions might delay the ability of our stockholders to force

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consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

#### **Advance Notice Requirements for Stockholder Proposals and Director Nominations**

Our bylaws provide advance notice procedures for stockholders seeking to bring business before the annual meeting of stockholders or to nominate candidates for election as directors at the annual meeting of stockholders. Our bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before the annual meeting of stockholders or from making nominations for directors at the annual meeting of stockholders if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

#### **No Cumulative Voting**

The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our certificate of incorporation does not provide for cumulative voting.

#### **Amendment of Charter and Bylaws Provisions**

Any amendment of our certificate of incorporation that requires stockholder approval pursuant to the DGCL requires the affirmative vote of the holders of at least a majority of the voting power of our then outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class. Our bylaws provide that the affirmative vote of the holders of at least a majority of the total voting power of our then outstanding capital stock, voting together as a single class, is required for stockholders to alter, amend or repeal, or adopt any provision of our bylaws.

#### **Issuance of Undesignated Preferred Stock**

Our certificate of incorporation provides that our board of directors has the authority, without further action by our stockholders, to issue up to 100,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, or other means.

#### **Exclusive Forum**

Our bylaws provide that, unless otherwise consented to by us in writing, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders; (iii) any action arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws; or (iv) any action asserting a claim governed by the internal affairs doctrine, in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Our bylaws further provide that, unless otherwise consented to by us in writing, the federal district courts of the United States are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against any person in connection with any offering of our securities, including, without limitation and for the avoidance of doubt, any auditor, underwriter, expert, control person, or other defendant. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. Nothing in this provision will apply to any action brought to enforce a duty or liability created by the Securities Exchange Act of 1934. Stockholders cannot waive compliance (or consent to non-compliance) with the federal securities laws and the rules and regulations thereunder. These provisions may have the effect of discouraging lawsuits against us or our directors and officers.

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**Dissenters' Rights of Appraisal and Payment**

Under the DGCL, with certain exceptions, our stockholders have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

**Registration Rights**

The Investor Rights Agreement, dated as of February 28, 2021, by and between us, Six4 Holdings, LLC, Gilman Louie, Henry Crumpton, Jack Pearlstein, Robert Coleman, William Crowell, Peter Platzer, Theresa Condor, William Porteous and Stephen Messer provides that we are required to register for resale, pursuant to Rule 415 under the Securities Act, certain shares of Class A common stock and other equity securities that are held by the parties thereto from time to time, subject to the restrictions on transfer therein.

The PIPE Subscription Agreements provide that we are required to file with the SEC, a shelf registration statement covering the resale of the shares of Class A common stock issued to the PIPE Investors and to use commercially reasonable efforts to have such registration statement declared effective as soon as practicable after the filing thereof but no later than the earlier of (i) the 90th calendar day (or 120th calendar day in the event the SEC reviews and has written comments to the registration statement) following the filing date thereof and (ii) the 10th business day after the date we are notified (orally or in writing, whichever is earlier) by the SEC that such registration statement will not be "reviewed" or will not be subject to further review.

As described above, we also agreed pursuant to the warrant agreement to file a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants.

**Transfer Agent**

The transfer agent and warrant agent for our common stock and warrants, respectively, is AST.

**Listing**

Our Class A common stock is listed on the New York Stock Exchange under the symbol "SPIR."

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**Exhibit 10.6**

**Spire Global Luxembourg S.à r.l.**  
33 rue Sainte Zithe  
L-2763 Luxembourg  
+352 285 503 1 | spire.com

**LONG TERM EMPLOYMENT CONTRACT**

Between:

1. Spire Global Luxembourg S.à r.l., a wholly owned subsidiary of Spire Global, Inc. ("**Spire Global**," which, together with its global subsidiaries, constitute the "**Spire Global Group**") established and having its registered office at 33, Rue Sainte Zithe, L-2763 Luxembourg (the "**Registered Office**"), duly represented by Ms. Ananda Martin, Director, hereinafter referred to as the "**Company**";

and

2. Peter Platzer, residing at 75, Boulevard Napoleon 1er, 2210 Luxembourg, Luxembourg, hereinafter referred to as the "**Employee**";

It has been agreed as follows:

Preamble:

(i.) This employment contract (the "**Agreement**") sets out the terms and conditions of the Employee's employment with the Company (the "**Appointment**").

(ii.) The Company shall employ the Employee, and the Employee shall serve the Company on the terms, and subject to the conditions, of this Agreement.

**1. JOB TITLE AND DUTIES**

1.1 The Employee is employed to act as Chief Executive Officer of Spire Global, including the Company. Your title will be Chief Executive Officer and you will report to the Board of Directors (the "**Board**") of Spire Global.



1.2The Employee's normal duties are those reasonably consistent with the above-mentioned function and title and include but are not limited to, among others, being responsible for managing the Spire Global Group's overall operations; making hiring and termination decisions; setting, approving, and implementing compensation, training, and rewards policies; delegating and directing corporate agendas; driving growth, profitability and other financial metrics; setting, approving, delegating, and implementing corporate finance strategies, including but not limited to equity and debt capital raising, mergers, acquisitions, and divestitures; managing corporate organizational structure and strategy; engaging and communicating with the investment community, media, and public at large on behalf of Spire Global; and communicating and conferring with and informing the Board.

1.3The Employee warrants that he is entitled to work in the territory of the Grand Duchy of Luxembourg undertaking the type of work for which he is employed by the Company without any additional approvals, has provided the Company with written evidence of such entitlement and will notify the Company immediately if he ceases to be so entitled during the Appointment.

1.4The Employee accepts that he qualifies as an executive ("*cadre supérieur*") pursuant to articles L. 162-8 (3) and 211-27 (5) of the Labour Code.

## **2.DURATION**

2.1Notwithstanding the provisions of clauses 1.3, 8 and 14 of this Agreement, this Agreement is made for an unlimited period of time. The Employee's employment with the Company shall be considered a continuation of the Employee's employment with the Spire Global Group and a transfer of his employment from Spire Global to the Company, in light of his continuous employment with Spire Global since September 2012. The Employee's employment with the Company shall commence on these terms and conditions from 1 January 2022 onward.

## **3.LOCATION OF WORK**

3.1The Employee's normal place of work will be at the Registered Office. Pursuant to Section 8.3 below, a material change of forty (40) kilometers or greater from the Registered Office will be considered a material change in geographic location.

## **4.HOURS OF WORK**

4.1In principle, the regular working time is 40 (forty) hours per week and 8 (eight) hours per day. The working schedule is Monday to Friday from 9 am to 6 pm with one hour for lunch.

4.2Due to his functions and the Employee being a "*cadre supérieur*", he is expected to adopt a flexible approach to working hours. The Employee acknowledges that

he will not receive any additional payment for hours worked in excess of his normal hours of work.

## 5.PAY

5.1 The Employee's gross annual salary in respect of his service under this Agreement shall be EUR 363,159. - (index applicable at Commencement Date) subject to all legal and statutory deductions (the "**Base Salary**").

5.2 The Employee's annual salary shall be payable monthly in 12 (twelve) equal instalments at the end of each calendar month, after deduction of all duties, taxes and social security contributions as required by law.

5.3 Annual Equity Grant. In addition to the Employee's Base Salary, the Employee will be eligible to receive annual equity grants (the "**Annual Equity Grants**") issued pursuant to the terms of Spire Global's equity compensation plans. Such Annual Equity Grants will be in relative proportion to "Top Off" grants made to other employees of the Spire Global Group, adjusted accordingly for the Employee's rank and seniority. The actual amount and terms of any such grants will be determined by the Board or duly designated Compensation Committee, in its sole discretion. The Annual Equity Grants will be subject to the terms and conditions applicable to options granted under Spire Global's 2021 Equity Incentive Plan (the "**Plan**"), as described in the Plan and the applicable stock option agreement.

5.4 Bonus. The Employee shall additionally be eligible for additional bonus payments in the form of cash and/or equity, as determined by the Board or its duly designated Compensation Committee and consistent with the Plan, any cash incentive plan or program as may be established from time to time, and other relevant policies, as applicable. Potential bonus payments, even if made repeatedly or regularly and whatever their amounts are, can never lead to a vested right for the Employee. Bonus payments are made at the sole discretion of the Board or its Compensation Committee, and according to the corporate, financial, strategic or other business achievements of the Spire Global Group and/or the Employee's own achievement of any individual goals. Any Employee's goals will be annually defined by the Board or its Compensation Committee after consultation with Employee. Bonus payments, if any, will be made subject to the deduction of social and tax contributions as required by applicable law.

5.5 Employee Benefits. As a regular employee of the Company, the Employee will be eligible to participate in a number of Company-sponsored benefits plans currently and hereafter maintained by the Company of general applicability to other similarly-situated employees of the Company, subject to the eligibility requirements of such plans.

5.6 The Company shall reimburse (or procure the reimbursement of) all reasonable expenses wholly, properly and necessarily incurred by the Employee in the proper performance of his duties during the course of his Appointment and in accordance with the Company's policies on expenses as communicated to the Employee from

time to time, subject to the production of receipts or other appropriate evidence of payment.

5.7The Company will provide assistance with the Employee's relocation process. The terms and conditions of the relocation assistance are outlined in Annexe A.

5.8All payments to be made to the Employee arising out of or in connection with his Appointment shall be paid subject to the deduction of tax and social security contributions as required by applicable law.

## **6.[RESERVED]**

## **7.HOLIDAYS**

7.1The Employee shall be entitled to an annual paid holiday of 26 (twenty-six) days for each calendar year.

7.2In the years of commencement and termination of employment the Employee's holiday entitlement will be calculated on a pro rata basis. Where on termination of the Employee's employment, the Employee has taken more holiday than his annual holiday entitlement (to be calculated on a pro rata basis) the Employee will compensate the Company for each day of holiday he has taken in excess of his annual holiday entitlement.

## **8.TERMINATION OF EMPLOYMENT**

8.1Any party who wishes to terminate this Agreement has to notify the termination to the other party by registered mail or by signing for acknowledgment of receipt a copy of the notice of termination.

8.2The termination with notice of this Agreement is subject to the compliance with the provisions of articles L. 124-1 et seq. of the Labour Code.

8.3The termination without notice of this Agreement is subject to the compliance with the provisions of article L. 124-10 of the Labour Code.

Reasons which may lead to a termination with immediate effect of this Agreement by the Company can consist, amongst others, of

- an unauthorized use or disclosure by the Employee of the confidential information or trade secrets of the Spire Global Group, which use or disclosure causes material harm to the Spire Global Group;
- a material failure by the Employee to comply with the Spire Global Group's written policies or rules after receiving written notification of such failure and if curable, provision of a reasonable cure period of no less than 30 days following the receipt of such notice;

- the Employee's conviction of, or plea of "guilty" or "no contest" to, a felony, or his commission of any act of moral turpitude, dishonesty or fraud against, or the misappropriation of material property belong to, the Spire Global Group or its affiliates;
- the Employee's gross misconduct which results in material harm to the Spire Global Group;
- a continuing failure by the Employee to perform his reasonably assigned duties after receiving written notification of such failure and provision of a reasonable cure period of no less than 30 days following the receipt of such notice; or
- a failure by the Employee to cooperate in good faith with a governmental or internal investigation of the Spire Global Group or any of their directors, officers or employees, if the Spire Global Group has requested his cooperation.

Reasons which may lead to a resignation with immediate effect of this Agreement by the Employee can consist, amongst others, of

- a material reduction of the Employee's duties, position or responsibilities; provided, however, that a reduction in duties, position or responsibilities solely by virtue of Spire Global being acquired and made part of a larger entity will not constitute a reason to resign with immediate effect;
- a material reduction in the Employee's Base Salary (except where there is a reduction applicable to the management team generally); provided, however, that a temporary reduction in the Employee's Base Salary of ten percent (10%) or less in any one year will not be deemed a material reduction; or
- a material change in the geographic location of the Employee's primary work facility or location; provided, that a relocation of less than forty (40) kilometers from the Employee's current location will not be considered a material change in geographic location. To the extent the Employee's primary work facility or location is not the Company's corporate facilities or offices due to a shelter-in-place order, quarantine order, or similar work-from-home requirement that applies to the Employee, the Employee's primary work facility or location, from which a change in location under this bulleted clause will be measured, will be considered the Company's office or facility location where the Employee's employment with the Company primarily was based immediately prior to the commencement of such shelter-in-place order, quarantine order, or similar work-from-home requirement. As of the Commencement Date, such location will be considered the Company's Registered Office.

It is understood that the Employee may not resign with immediate effect unless he has first provided the Company with written notice of the acts or omissions constituting the grounds for resignation with immediate effect within ninety (90) days of the initial existence of the grounds for resignation with immediate effect and a reasonable cure period of not less than thirty (30) days following the date the Company receives such notice, and such condition has not been cured during such period.

8.4 In case of termination of the Agreement either by the Company with notice for the reasons specifically listed in clause 8.3 above or in case of resignation by the Employee with immediate effect for the reasons specifically listed in clause 8.3

above and that are due to serious reason triggered by the Company as per article L. 124-10 of the Labour Code, the Company shall pay the Employee a contractual severance (the “**Contractual Severance**”) consisting of:

- nine months of the Employee’s then-current Base Salary, payable as a lump sum within 60 (sixty) days following termination of the Employee’s employment, subject to applicable deductions and withholdings,
- a lump sum cash payment equivalent to nine months of COBRA premiums (based on the Employee’s equivalent level of coverage for him and his dependents), not to exceed EUR 16,000, subject to applicable deductions and withholdings, payable within 60 (sixty) days following termination of the Employee’s employment (the “**Healthcare Severance**”),
- all of the Employee’s then-outstanding equity awards under Spire Global’s 2012 Stock Option and Grant Plan, its 2021 Equity Incentive Plan, and any other applicable plan, will accelerate and immediately become fully vested, and
- the period to exercise any award will become the expiration date of such award, as applicable.

The foregoing payments are subject to the Employee having delivered to the Company an executed copy of a release of claims in form and substance acceptable to the Company, and such release having become effective and irrevocable as of the date of execution (and in any case no later than 60 (sixty) days following the termination of Employee’s employment).

It is further understood that any and all statutory payments to be made by the Company in case of termination (e.g. legally due severance payment as per article L. 124-7 of the Labour Code) will be deducted from the Contractual Severance. If the Employee is entitled to any other severance, separation benefits, vesting acceleration or similar benefits to those provided under this Agreement, by operation of applicable law or under a plan, policy, contract or arrangement sponsored by the Spire Global Group or to which the Spire Global Group is a party other than this Agreement and the statutory payments described in the immediately preceding sentence, then the corresponding severance payments and benefits under this Agreement also will be reduced by the amount of such other payments and benefits provided to the Employee. For clarity, to the extent the Company has any obligations to contribute payments for continued health care coverage for the Employee and any of his dependents following the termination of the Employee’s employment, the Healthcare Severance will be reduced by an equivalent amount, as determined by the Company in its sole discretion.

8.5 In case of termination of this Agreement, the consequences on relocation benefits are specified in Annexe A.

## 9. CONSEQUENCES OF TERMINATION

9.1 Upon termination of the Employee’s Appointment for whatever reason, or at any time on demand, the Employee shall deliver forthwith to the Company all books, documents, papers (including photocopies) in each case in whatever format they

may exist, materials, credit cards, company car, car keys, computer disks and software and any other property belonging to the Company or any member of the Spire Global Group which may then be in the Employee's possession or under his power or control including, without limitation, any papers belonging to others which may be in his possession or under his power or control and relate in any way to the business or affairs of the Company or any Group Company or any supplier, agent, distributor, customer or client of the Company or any Group Company, and the Employee shall not without written consent of the Company retain any copies thereof.

#### **10. Proprietary Information and Inventions Agreement.**

The Employee will be required to abide by the Proprietary Information and Inventions Agreement that the Employee previously signed with the Company on 30 September 30 2012, and the one signed in May 2019, both of which are attached as Exhibit A to this Agreement (the "**Confidentiality Agreements**").

#### **11. – 13. [RESERVED]**

#### **14. CONDITION PRECEDENTS**

14.1 This Agreement is contingent upon the satisfactory completion of a medical examination as required by Luxembourg law. The costs of the medical examination will be borne by the Company.

14.2 This Agreement is subject to the condition precedent that the Employee has previously obtained all necessary administrative authorisation and has complied with all applicable legal requirement as regards immigration and work on the territory of Luxembourg.

#### **15. DATA PROTECTION**

15.1 By signing this Agreement, and in accordance with the provisions of any applicable national data protection law (including but not limited to the Luxembourg law of 1st August 2018 organizing the National Commission for data protection and the general system on data protection, as amended from time to time) and the Regulation No. 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**") (collectively referred to as the "**Data Protection Law**"), the Employee is informed that the Company, acting as data controller, collects, stores and processes, by electronic or other means, personal data concerning the Employee. The personal data processed includes in particular the name, date and place of birth, residence address, civil status, right to work status, gender, education, nationality, medical information related to sick leave, disability or other work related medical conditions, tax and personal identification numbers, passport numbers, phone numbers, email addresses, IP addresses, and salary of the

Employee and similar information of the Employee's spouse, domestic partner, dependents and beneficiaries (collectively, "**Personal Data**").

15.2 The Employee may, at his discretion, refuse to communicate the Personal Data to the Company. In this event however the Company may be prevented from entering into and executing the Agreement if the relevant Personal Data is necessary to such purposes.

The Employee undertakes and guarantees to process Personal Data and to supply such Personal Data to the Company in compliance with the Data Protection Law, including, where appropriate, informing the relevant data subjects of the contents of the present section, in accordance with Articles 12, 13 and/or 14 of the GDPR.

15.3 The Employee is informed that:

15.3.1 the Company collects his Personal Data for the purpose of entering into and performing the Agreement, for its legitimate interests, and to act in accordance with its legal obligations.

15.3.2 his Personal Data is collected for the purpose of:

- the performance of the Agreement, manage human resources, including recruitment, performance appraisal, promotions, training, payroll administration, insurance and social security;
- to respond to the Employee's requests and enquiries and otherwise communicate with the Employee or the Employee's emergency contact or third parties;
- to enable the Company to comply with its legal obligations and employment-related requirements, including income tax, social security, health and safety, data protection, regulatory and immigration obligations, the amended Criminal Records Act of 29 March 2013, to carry out any other duties relating to employment and social security legislation (e.g. in relation to sick pay) or to comply with reporting or disclosure obligations under applicable laws and regulations (e.g. in relation to health and safety at work duties);
- investigating and resolving employee disciplinary issues or grievances;
- to conduct the Company's business, manage client relationships and secure the Company's IT networks and systems, operations, assets, premises and clients.

15.3.3 The legitimate interests of the Company are as follows:

- the provision of evidence, in the event of a dispute, of a transaction or any business communication and in connection with any proposed purchase, merger or acquisition of any part of the Company's business
- compliance with foreign laws and regulations and/or any order of a foreign court, government, supervisory, regulatory or tax authority;
- risk management;

- monitoring and ensuring compliance with the Company's policies and procedures;
- protecting the Company's property, assets and investments (including camera records);
- preventing, investigating, monitoring and resolving any misuse of the system or IT resources, or security incidents that may occur in relation to the network and/or IT systems
- the effective administration of business and working relationships at group level.

The Employee is informed that his Personal Data will not be processed for marketing purposes.

15.3.4 under certain conditions set out under the Data Protection Law, he has a right to:

- access his Personal Data;
- request the Company to rectify his Personal Data, in particular in cases where such data is incomplete or inaccurate;
- object to the processing of his Personal Data;
- request the restriction of his Personal Data processing;
- ask for erasure of his Personal Data; and
- request the portability of his Personal Data.

For the purposes of exercising such rights, the Employee is to contact the human resources department of the Company in writing;

15.3.5 he has a right to lodge a complaint with the National Commission for Data Protection ("**CNPD**") at the following address: 15, Boulevard du Jazz, L-4370 Belvaux, Grand Duchy of Luxembourg; or with any competent data protection supervisory authority of his EU Member State of residence;

15.3.6 the Company may make such Personal Data available to certain data recipients including (i) to any Group Company for the purposes of human resources management, and to those payroll administrators, human resources administration providers, benefits administrators, accounting firms, tax preparation firms, law firms, stock option administrators and insurers engaged by any Group Company to fulfil the purposes set forth in clause 15.3.2 and 15.3.3, (ii) to regulatory and tax authorities as may be required by law, and (iii) to potential purchasers of the Company or any Group Company's business in which the Employee works (the "**Recipients**").

The Recipients may, under their own responsibility, disclose the Personal Data to their agents and/or delegates (the "**Sub-Recipients**"), which shall process the Personal Data for the sole purposes of assisting the Recipients in providing their services to the Company and/or assisting the Recipients in fulfilling their own legal obligations;



15.3.7 certain of the Recipients and Sub-Recipients may be outside the European Economic Area (the “EEA”) and in a country that does not maintain the same or even adequate data protection standards. Where the Recipients are located in a country outside the EEA which benefit from an adequacy decision of the European Commission, the Personal Data are transferred to the Recipients upon such adequacy decision. Where the Recipients are located outside the EEA in a country which does not ensure an adequate level of protection for Personal Data or does not benefit from an adequacy decision of the European Commission, the Company will enter into legally binding transfer agreements with the relevant Recipients in the form of the European Commission approved model clauses or any other appropriate safeguards pursuant to the GDPR. prior to the transfer of Personal Data to such countries. In this respect, the Employee has a right to request copies of the relevant document for enabling the Personal Data transfer(s) towards such countries by writing to the Company.

The Recipients and Sub-Recipients may, as the case may be, process the Personal Data as data processors (when processing the Personal Data on behalf and upon instructions of the Company and/or the Recipients), or as distinct data controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations); and

15.3.8 the Company will not retain his Personal Data for longer than required for the purposes of its processing, subject to the legal limitation periods;

15.4 When handling information concerning the Company’s employees and clients, the Employee agrees to comply with the Data Protection Law.

## **16. MISCELLANEOUS**

16.1 The Employee represents to the Company that there are no obligations or restrictions that would keep him from joining the Company and performing the services contemplated by this Agreement and that he possesses all licenses, permits and/or approvals from the applicable regulatory authorities necessary or required for him to perform such services.

16.2 This Agreement may not be modified or amended unless in writing signed by the undersigned Parties or pursuant to the applicable legal provisions. Any notice required by this Agreement shall be made in writing to the Company or to any other person as indicated from time to time, or to the Employee at his home address most recently on file with the Company. This Agreement and the Confidentiality Agreements, together with the award agreements and Spire Global equity compensation plans governing the Employee’s outstanding Spire Global equity awards, supersede and replace all prior agreements between the Employee and the Spire Global Group, including without limitation the Employee’s Offer Letter with Spire Global dated May 24, 2019, and the Foreign Assignment Letter signed by the Employee on December 12, 2017, as amended December 27, 2019, and any addendum thereto.

16.3The Company intends that the payments and benefits herein shall be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (“**Section 409A**”) and this letter agreement shall be construed for all purposes in a manner consistent with such intent. To the extent any payments or benefits provided herein are determined to be subject to Section 409A, such payments or benefits will be made in a manner that complies with Section 409A, including any necessary delays in payment. For purposes of this letter, your termination date means the date on which you experience a “Separation from Service” within the meaning of Section 1.409A-1(h) of the Treasury Regulations.

16.4Notwithstanding any contrary provision of this Agreement, nothing in this Agreement or the Confidentiality Agreements will prohibit or impede the Employee from engaging in any Protected Activity. For purposes of this Agreement, “**Protected Activity**” will mean communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Equal Employment Opportunity Commission, the Occupational Safety and Health Administration of the U.S. Department of Labor, and the U.S. National Labor Relations Board (collectively, a “**Governmental Entity**”) with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation; provided that, in each case, such communications and disclosures are consistent with applicable law. Notwithstanding the foregoing, the Employee agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute confidential information of the Spire Global Group (as described in clause 10) in a manner not protected by applicable law to any parties other than the Governmental Entities. The Employee further understands that Protected Activity does not include disclosure of any attorney-client privileged communications or attorney work product of the Spire Global Group. Any language in the Confidentiality Agreements or any other written agreement with the Spire Global Group that conflicts with, or is contrary to, this clause 16.4 is superseded by this Agreement. The Employee understands and acknowledges that pursuant to the Defend Trade Secrets Act of 2016 (a) an individual will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (i) in confidence to a Federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

## 17.LAW AND JURISDICTION

17.1This Agreement and any non-contractual obligations arising out of or in relation to this Agreement shall be governed by, and shall be construed in accordance with,

the laws of Luxembourg, especially the Labour Code, and the parties give exclusive jurisdiction to the Luxembourg Courts.

This Agreement may be executed in counterparts, each of which will be considered an original, but all of which together will constitute one agreement. If a party signs the signature page and faxes (or scans and emails) the signature page to the other party or signs this Agreement by electronic signature, then such signature page shall be deemed an original signature page to this Agreement and shall constitute the execution and delivery of this Agreement by the sending party.

**Name: Ananda Martin, Director**  
The Company

/s/ Ananda Martin

**Name: Peter Platzer**  
The Employee

/s/ Peter Platzer

SIGNATURE PAGE TO LONG TERM EMPLOYMENT CONTRACT

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**ANNEXE A**  
**Relocation Letter**

31 December 2021

Peter Platzer

Dear Peter,

Further to the commencement of your employment by the Spire Global company specified in your employment contract ("**Spire**"), we are pleased to confirm the following information regarding your relocation from your current location to the location of your employment (the "**Relocation**").

**Start date: 1 January 2022**

**1. Package**

Spire will offer the following support for your Relocation:

- Work Visa or Permit** – Spire will retain third-party immigration attorneys to help manage the process of obtaining any necessary visas and work permits. Spire will pay the costs associated with obtaining the necessary visas and work permits.
  - Travel Costs** – For the duration of your employment in Luxembourg, the Company will pay for business class round-trip airfare for you and your immediate family to visit the U.S. twice during each calendar year (for non-business reasons).
  - Housing Allowance** – Through 31 December 2022, Spire will reimburse up to an aggregate amount of EUR 5,100 per month of reasonable and documented housing and utility expenses incurred in accordance with Spire's Travel and Expense Policy and in connection with your Relocation. These reimbursements will be subject to any applicable deductions and withholdings (for example, any tax deductions).
  - Automobile Allowance**: Through 31 December 2022, the Company will provide the Employee with an automobile deemed appropriate for your use in Luxembourg. Insurance, maintenance, taxes and registration costs for this vehicle will be borne by the Company. Fuel and parking expenses are your responsibility.
  - Private Baby-Sitting / Day Care Services**: Recognizing that both you and your wife are executives of the Company required to travel extensively on the Company's behalf, when both you and your wife are travelling on Company business, the Company will reimburse the costs
-

of private babysitting or day care services incurred during such travel and the costs of travel for your children.

## **2. Expense reimbursement**

The expenses that can be claimed by you as part of the Relocation Allowance through 31 December 2022 include, but are not limited to:

- a. Apartment deposit and rent in the country of employment.
- b. Utilities associated with housing.
- c. Automobile expenses as detailed above.

Expenses are to be submitted and processed in accordance with the Company's standard reimbursement procedures, through 31 December 2022, and will be paid no later than the 15th (fifteenth) day of the 3rd (third) month immediately following your taxable year in which the expense is incurred.

## **3. Resignation or Termination of Employment**

The benefits provided for in Sections 1 and 2 above will be subject to your continued employment with the Company and will cease immediately upon termination of your continued employment with the Company.

## **4. Taxed benefits**

Some of the benefits specified in this Relocation Letter may be subject to taxes. The taxes are included in sums paid under this Relocation Letter and cannot be reclaimed by the Employee as an expense.

## **5. Accountancy**

During your Relocation, Spire may designate a person or team to manage the reimbursement of any costs pursuant to this Relocation Letter.

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**Name: Ananda Martin**  
The Company

/s/ Ananda Martin

**Name: Peter Platzer**  
The Employee

/s/ Peter Platzer

SIGNATURE PAGE TO RELOCATION LETTER

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**EXHIBIT A**

**Confidentiality Agreements**

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**STRATEGIC INNOVATION FUND**

Satellite Monitoring for Advanced Real Time - Maritime Information

**This Agreement made  
Between:****HER MAJESTY THE QUEEN IN RIGHT OF CANADA (“Her Majesty”)**

as represented by the Minister of Industry

(the “Minister”)

**And:****exactEarth Ltd.**, a corporation duly incorporated under the laws of Canada, having its head office located at 260 Holiday Inn Drive, Unit 30, Building B, Cambridge, ON, N3C 4E8.(the “**Recipient**”)**RECITALS****WHEREAS**

**I-** The Strategic Innovation Fund (“SIF”) is designed to encourage research and development, and accelerate the technology transfer and commercialization of innovative products, services, and processes; facilitate the growth and expansion of firms; secure economically significant mandates within or to Canada; and, advance industrial research and technology demonstration activities through collaboration;

**II-** Neither the entering into this Agreement nor the provision by the Minister of the Contribution is contingent upon export performance on the part of the Recipient;

**III-** the Project is in respect of SIF’s research and development (“R&D”) and commercialization (Stream 1);

**IV-** the Project involves:

- R&D to test the commercial potential of an early TRL (as defined herein) concept or findings;
- Adaption of research findings for commercial applications that have the potential for market disruption
- Development of current products through the implementation of new technology that will enhance the Recipient’s competitive capability;
- or
- Development of process improvements which reduce the environmental footprint of current production through the use of new technologies

V- The Minister has agreed to make a repayable contribution to the Recipient in support of the Recipient's Eligible Costs (as defined herein) of the Project;

**NOW, THEREFORE** in accordance with the mutual covenants and agreements herein, Her Majesty and the Recipient agree as follows:

### **1. Purpose of the Agreement**

The purpose of this Agreement is to set out respective obligations and the terms and conditions under which the Minister will provide funding in support of the Project (as defined herein).

### **2. Interpretation**

#### **2.1 Definitions.**

In this Agreement, a capitalized term has the meaning given to it in this section, unless otherwise specified:

**"Acquisition or Divestiture"** means an acquisition of a business, the sale of a business or a merger or amalgamation.

**"Activity"** means a significant task that must take place in order to complete the Project. It has duration, during which time the work of that task is performed, and may have resources and costs associated with that task as set out in Form C1- ELIGIBLE COSTS BREAKDOWN of Schedule 1 - *Statement of Work*.

**"Agreement"** means this contribution agreement including all the schedules attached hereto, as such may be amended, restated or supplemented, from time to time.

**"Affiliated Person"** means an affiliated person as defined in the *Income Tax Act*, as amended.

**"Background Intellectual Property"** means Intellectual Property that is not Project Intellectual Property and that is required for the carrying out of the Project or the exploitation of the Project Intellectual Property.

**"Background Intellectual Property Rights"** means the Intellectual Property Rights in Background Intellectual Property.

**"Benefits Phase"** means the period from the Project Completion Date to and including the last day of the Term.

**"Change in Control"** of the Recipient means:

(a) if the Recipient is a public company, the consummation of an acquisition by an individual or company (or two or more of them acting in concert) that results in its or their direct or indirect beneficial ownership of 20% or more of outstanding shares of voting stock of the Recipient; or

(b)if the Recipient is a private company, the acquisition by an individual or company (or two or more of them acting in concert) that results in its or their direct or beneficial ownership of 50% or more of the voting stock in the Recipient; or

(c)if the Recipient enters into a binding obligation to sell, sells or otherwise disposes of all or substantially all of its assets.

“**Claim Period**” means the following quarters of a calendar year: January 1 to March 31, April 1 to June 30, July 1 to September 30 and October 1 to December 31.

“**Contribution**” means the funding, in Canadian dollars, made available by the Minister under this Agreement.

“**Dispose**” means, as regards a Project Asset, the transferring outside Canada, use for a purpose other than research and development by the Recipient, selling, leasing or otherwise disposing including, in the case of a prototype or pilot plant, the transfer to commercial production, but in any event, shall not include abandoning the Project Asset for legitimate business reasons, such as the disposal of obsolete or disused equipment or materials.

“**Eligibility Date**” means February 13, 2018.

“**Eligible Costs**” means the costs associated with work performed in Canada, or outside of Canada to the extent explicitly permitted in this Agreement that are incurred and paid by the Recipient in respect of the Project, and in accordance with Schedule 3 - *Cost Principles*, excluding:

(a)any costs that are specifically identified in Schedule 1 -*Statement of Work* as not being supported; and

(b)any costs prohibited or deemed ineligible elsewhere in this Agreement.

“**Event of Default**” means the events of default listed in Subsection 14.1 of this Agreement.

“**Execution Date**” means the date of the last signature to this Agreement such that the Agreement is signed and dated by all Parties.

“**Fair Market Value**” means the price that would be agreed to in an open and unrestricted market between knowledgeable and willing parties dealing at arm’s length, who are fully informed and not under any compulsion to transact.

“**Force Majeure**” means any cause which is unavoidable or beyond the reasonable control of the Recipient, including war, riot, insurrection, strikes, or any act of God or other similar circumstance and which could not have been reasonably circumvented by the Recipient without incurring unreasonable cost.

“**FTE**” or “**Full Time Equivalent**” means an employee or, where applicable, intern, who works on a full-time basis who works on average 32 hours a week over a 52 week period and, in the case of hourly paid employees or interns who are responsible to work for the Recipient less than on a full-time basis, each equivalent to such a full-time worker, where the number of such

equivalents is calculated by dividing (a) by (b) where (a)= the aggregate of all hours worked by such individuals for the Recipient calculated on an annual basis, and (b) 1668 hours.

“**Government Fiscal Year**” means the period from April 1 of one year to March 31 of the following year.

“**Highly Skilled Jobs**” requires specialized training in order to operate, manage or participate in the Project and includes without limitation, software developers, analysts, engineers, and managers.

“**Intellectual Property**” means all inventions, whether or not patented or patentable, all commercial and technical information, whether or not constituting trade secrets, and all copyrightable works, industrial designs, integrated circuit topographies, and distinguishing marks or guises, whether or not registered or registrable.

“**Intellectual Property Rights**” means all rights recognized by law in or to Intellectual Property, including but not limited to Intellectual Property rights protected through legislation. These shall include patents, copyrights, industrial design rights, integrated circuit topography rights, rights in trademarks and trade names, all rights in applications and registrations for any of the foregoing, and all rights in trade secrets and confidential information.

“**Interest Rate**” means the Bank Rate, as defined in the *Interest and Administrative Charges Regulations*, in effect on the due date, plus 300 basis points, compounded monthly. The Interest Rate for a given month can be found at: <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/taux-rates-eng.html>

“**Master Schedule**” means a summary-level Project schedule that identifies the major Activities and work breakdown structure components and Milestones as reflected in Form A of Schedule 1 - *Statement of Work*.

“**Material Change**” is a significant change in the scope, objectives, outcomes or benefits of the Project including without limitation, the following:

(d)The Project is not completed or not expected to be completed by the Project Completion Date;

(e)the Total Estimated Eligible Costs set out in Form C2 - ESTIMATED COST BREAKDOWN BY FISCAL YEAR of Schedule 1 - *Statement of Work* are expected to be reduced or are expected to be exceeded by twenty percent (20%) or more;

(c)a change in the locations where the Project is to be performed as identified in Form D- PROJECT LOCATION AND COSTS of Schedule 1 -*Statement of Work*;

“**Maximum Amount to be Repaid**” means 1.3 times the actual amount paid by the Minister to the Recipient under this Agreement.

“**Milestone**” means a significant point or event in the Project as set forth in Form B of Schedule 1 - *Statement of Work*.

**“Party”** means the Minister, or the Recipient, and “Parties” means both of them.

**“Post Project Activities”** means those activities described in section 6 of this Agreement that will generate benefits to Canada.

**“Project”** means the project as described in Schedule 1 - *Statement of Work*.

**“Project Asset”** means an asset which, in whole or in part, has been acquired, created, developed, advanced and/or contributed to by the Contribution.

**“Project Completion Date”** means February 12, 2021

**“Project Intellectual Property”** means all Intellectual Property conceived, produced, developed or reduced to practice in carrying out the Project by the Recipient and/or any Affiliated Persons of the Recipient, or any of their employees, agents, contractors or assigns.

**“Project Intellectual Property Rights”** means the Intellectual Property Rights in the Project Intellectual Property.

**“Public Office Holder”** means a public office holder as defined in the *Lobbying Act*, as amended.

**“Resulting Products”** means all products, services or processes produced using the Project Intellectual Property or that incorporate any of the Project Intellectual Property.

**“Recipient Fiscal Year”** means the period for which the Recipient’s accounts in respect of its business or property are prepared for purposes of assessment under the *Income Tax Act*, as amended.

**“Repayment Period”** means the repayment period set out in Section 2 of Schedule 5 - *Repayments to the Minister*.

**“Schedule”** means a schedule to this Agreement, including any amendments or supplements.

**“Similar Goods”** means goods or services that closely resemble the goods or services being transferred, in respect of their component materials, form, function and characteristics, and are capable of performing an equivalent function as, and of being commercially interchangeable with, the goods being transferred.

“Technology Readiness Level” or “TRL” means technology readiness according to the Technology Readiness Level scale described below.

Technology Readiness Level	Description
<b>TRL 1-Basic principles observed and reported</b>	Lowest level of technology readiness. Scientific research begins to be translated into applied research and development (R&D). Examples might include paper studies of a technology’s basic properties.
<b>TRL 2-Technology concept and/or application formulated</b>	Invention begins. Once basic principles are observed, practical applications can be invented. Applications are speculative, and there may be no proof or detailed analysis to support the assumptions.
<b>TRL 3-Analytical and experimental critical function and/or characteristic proof of concept</b>	Active R&D is initiated. This includes analytical studies and laboratory studies to physically validate the analytical predictions of separate elements of the technology.
<b>TRL 4-Product and/or process validation in laboratory environment</b>	Basic technological products and/or processes are tested to establish that they will work.
<b>TRL 5-Product and/or process validation in relevant environment</b>	Reliability of product and/or process innovations increases significantly. The basic products and/or processes are integrated so they can be tested in a simulated environment.
<b>TRL 6-Product and/or process prototype demonstration in a relevant environment</b>	Prototypes are tested in a relevant environment. Represents a major step up in a technology’s demonstrated readiness. Examples include testing a prototype in a simulated operational environment.
<b>TRL 7-Product and/or process prototype demonstration in an operational environment</b>	Prototype near or at planned operational system and requires demonstration of an actual prototype in an operational environment (e.g. in a vehicle).
<b>TRL 8-Actual product and/or process completed and qualified through test and demonstration</b>	Innovation has been proven to work in its final form and under expected conditions. In almost all cases, this TRL represents the end of true system development.
<b>TRL 9-Actual product and/or process proven successful</b>	Actual application of the product and/or process innovation in its final form or function.

“**Term**” means the duration of this Agreement as set out in Subsection 3.2 of this Agreement.

“**Work Phase**” means the period of time from the Eligibility Date to and including the Project Completion Date.

“**Years to Repay**” means fifteen (15) years.

**2.2 Singular/Plural.** Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural.

**2.3 Entire Agreement.** Unless amended in writing by the Parties, this Agreement comprises the entire agreement between the Parties in relation to the Project. No prior document, negotiation, provision, undertaking or agreement in relation to the subject matter of this Agreement has legal effect. No representation or warranty, whether express, implied or otherwise, has been made by the Minister to the Recipient, except as expressly set out in this Agreement.

**2.4 Inconsistency.** In case of inconsistency or conflict between a provision contained in the part of the Agreement preceding the signatures and a provision contained in any of the Schedules to this Agreement, the provision contained in the part of the Agreement preceding the signatures will prevail.

**2.5 Schedules.** This Agreement contains the following Schedules as described below, which form an integral part of this Agreement:

Schedule 1	- <i>Statement of Work</i>
Schedule 2	- <i>Communications Obligations</i>
Schedule 3	- <i>Cost Principles</i>
Schedule 4	- <i>Reporting Requirements</i>
Schedule 5	- <i>Repayments to the Minister</i>

### **3. Duration of Agreement**

**3.1 Execution.** This Agreement must be signed by the Recipient and received by the Minister within thirty (30) days of its signature by the Minister, failing which it will be null and void.

**3.2 Duration of Agreement.** This Agreement will commence on the Execution Date and will expire, subject to Subsection 3.3, on the date of the last repayment to the Minister unless terminated earlier in accordance with the terms of this Agreement.

**3.3 Survival Period.** Notwithstanding the provisions of Subsection 3.2 above, the rights and obligations described in the following Sections or Subsections will survive for a period of One (1) year beyond the Term or early termination of the Agreement:



Section 7	- Government Financial Support
Subsection 8.5	- Overpayment by Minister
Section 9	- Reporting, Monitoring, Audit and Evaluation
Subsection 10.2(c)	- Disposal of Assets
Subsection 13.1	- Indemnification
Subsection 13.2	- Limitation of Liability
Section 14	- Default and Remedies
Subsection 17.2	- Interest
Subsection 17.3	- Set-off Rights of Minister
Subsection 17.8	- Applicable Law

#### 4. The Contribution

4.1 **Contribution.** Subject to the terms and conditions of this Agreement, the Minister agrees to make a repayable Contribution to the Recipient in respect of the

Project in an amount not exceeding the lesser of (a) and (b) as follows:

- (a) Fifty percent (50%) of the Eligible Costs; and
- (b) Seven million two hundred six thousand one hundred ninety dollars (\$7,206,190).

4.2 **Funding Period.** The Minister will not contribute to any Eligible Costs incurred by the Recipient prior to the Eligibility Date or after the Project Completion Date. In no event will Eligible Costs incurred prior to the Execution Date exceed twenty percent (20%) of the "Total Estimated Eligible Costs" set out in Form C2 - ESTIMATED COST BREAKDOWN BY FISCAL YEAR of Schedule 1 - *Statement of Work*.

4.3 **Fiscal Year.** The payment of the Contribution per Government Fiscal Year is estimated at amounts specified in Form C2 - ESTIMATED COST BREAKDOWN BY FISCAL YEAR of Schedule 1 - *Statement of Work*. The Minister will have no obligation to pay any amounts in any Government Fiscal Year other than those specified in Form C2 - ESTIMATED COST BREAKDOWN BY FISCAL YEAR of Schedule 1 - *Statement of Work*. If, for a given Government Fiscal Year, the Recipient claims an amount less than the estimated Contribution for that Government Fiscal Year specified in Form C2 - ESTIMATED COST BREAKDOWN BY FISCAL YEAR of Schedule 1 - *Statement of Work*, the Minister may consider any request to re-profile the excess funds to future Government Fiscal Years before the Project Completion Date.

4.4 **Overruns.** The Recipient shall be responsible for all costs of the Project, including cost overruns, if any.

4.5 **Holdbacks.** Notwithstanding any other provisions of this Agreement, the Minister may, at the Minister's sole discretion, withhold up to ten percent (10%) of the Contribution until:

- (a) the Project is completed to the satisfaction of the Minister;
- (b) the final report described in Subsection 8.3(c) has been submitted to the satisfaction of the Minister; and

(c)the Minister has approved the final claim described in Subsection 8.3.

#### **5.Recipient's Obligations**

5.1 **Project Completion Date.** The Recipient agrees to carry out the Project in a diligent and professional manner using qualified personnel, and complete same on or before the Project Completion Date.

5.2 **Project Location.** Except as otherwise permitted as set out in Form D (PROJECT LOCATION AND COSTS) of Schedule 1 - Statement of Work the Recipient agrees to carry out the Project exclusively in Canada.

5.3 **Post Project Activities.** The Recipient agrees to conduct Post Project Activities exclusively in Canada, until the expiry of the Term.

5.4 **Repayment.** The Recipient agrees to make all repayments due to the Minister as set out in Schedule 5 - *Repayments to the Minister*.

5.5 **Compliance.** The Recipient agrees to satisfy and comply with all other terms, conditions and obligations contained in this Agreement.

#### **6.Special Conditions**

6.1 The Recipient agrees and covenants to the following:

(a)to maintain its current Canadian workforce of forty two (42) FTE during the Work Phase;

(b)to create and maintain in Canada no less than ten ( 10) new High Skilled Jobs during the Work Phase and a total of Twenty Five (25) High Skilled Jobs over the five (5) year period following the end of the Work Phase;

(c)to employ in Canada no less than ten ( 10) co-op students during the Work Phase and to make best efforts to employ additional students over the five (5) year period following the end of the Work Phase;

(d)to maintain funding during the Work Phase, for “product development and R&D” (as such expression is used in the Recipient’s financial statements) at no less than five percent (5%) of revenues per year as stated in the Recipient’s financial statements;

(e)to make best efforts to increase funding for “product development and R&D” (as such expression is used in the Recipient’s financial statements) to seven point five percent (7.5%) of revenues per year as stated in the Recipient’s financial statements;

(f)to maintain in Canada all R&D activities related to Project;

(g)to maintain its current collaborations with universities and research institutions through its partnership with the Maritime Environmental Observation Prediction and Response (MEOP AR) network;

(h)to spend a minimum of two million dollars (\$2,000,000) on work with Canadian suppliers during the Work Phase;

(i)to make best efforts to increase its gender equality and diversity in the workplace;

(j)to develop, adopt and implement a workplace diversity and equality policy, provide training to all employees thereon, and to provide a copy of the policy to the Minister within twelve (12) months of the Execution Date;

(k)to establish an annual training and corporate initiatives budget based on forty (40) hours per FTE per year over the next five (5) years; and

(l)to develop, adopt and implement an Intellectual Property strategy, inclusive of employee awareness and education and provide a copy of such strategy to the Minister within twelve (12) months of the Execution Date; and

(m)to report to the Minister, on an annual basis beginning twelve (12) months from the dates of delivery under G) and (1), any modifications to the workplace diversity and equality policy, and to the Intellectual Property strategy.

**6.2 Annual Pre-disbursement Condition.** Prior to the first disbursement by the Minister in each Fiscal Year, the Recipient shall confirm in writing to the Minister's satisfaction, that it has its portion of the Project funding for that Fiscal Year.

### **7. Government Financial Support**

7.1 The Recipient represents that the list below states all funding from federal, provincial, territorial or municipal governments in Canada ("Government Funding"), except for investment tax credits (including scientific research and experimental development credits), requested or received by the Recipient or that the Recipient currently expects to request or receive to cover any of the Eligible Costs.

Federal	\$ 7,206,190
Provincial	\$ 0
Territorial	\$ 0
Municipal	\$ 0
<b>Total</b>	<b>\$ 7,206,190</b>

7.2 The Recipient shall inform the Minister of any change to the amount of Government Funding identified in Subsection 7.1 except for tax credits (other than scientific research and experimental development credits), received or expected to be received by the Recipient for the Eligible Costs. Such notice must be made promptly in writing, and in any case not later than thirty (30) days following any change. In the event of additional assistance, the Minister will have the right to

either reduce the Contribution to the extent of any additional funding received by the Recipient or require the Recipient to repay the Contribution hereunder equal to the amount of any such additional funding received by the Recipient in accordance with Subsection 8.5.

7.3 In no instance will the total Government Funding towards Eligible Costs of the Project be allowed to exceed seventy five percent (75%) of total Eligible Costs.

### **Claims and Payments**

8.1 **Separate Records.** The Recipient shall maintain accounting records that account for the Contribution paid to the Recipient and the related Project costs, separate and distinct from any other sources of funding.

8.2 **Claims Procedures.** The Minister will reimburse claims for Eligible Costs submitted for a Claim Period, provided there is no Event of Default and the claims are:

- (a) submitted for each Claim Period, except for the first claim which will start on the Eligibility Date;
- (b) submitted within sixty (60) days of the end of each Claim Period;
- (c) accompanied with details of all costs being claimed according to Schedule 3- *Cost Principles*, which have been incurred by the Recipient and which will be substantiated by such documents as may be required by the Minister and presented in accordance with the Activities and the Milestones contained Schedule 1 - *Statement of Work*;
- (d) certified, in a form satisfactory to the Minister, by the chief financial officer of the Recipient or such other person considered satisfactory to the Minister;
- (e) adjusted, if necessary, by including a deduction for expenses included in a previous claim which were not for Eligible Costs or which were not paid by the Recipient;
- (f) accompanied by a report containing:
  - (i) the Recipient's revised projections of the Project cash flows for the current Government Fiscal Year;
  - (ii) an identification of any planned or completed transfer to commercial production, transfer outside of Canada, sale, lease or other disposal of equipment funded in whole or in part by the Contribution;
  - (iii) an itemized list of foreign sub-contracting costs, if any;
  - (iv) the foreign exchange rates used in the claim;
  - (v) progress report as specified in Subsection 1.2 of Schedule 4 - *Reporting Requirements*; and
  - (vi) such other information as the Minister may request from time to time.

(g) accompanied by a statement from the Recipient repeating and confirming the representations set out in Section 10 of this Agreement as required by Subsection 10.3, and a certification that there are no Events of Defaults (and no state of facts exist which, with the giving of notice or the passing of time, or both, would constitute an Event of Default);

(h) substantially ( $\pm$  ten percent (10%)) consistent with the cost estimates of Schedule 1 - *Statement of Work*; and

(i) accompanied by the Recipient's travel policy (first claim only).

### 8.3 Final Claim Procedures.

The Recipient shall submit, within sixty (60) days after the Project Completion Date, the final claim along with:

(a) an itemized statement certified by the Recipient's chief financial officer, or such other person considered satisfactory to the Minister, attesting to the total Eligible Costs for the Project incurred and paid;

(b) a statement of the total government assistance (federal, provincial and municipal assistance as well as tax credits) received or requested to cover the Eligible Costs of the Project; and

(c) a final progress report on the Project, as more fully described in Subsection 1.3 of Schedule 4- *Reporting Requirements*.

### 8.4 Payment Procedures.

(a) The Minister shall review and approve the documentation submitted by the Recipient following the receipt of the Recipient's claim and in the event of any deficiency in the documentation, the Minister will notify the Recipient and the Recipient shall immediately take action to address and rectify the deficiency.

(b) Subject to the maximum Contribution amounts set forth in Subsection 4.1 and all other conditions contained in this Agreement, the Minister shall pay to the Recipient a percentage of the Eligible Costs set forth in the Recipient's claim based on the sharing ratio identified in Paragraph 4.1 (a), in accordance with the Minister's customary practices.

(c) The Minister may request at any time that the Recipient provide satisfactory evidence to demonstrate that all Eligible Costs claimed have been paid.

**8.5 Overpayment by Minister.** Where the Minister determines that the amount of the Contribution disbursed exceeds the amount to which the Recipient is entitled, the Recipient shall repay to the Minister, promptly and no later than thirty (30) days from notice from the Minister, the amount of the overpayment together with interest at the Interest Rate from the date of the

notice to the day of payment to the Minister in full. Any such amount is a debt due to Her Majesty and is recoverable as such.

### **9. Reporting, Monitoring, Audit and Evaluation**

**9.1 Reports.** The Recipient agrees to provide the Minister with the reports as described in Schedule 4- *Reporting Requirements*, to the Minister's satisfaction.

**9.2 Additional Information.** Upon request of the Minister and at no cost to the Minister, the Recipient shall promptly elaborate upon any report submitted or provide such additional information as may be requested.

**9.3 Minister's Right to Audit Accounts and Records.** The Recipient shall, at its own expense, maintain and preserve in Canada and make available for audit and examination by the Minister or the Minister's representatives all books, accounts and records relating to this Agreement or the Project held by the Recipient, its Affiliated Persons, agents and contractors and of the information necessary to ensure compliance with the terms and conditions of this Agreement, including repayment to the Minister. The Minister will have the right to conduct such audits at the Minister's expense as may be considered necessary.

Unless otherwise agreed to in writing by the Minister, the Recipient and its Affiliated Persons, agents and contractors shall maintain and preserve all books, accounts, invoices, receipts and records and all other documentation related to this Agreement until the end of the Recipient Fiscal Year that ends seven (7) years after the fiscal year of the date on which they were created.

**9.4 Auditor General Rights.** The Recipient recognizes, acknowledges and accepts that the Auditor General of Canada may, at the Auditor General's cost, after consultation with the Recipient, conduct an inquiry under the authority of subsection 7.1 (1) of the *Auditor General Act* in relation to any funding agreement (as defined in subsection 42 (4) of the *Financial Administration Act*) with respect to the use of the Contribution received.

For the purposes of any such inquiry undertaken by the Auditor General, the Recipient shall provide, upon request and in a timely manner, to the Auditor General or anyone acting on behalf of the Auditor General,

(a) all records held by the Recipient, its Affiliated Persons, agents or contractors relating to this Agreement and the use of the Contribution provided under this Agreement; and

(b) such further information and explanations as the Auditor General, or anyone acting on behalf of the Auditor General, may request relating to this Agreement or the use of the Contribution.

**9.5 Access to Records.** The Recipient shall, at all times, ensure that its agents, employees, assigns, contractors, and Affiliated Persons are obligated to provide to the Minister or the Auditor General or their authorized representatives records and other information that are in possession of those agents, employees, assigns, contractors, and Affiliated Persons and that relate to this Agreement or to the use of the Contribution.

**9.6 Access to Premises.** The Recipient and its Affiliated Persons shall provide the representatives of the Minister reasonable access to premises to inspect and assess the progress of the Project or any element thereof and supply promptly on request such data as the Minister may reasonably require for statistical or Project evaluation purposes.

**9.7 Evaluation.** The Recipient shall, at its own expense, participate in the preparation of case studies reporting on the outcomes of the Project, to be completed by the Minister or the Minister's agents, in order to assist in the Minister's preparation of an overall evaluation of the value and effectiveness of SIF.

## **10. Representations, Warranties and Covenants**

10.1 Representations. The Recipient represents and warrants that:

- (a) it is duly incorporated under Canadian law and validly existing and in good standing and has the power and authority to carry on its business, to hold property and to enter into this Agreement and undertakes to take all necessary action to maintain itself in good standing, to preserve its legal capacity and to remain incorporated in a Canadian jurisdiction;
- (b) signatories to the Agreement have been duly authorized to execute and deliver this Agreement;
- (c) the execution, delivery and performance of this Agreement have been duly and validly authorized and that when executed and delivered, the Agreement will constitute a legal, valid and binding obligation enforceable in accordance with its terms;
- (d) it is under no obligation or prohibition, nor is it subject to or threatened by any actions, suits or proceedings that could or would prevent compliance with the Agreement. The Recipient shall inform the Minister forthwith of any such occurrence;
- (e) it has not entered, and undertakes not to enter, without the Minister's written consent, into any agreement that would prevent the full implementation of this Agreement;
- (f) the execution and delivery of this Agreement and the performance by the Recipient of its obligations hereunder will not, with or without the giving of notice or the passage of time or both:
  - (i) violate the provisions of the Recipient's by-laws, any other corporate governance document subscribed to by the Recipient or any resolution of the Recipient;
  - (ii) violate any judgment, decree, order or award of any court, government agency, regulatory authority or arbitrator; or
  - (iii) conflict with or result in the breach or termination of any material term or provision of, or constitute a default under, or cause any acceleration under, any license, permit, concession, franchise, indenture, mortgage, lease, equipment

lease, contract, permit, deed of trust or any other instrument or agreement by which it is bound;

(g) it has obtained or will obtain all necessary licences and permits in relation to the Project, which satisfy the requirements of all regulating bodies of appropriate jurisdiction;

(h) it owns or holds sufficient rights in any Intellectual Property required to carry out the Project; and,

(i) the description of the Project in Annex 1 - *Statement of Work* is complete and accurate.

**10.2 Covenants.** The Recipient covenants and agrees that:

(a) it is solely responsible for providing or obtaining the funding, in addition to the Contribution, required to carry out the Project and the fulfilment of the Recipient's other obligations under this Agreement;

(b)(i) No Material Change within the control of the Recipient and, if the Recipient is a private company, no Change of Control will be made without the prior written consent of the Minister. Notice of such Material Change or Change of Control must be delivered promptly to the Minister and in no event later than thirty (30) days prior to the proposed Material Change or Change of Control;

(ii) In the case where the Recipient is a public company, the Recipient shall notify the Minister in writing of any Change in Control no later than thirty (30) days following any Change in Control, and as a result of such Change in Control, the Minister may, at the Minister's discretion, terminate the Agreement and may require that the Recipient pay to the Minister up to the Maximum Amount to be Repaid;

(c) it shall retain possession and control of all Project Assets the cost of which has been contributed to by the Minister under the Agreement, and the Recipient shall not Dispose of the same without the prior written consent of the Minister, other than (i) in the ordinary course of business where the aggregate book value of such Project Assets for each occurrence is no greater than twenty-five thousand dollars (\$25,000), and (ii) where the Maximum Amount to be Repaid has been paid in accordance with this Article 10;

(d) it shall, in advance and in writing, and subject to Paragraphs 10.2 (b) and (c) of this Agreement, notify the Minister in the event of any Acquisition or Divestiture. In the case where the Recipient is a public company, the Recipient shall notify the Minister in writing of any Acquisition or Divestiture within 2 business days following any press release, or filing of a public regulatory notice in respect of such Acquisition or Divestiture;

(e) that it shall not make any dividend payments or other shareholder distributions that would prevent it from implementing the Project or satisfying any other of the Recipient's obligations under this Agreement, including, without limitation, the making of repayments to the Minister hereunder;



(f) it shall comply with the federal visibility requirements set out in Schedule 2 - *Communications Obligations*; and

(g) it shall comply with all laws and regulations applicable to it.

**10.3 Renewal of Representations.** It is a condition precedent to any disbursement under this Agreement that the representations, warranties and covenants contained in this Agreement are true at the time of payment and that the Recipient is not in default of compliance with any terms of this Agreement.

## **11. Intellectual Property**

**11.1 Background Intellectual Property.** The Recipient must own the Background Intellectual Property or hold sufficient Background Intellectual Property Rights to permit the Project to be carried out and the Project Intellectual Property to be exploited by the Recipient.

**11.2 Project Intellectual Property.** Ownership, exploitation and commercialization of the Project Intellectual Property to which the Minister has contributed, and the ownership of Project Intellectual Property Rights therefor, shall remain in Canada for the Term of this Agreement unless otherwise agreed to by the Minister.

**11.3 License of Project Intellectual Property.** The Recipient agrees not to grant any right or license to, any of the Project Intellectual Property without the prior written consent of the Minister, except in respect of an end-user licensee in conjunction with the sale of Resulting Products.

**11.4 Protection of Project Intellectual Property.** The Recipient shall take appropriate steps to protect and enforce the Project Intellectual Property. The Recipient shall provide information to the Minister in that regard, upon request.

**11.5 Crown Ownership of Intellectual Property.** The Crown will not have an ownership interest in the Project Intellectual Property nor will the Crown acquire new rights in Background Intellectual Property by virtue solely of having provided the Contribution. Rights attributed to the Crown in any other way including under the *Public Servants Inventions Act* are not in any way affected by this Agreement.

## **12. Environmental and Other Requirements**

**12.1** The Recipient represents that the Project is not a “designated project” and is not being carried out on “federal lands” as such terms are defined in the *Canadian Environmental Assessment Act, 2012* (“CEAA”).

**12.2** The Recipient shall, in respect of the Project, comply with all federal, provincial, territorial, municipal and other applicable laws, including but not limited to, statutes, regulations, by-laws, rules, orders, ordinances and decrees governing the Recipient or the Project, or both, relating to environmental protection and the successful implementation of and adherence to any mitigation measures, monitoring or follow-up program that may be prescribed by the Minister or other

federal, provincial, territorial, municipal tribunals or bodies, and certifies to the Minister that it has done so to date.

12.3 The Recipient will provide the Minister with reasonable access to any Project site for the purpose of ensuring that the terms and conditions of any environmental approval are met, and that any mitigation, monitoring or follow-up measure required has been carried out.

12.4 If as a result of changes to the Project or otherwise, an assessment is required in accordance with CEAA for the Project, the Minister and the Recipient agree that the Minister's obligations under this Agreement will be suspended from the moment that the Minister informs the Recipient, until (i) a decision statement has been issued to the Recipient or, if applicable, the Minister has decided that the Project is not likely to cause significant adverse environmental effects or the Governor in Council has decided that the significant adverse environmental effects are justified in the circumstances, and (ii) if required, an amendment to this Agreement has been signed, setting out any conditions included in the decision statement.

12.5 **Aboriginal consultation.** The Recipient acknowledges that the Minister's obligation to pay the Contribution is conditional upon Her Majesty satisfying any obligation that Her Majesty may have to consult with or to accommodate any Aboriginal groups, which may be affected by the terms of this Agreement.

12.6 **Official Languages.** The Recipient agrees that any public acknowledgement of the Minister's public support for the Project will be expressed in both official languages.

### **13. Indemnification and Limitation of Liability**

13.1 **Indemnification.** Except for any claims arising from the gross negligence of, or willful misconduct by, the Minister's employees, officers, agents or servants, the Recipient agrees, at all times, to indemnify and save harmless, the Minister and any of his officers, servants, employees or agents from all and against all claims and demands, actions, suits or other proceedings (and all losses, costs and damages relating thereto) by whomsoever made, brought or prosecuted (all of the foregoing collectively, the "Claims"), where such Claims are asserted or arise from the Minister being a Party to this Agreement and exercising his rights and performing his obligations under this Agreement, to the extent such Claims result from:

- (a) the Project, its operation, conduct or any other aspect thereof;
- (b) the performance or non-performance of this Agreement, or the breach or failure to comply with any term, condition, representation or warranty of this Agreement by the Recipient, its Affiliated Persons, its officers, employees and agents, or by a third party or its officers, employees, or agents;
- (c) the design, construction, operation, maintenance and repair of any part of the Project; or,
- (d) any omission or other wilful or negligent act or delay of the Recipient, its Affiliated Person or a third party and their respective employees, officers, or agents.

13.2 **Limitation of Liability.** Notwithstanding anything to the contrary contained herein, the Minister shall not be liable for any indirect, special or consequential damages of the Recipient

nor for the loss of revenues or profits arising from, based upon, occasioned by or attributable to the execution of this Agreement, regardless of whether such a liability arises in tort (including negligence), contract, fundamental breach or breach of a fundamental term, misrepresentation, breach of warranty, breach of fiduciary duty, indemnification or otherwise.

13.3 Her Majesty, her agents, employees and servants will not be held liable in the event the Recipient enters into a loan, a capital or operating lease or other long-term obligation in relation to the Project for which the Contribution is provided.

#### 14.14. Default and Remedies

14.1 **Event of Default.** The Minister may declare that an Event of Default has occurred if:

- (a) the Recipient has failed or neglected to pay Her Majesty any amount due in accordance with this Agreement;
- (b) the Project is not completed in accordance with Schedule 1 - *Statement of Work* to the Minister's satisfaction by the Project Completion Date or the Project is abandoned in whole or in part;
- (c) the Recipient has not, in the opinion of the Minister, met or satisfied a term, covenant or condition of this Agreement;
- (d) the Recipient becomes bankrupt or insolvent, goes into receivership, or takes the benefit of any statute, from time to time in force, relating to bankrupt or insolvent debtors;
- (e) an order is made or the Recipient has passed a resolution for the winding up or dissolution of the Recipient, or the Recipient is dissolved or wound up;
- (f) the Recipient has, in the opinion of the Minister, ceased to carry on business or has sold all or substantially all of its assets;
- (g) the Recipient has not met or satisfied a term or condition under any other contribution agreement with Her Majesty;
- (h) the Recipient fails to fulfill any of the contractual obligations set out in this Agreement;
- (i) a representation, covenant, warranty or statement contained herein or in any document, report or certificate delivered to the Minister hereunder or in connection therewith is false or misleading at the time it was made; and
- (j) the Recipient fails to comply with the obligations regarding audit and evaluation, as set out in Section 9.

14.2 **Notice and Rectification Period.** Except in the case of an Event of Default under paragraphs (d), (e) and (t) of Subsection 14.1 above, the Minister will not declare that an Event of Default has occurred unless the Minister has given written notice to the Recipient of the occurrence which, in the Minister's opinion, constitutes an Event of Default and the Recipient fails, within thirty (30) days of receipt of the notice, either to correct the condition or event or demonstrate, to the satisfaction of the Minister that it has taken such steps as are necessary to correct the condition, failing which the Minister may declare that an Event of Default has occurred.

**14.3 Remedies on Default.** Subject to any requirements of notice set out in section

14.2, if an Event of Default has occurred, the Minister may immediately exercise one or more of the following remedies, in addition to any remedy available at law:

- (a) suspend or terminate any obligation by the Minister to contribute or continue to contribute to the Eligible Costs including any obligation to pay any amount owing prior to the date of such suspension;
- (b) require the Recipient to repay to the Minister all or part of the Contribution paid by the Minister, together with interest from the day of demand at the Interest Rate;
- (c) require the Recipient to pay the Minister the total of all amounts required to be repaid pursuant to this Agreement or the Maximum Amount to be Repaid, whichever shall be the greater, less any amount already repaid to the Minister together with interest from the day of demand at the Interest Rate;
- (d) terminate the Agreement; and
- (e) post a notice on a Government of Canada website disclosing that the Recipient has committed an Event of Default under the provisions of this Agreement and describing generally the remedies, if any, that the Minister has accordingly exercised.

14.4 The Recipient acknowledges the policy objectives served by the Minister's agreement to make the Contribution, that the Contribution comes from the public monies, and that the amount of damages sustained by Her Majesty in an Event of Default is difficult to ascertain and therefore, that it is fair and reasonable that the Minister be entitled to exercise any or all of the remedies provided for in this Agreement and to do so in the manner provided for in this Agreement, if an Event of Default occurs.

**15. Miscellaneous**

15.1 Compliance with *Lobbying Act*. The Recipient warrants and represents:

- (a) that it has filed all *Lobbying Act* returns required to be filed in respect of persons employed by the Recipient who communicate and/or arrange meetings with Public Office Holders as part of their employment duties, and that it will continue to do so;
- (b) that it has not contracted with any person to communicate and/or arrange meetings with Public Office Holders for remuneration that is or would be contingent in any way upon the success of such person arranging meetings with Public Office Holders, or upon the approval of the Recipient's application for SIF funding, or upon the amount of SIF funding paid or payable to the Recipient under this Agreement;
- (c) that it will not contract with any person to communicate and/or arrange meetings with Public Office Holders for remuneration that is or would be contingent upon the success of such person arranging meetings with Public Office Holders, or upon the amount of SIF funding paid or payable to the Recipient under this Agreement;
- (d) all persons who are or have been contracted by the Recipient to communicate and/or arrange meetings with Public Office Holders in respect of this Agreement are in full compliance with the registration and other requirements of the *Lobbying Act*; and

(e) it shall at all times ensure that any persons contracted to communicate and/or arrange meetings with Public Office Holders in respect of the Agreement are in full compliance with the requirements of the Lobbying Act.

**15.2 Members of Parliament.** The Recipient represents and warrants that no member of the House of Commons will be admitted to any share or part of this Agreement or to any benefit to arise therefrom. No person who is a member of the Senate will, directly or indirectly, be a party to or be concerned in this Agreement.

**15.3 Compliance with Post-Employment Provisions.** The Recipient confirms that no current or former public servant or public office holder to whom the *Values and Ethics Code for the Public Service*, the *Values and Ethics Code for the Public Sector*, the *Policy on Conflict of Interest and Post-Employment* or the *Conflict of Interest Act* apply, will derive a direct benefit from this Agreement unless the provision or receipt of such benefits is in compliance with such legislation and codes.

15.4 The Recipient acknowledges that the representations and warranties in this section are fundamental terms of this Agreement. In the event of breach of these, the Minister may exercise the remedies set out in Subsection 14.3.

## **16. Confidentiality.**

**16.1 Consent Required.** Subject to Schedule 2 - *Communications Obligations*, the *Access to Information Act*, the *Privacy Act* and the *Library and Archives Act of Canada*, each Party shall keep confidential and shall not without the consent of the other Party disclose the contents of the Agreement and the documents pertaining thereto, whether provided before or after the Agreement was entered into, or of the transactions contemplated herein.

**16.2 International Dispute.** Notwithstanding Subsection 16.1 of this Agreement, the Recipient waives any confidentiality rights to the extent such rights would impede Her Majesty from fulfilling her notification obligations to a world trade panel for the purposes of the conduct of a dispute, in which Her Majesty is a party or a third party intervener. The Minister is authorized to disclose the contents of this Agreement and any documents pertaining thereto, whether predating or subsequent to this Agreement, or of the transactions contemplated herein, where in the opinion of the Minister, such disclosure is necessary to the defense of Her Majesty's interests in the course of a trade remedy investigation conducted by a foreign investigative authority, and is protected from public dissemination by the foreign investigative authority. The Minister shall notify the Recipient of such disclosure.

**16.3 Financing, Licensing and Subcontracting.** Notwithstanding Subsection 16.1 of this Agreement, the Minister hereby consents to the Recipient disclosing this Agreement, and any portion or summary thereof, for any of the following purposes:

- (a) securing additional financing;
- (b) licensing for commercial exploitation; or
- (c) confirming to agents, contractors and subcontractors of the Recipient that all agents, contractors and subcontractors must agree to provide the Minister and the

Auditor-General with access to their records and premises, provided that any person to whom this Agreement or any portion or summary thereof is disclosed shall execute a non-disclosure agreement prior to such disclosure.

16.4 **Repayments.** Notwithstanding Subsection 16.1 of this Agreement, the Minister may disclose any information relating to the amount of each repayment made by the Recipient whether due or paid.

#### **17. General**

17.1 **Debt due to Canada.** Any amount owed to Her Majesty under this Agreement shall constitute a debt due to Her Majesty and shall be recoverable as such. Unless otherwise specified herein, the Recipient agrees to make payment of any such debt forthwith on demand.

17.2 **Interest.** Debts due to Her Majesty will accrue interest in accordance with the *Interest and Administrative Charges Regulations*, in effect on the due date, compounded monthly on overdue balances payable, from the date on which the payment is due, until payment in full is received by Her Majesty. Any such amount is a debt due to Her Majesty and is recoverable as such.

17.3 **Set-off Rights of Minister.** Without limiting the scope of the set-off rights provided for under the *Financial Administration Act*, it is understood that the Minister may set off against the Contribution any amounts owed by the Recipient to the Minister under legislation or contribution agreements and the Recipient shall declare to the Minister all amounts outstanding in that regard when making a claim under this Agreement.

17.4 **No Assignment of Agreement.** No Party shall assign the Agreement or any part thereof without the prior written consent of the Minister. Any attempt by a Party to assign this Agreement or any part thereof, without the express written consent of the Minister, is void.

17.5 **Annual Appropriation.** Any payment by the Minister under this Agreement is subject to there being an appropriation for the Government Fiscal Year in which the payment is to be made; and to cancellation or reduction in the event that departmental funding levels are changed by Parliament. If the Minister is prevented from disbursing the full amount of the Contribution due to a lack or reduction of appropriation or departmental funding levels, the Minister and the Recipient agree to review the effects of such a shortfall in the Contribution on the implementation of this Agreement.

17.6 **Successors and Assigns.** This Agreement is binding upon the Recipient, its successors and permitted assigns.

17.7 **Event of Force Majeure.** The Recipient will not be in default by reason only of any failure in the performance of the Project in accordance with Schedule 1 -*Statement of Work* if such failure arises without the fault or negligence of the Recipient and is caused by any event of Force Majeure.

17.8 **Applicable Law.** This Agreement will be interpreted in accordance with the laws of the province of Ontario and federal laws of Canada applicable therein. The word "law" used herein has the same meaning as in the *Interpretation Act*, as amended.

17.9 **Dispute Resolution.** If a dispute arises concerning the application or interpretation of this Agreement, the Parties will attempt to resolve the matter through good faith negotiation, and may, if necessary and the Parties consent in writing, resolve the matter through mediation or arbitration by a mutually acceptable mediator or by arbitration in accordance with the Commercial Arbitration Code set out in the schedule to the *Commercial Arbitration Act (Canada)*, as amended, and all regulations made pursuant to that Act.

17.10 **No Amendment.** No amendment to this Agreement shall be effective unless it is made in writing and signed by the Parties hereto.

17.11 **Contribution Agreement Only.** This Agreement is a contribution agreement only, not a contract for services or a contract of service or employment, and nothing in this Agreement, the Parties relationship or actions is intended to create, or be construed as creating, a partnership, employment or agency relationship between them. The Recipient is not in any way authorized to make a promise, agreement or contract and to incur any liability on behalf of Her Majesty or to represent itself as an agent, employee or partner of Her Majesty, including in any agreement with a third party, nor shall the Recipient make a promise, agreement or contract and incur any liability on behalf of Her Majesty, and the Recipient shall be solely responsible for any and all payments and deductions required by the applicable laws.

17.12 **No Waiver.** The rights and remedies of the Minister under this Agreement shall be cumulative and not exclusive of any right or remedy that he or she would otherwise have. The fact that the Minister refrains from exercising a remedy he or she is entitled to exercise under this Agreement will not constitute a waiver of such right and any partial exercise of a right will not prevent the Minister in any way from later exercising any other right or remedy under this Agreement or other applicable law.

17.13 **Consent of the Minister; Opinion of the Minister.** Whenever this Agreement provides for the Minister to render a decision or for the Recipient to obtain the consent or agreement of the Minister, such decision shall be reasonable on the facts and circumstance and such consent or agreement will not be unreasonably withheld but the Minister may make the issuance of such consent or agreement subject to reasonable conditions. Whenever this Agreement provides for the “Minister is of the opinion” or “in the opinion of the Minister” or words to similar effect, it will be read to require an opinion reasonably formed by the Minister on the basis of conditions, circumstances, and facts that are reasonably known to the Minister.

17.14 **No conflict of interest.** The Recipient and its Affiliated Persons, consultants and any of their respective advisors, partners, directors, officers, shareholders, employees, agents and volunteers shall not engage in any activity where such activity creates a real, apparent or potential conflict of interest in the sole opinion of the Minister, with the carrying out of the Project. For greater certainty, and without limiting the generality of the foregoing, a conflict of interest includes a situation where anyone associated with the Recipient owns or has an interest in an organization that is carrying out work related to the Project.

17.15 **Disclose Potential Conflict of Interest.** The Recipient shall disclose to the Minister without delay any actual or potential situation that may be reasonably interpreted as either a conflict of interest or a potential conflict of interest.

17.16 **Severability.** Any provision of this Agreement which is prohibited by law or otherwise deemed ineffective will be ineffective only to the extent of such prohibition or ineffectiveness and will be severable without invalidating or otherwise affecting the remaining provisions of the Agreement.

17.17 **Signature in Counterparts.** This Agreement may be signed in counterparts and such counterparts may be delivered by acceptable electronic transmission, including portable document format (PDF), each of which when executed and delivered is deemed to be an original, and when taken together, will constitute one and the same Agreement.

17.18 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are to the currency of Canada.

17.19 **Tax.** The Recipient acknowledges that financial assistance from government programs may have tax implications for its organization and that advice should be obtained from a qualified tax professional.

## **18. Contact Information & Notices**

18.1 **Form and Timing of Notice.** Any notice or other communication under this Agreement shall be made in writing. The Minister or the Recipient may send any written notice by any pre-paid method, including regular or registered mail, courier or email. Notice will be considered as received upon delivery by the courier, upon the Party confirming receipt of the email or one (1) day after the email is sent, whichever the sooner or five (5) calendar days after being mailed.

18.2 Any notices to the Minister in fulfillment of obligations such as claims, reporting, and any other documents stipulated under this Agreement, will be addressed to:

Strategic Innovation Fund  
 Attn: Senior Director  
 8th Floor  
 235 Queen Street  
 Ottawa, Ontario K1A 0H5  
 Fax No: (613) 954-5649  
 Email address: to be provided by SIF upon request from the Recipient.

Notwithstanding the foregoing, claims forms will not be sent by email unless otherwise agreed to in writing by the Minister.

18.3 Any notices to the Recipient will be addressed to:

exactEarth Ltd.  
 Attn: **Peter Dorcas, Vice President Business Development**  
 260 Holiday Inn Drive, Unit 30, Building B  
 Cambridge, ON, N3C 4E8  
 Fax No: (519) 623-8575  
 Email address: to be provided by the Recipient to SIF.



**18.4 Change of Contact Information.** Each of the Parties may change the address, which they have stipulated in this Agreement by notifying in writing the other Party of the new address, and such change shall be deemed to take effect fifteen (15) calendar days after receipt of such notice.

**19. Language of Agreement**

19.1 The Parties hereto confirm that it is their wish that this Agreement as well as all other documents relating thereto, including notices, have been and will be drawn up in English only.

Les parties aux presentes confirment que c'est leur volonte que cette convention de meme que tousles documents, y compris les avis s'y rattachant, soient rediges en anglais seulement.

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**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement through duly authorized representatives.

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**

as represented by the Minister of Industry

Per:   
\_\_\_\_\_  
Colette Kaminsky, Executive Director  
Strategic Innovation Fund

18-10-2018  
Date

**EXACTEARTH LTD.**

Per: Peter Mabson, Chief Executive Officer exactEarth Ltd.

Date

I have the authority to bind the Corporation.

## SCHEDULE 1 -STATEMENT OF WORK (SOW)

### Satellite Monitoring for Advanced Real Time - Maritime Information

#### 1. Main Objective

The project is a critical upgrade and expansion to integrate new powerful capabilities into exactEarth's existing satellite network, processing environments, and data service products. The new system will allow exactEarth to take advantage of a new market segment (persistent real-time services) and maintain its global leadership position in maritime surveillance.

The new capabilities will include new high detection spectrum satellite assets (Maritime Monitoring and Messaging Microsatellite and Paz satellite), new real-time hosted payloads on the Iridium NEXT satellites and advanced real-time big data analytics to uniquely exploit information from the vast quantity of maritime data collected by satellites. The new system will collect information across the entire maritime frequency band and provide a unique persistent real-time global coverage designed to meet current and growing needs of governments and the maritime community for the next 15 years.

#### 2. Activities

##### 2.1 Activity #1: Data Collection and Generation

**Description:** exactEarth's ability to provide service to customers is directly related to its ability to collect and generate valuable data in a timely and accurate fashion. Data Collection and Generation covers the continuing development of network infrastructure, which includes space satellites, ground stations and data processing centres (DPC). All these network elements are controlled from exactEarth's network operations centre (NOC) in Cambridge, Ontario. The NOC determines how the infrastructure assets are deployed, scheduled, maintained and monitored.

For this Activity, the scope of the work would include adding new assets to the space segment (satellites) and improving the effectiveness of the system, including increasing the number of unique vessels being detected via satellite, improving detection rates in varying conditions of ship density, reducing the latency (the time required for a detected AIS message to reach the overall data feed) and increasing the refresh/revisit rates for vessels (that is, increasing the number of messages per vessel to better track its movement more frequently through more frequent overhead satellite passes and better probability of message detection).

Related to the scope of adding more network assets to collect data is the generation of more data from that collected, specifically from the ASM channels (application specific messages), which are used for ClassB vessels (small ships). For instance, one method of

AIS data collection from satellites is the digitization of frequency spectrum in which the AIS messages are embedded. ExactEarth has patented decollision technology which extracts the AIS messages from the spectrum files that are downlinked from the satellite to the DPCs. The spectrum files have no value to our customers but the extracted AIS messages certainly do. Thus, the scope from a data generation perspective is to improve the decollision performance- process

data faster and with high accuracy. There are also remote terminals that operate as part of our 'extended' network. These remote terminals allow satellite tracking of Class B vessels, which cannot be adequately tracked using means used for conventional Class-A ships, mainly because the allowed transmit power of these Class B remote terminals is much lower. The development of exactEarth technology for Class B terminals are to use special data-coding schema and specifications that exactEarth owns and shares with our hardware partners (terminal equipment). The coding is used to overcome the lack of transmit power). exactEarth defines the content of the messages (using the ITU standard) so that upon detection, exactEarth's network can properly process (decode) and route the generated data to customers. The scope of the work will seek improvements to the Class B detection system including alternative approaches to the coding scheme and how this is implemented in better remote terminals.

Investigations in how the technology principles behind satellite based AIS detection to small vessels can be applied to related (or adjacent) applications for additional commercial exploitation. For instance, developing two-way communication for maritime vessels using small sats (AIS technology is one-way communication). To control the network infrastructure, the NOC uses software tools to task and monitor the network infrastructure. As the network will evolve and grow based on the scope already described above, the NOC's, the tool set must be updated so that it is always capable of controlling the network. Monitoring of the network is necessary to determine the data throughput (how much and how fast), the quality of the data (minimizing gaps in coverage and preventing erroneous data), and the effectiveness of the network in its purpose of sending collected data to customers. The scope of monitoring within this major activity seeks improvements such as data recording and reviewing satellite telemetry. It also includes creating new tools to measure and track key performance metrics which are designed to help in evaluating the impacts of network scheduling and any related tasking changes that are required to be made.

**Expected Outcomes:** The scope of work would include the tasks given in the following table. As the tasks planned at the beginning of the proposal will be subject to external factors, such as market conditions, identification of new technologies, etc., there will be periodic reviews conducted to ensure that any necessary adjustments are made to the specific tasks of this major activity while keeping aligned with the original objectives to improve and grow the ability to collect and generate data using our evolving infrastructure.

Adjustments may include adding to (or reducing) the scope of a particular sub-activity, creating (or abandoning) sub-activities to take advantage of new opportunities.

<b>ID</b>	<b>Sub Activity</b>	<b>Description</b>	<b>Expected Outcome</b>
1	Commissioning exactView-7 (EV7/M3MSat)	Complete The Commissioning Steps necessary to make EV7 production- ready and integrated (added)into the Generation 1 constellation.	EV7 demonstrate all performance requirements and collected EV7 data is permitted into our production data feed
2	Commissioning exactView-8 (EV8/PAZ)	Complete the commissioning steps necessary to make EV8 production- ready and integrated (added) into the Generation 1 constellation.	EV8 demonstrates all performance requirements and collected EV8 data is permitted into our production data feed
3	Complete exactView Real Time (EVRT) Constellation Deployment	Full complement of EVRT payloads are launched into orbit in final configuration ready for full Generation 2 AIS service.	EVRT meets requirements for full deployment with all payloads tested and characterized  Data collected from the full constellation is permitted into our production data feed.
4	Complete VOES demonstration system	Simplified two-way ship-to-station communication to demonstrate VOES technology capability using CubeSat technology and remote (ship-based) terminal station	Use cases in test document are satisfactorily demonstrated  Final report is accepted by stakeholders.
5	EVRT Flight Applications Upgrade	Design, development and implementation of applications to be uploaded as firmware upgrades to the EVRT constellation. Applications may be improvements on existing functionality (for example, detection improvement of AIS signals) or new applications defined by business needs.	Flight apps are released for production use after following a defined design process including testing.
6	Establish exactTrax Initial Service	Roll-out exactTrax service through use of exactEarth defined technology in partnership with key vendors providing remote terminals. Targeted at small vessels (Class B) with for location detection	ExactEarth coding algorithms integrated into vendor units for detecting Class B vessels.  Field trials completed.  Service fully introduced

7	Establish exactASM Initial Service	Roll-out exactASM service through use of exactEarth defined technology in partnership with key vendors providing remote terminals. Upscaling of exactTrax service, targeted at small vessels (Class B) with increased messaging capability.	ExactEarth coding algorithms integrated into vendor units for detecting Class B vessels. Field trials completed.
8	EVRT Performance Metrics Development	Develop a system of reporting metrics to determine the operating performance of EVRT by building upon existing tools and ephemeris data and detected messages. Automate the tool set	Service fully introduced. Accepted roll-out of the metrics tool kit
9	Generation 1 Performance Metrics Improvement	Improve the measurement metrics used to determine the operating performance of Generation 1 constellation. Use ephemeris data and detected messages. Automate the tool set.	Accepted roll-out of the metrics tool kit
10	EVRT On Board Performance Improvements	Improve EVRT payloads through satellite system optimization with our EVRT partners. This seeks to improve on satellite system parameters such as duty cycle, data rate, etc., that allow the payloads to increase performance	Satellite system budget to EVRT payloads are increased/improved such that data generation from the system is increased
11	EVRT Tasking Enhancements	Using knowledge of the EVRT applications and performance metrics, implement improvements to the tasking system for EVRT.	Tasking Process is updated and approved for use: System to be closed loop with changes formally review and controlled
12	Generation 1 Additional Applications	Exploit the Generation 1 payloads initially developed for AIS signal detection for adjacent uses to increase the utilization of the Generation 1 constellation	Roll-out of new uses for Generation 1.

13	EVRT Additional Applications	Exploit EVRT payloads initially developed for AIS signal detection for adjacent uses to increase the utilization.	Roll-out of new uses for EVRT
14	exactTrax Service Upgrade	Improve exactTrax through upgrades to technology used to deliver the service, such as changes to remote terminals, changes to data generation (i.e., modulation, coding schema, etc.)	Successful introduction of the next generation of exactTrax Service with demonstrated performance improvements in data generation.
15	exactASM Service Upgrade	Improve exactASM through upgrades to technology used to deliver the service, such as changes to remote terminals, changes to data generation (i.e., modulation, coding schema, etc.)	Successful introduction of the next generation of exactTrax Service with demonstrated performance improvements in data generation.
16	Data Generation Improvements	Improve capability to extract AIS data from raw AIS spectrum files collected by satellites (i.e., signal decollision).	Successful introduction of next version of data generation software (decollider) with demonstrated performance improvements.

## 2.2 Activity #2: Data Management, Monitoring and Distribution

### Description:

This Activity covers the scale-up of exactEarth's data infrastructure to accommodate planned new incoming data flows from Major Activity #1 along with flows from existing incoming sources. As new assets are brought online and new services introduced (including data exploitation products which introduce new and variable demands) the data management becomes more complex.

The primary goal overall is to ensure that stable High Reliability Data Management & Distribution platforms, networks and systems are in place. Specifically, exactEarth would be investing to scale-up a highly automated data factory with high throughput and flexible storage; automated monitoring, alerting and escalation systems; globally distributed systems for world-wide responsiveness; a high-reliability and fault tolerant software and hardware architecture; and scalable front-end data delivery services.

Upgraded systems would provide customers with a high confidence that the data they rely on is secure from tampering. Cloud and in-house architectures would be compared to identify a cost effective and environmentally friendly deployment strategy. Software development activities in this work package center on providing scalable AP is and delivery mechanisms for the increased volume of data, and on enhancing visualization tools to improve both the handling of big data and their responsiveness from all areas of the globe.

**Expected Outcomes:** The scope of work would include the tasks given in the following table. Adjustments may include adding to (or reducing) the scope of a particular sub-activity, creating (or abandoning) sub-activities to take advantage of new opportunities.

<b>ID</b>	<b>Sub-activity</b>	<b>Description</b>	<b>Expected Outcome</b>
1	Planning Phase	The main tasks are broken out into more detail following the scope, cost and schedule constraints set forth in this proposal.	•99.97% uptime for all products, encompassing the entire processing chain from data reception to product delivery
2	Requirements Phase	Determining how the upgraded facility (or facilities) will look based on defined need (including consideration from Major Activities #1 and #3), constraints identified during Planning and technology trade-offs that consider throughput, reliability, operating metrics and security.	•<10 second transfer time for real- time data from time of data reception to product delivery
3	Upgrade Development Phase	Establish the data infrastructure in test environments and focussed implementation. Review of the results and plans is a necessary step before moving to the next stage (Operational readiness review).	•< 5-minute delivery for derived analytic data from time of data reception to availability of analytic data
4	Upgrade Roll-out	Move from test environments to production environments on a full- scale basis while addressing all requirements. Buy-off required from Operations Management is the key controlling factor (Production Hand-over)	•Flat energy costs in data processing centers (DPC) to achieve both cost and energy efficiency goals •High security computing environment with zero loss of company IP or customer data
5	Operational Monitoring	Performing careful oversight of the upgraded system during the initial timeframe of being rolled-out and in service. Perform minor adjustments as required and determine the performance effectiveness (Operations Upgrade Performance Review).	•Data access and visualization technologies which provide low- impedance, highly responsive access all maritime data and analytics •Updated document set of processes and procedures to control changes and maintain performance (cost, reliability and security).



- |   |                          |   |
|---|--------------------------|---|
| 6 | Process and Procedures   | Document or update operational procedures developed during the upgrade to formalize their ongoing application. This includes such items as issue reporting (ticketing, escalation) and performance management (dashboard) reporting   |
| 7 | New Service Introduction | As the outputs from the other major activities come into being, update the process for formal introduction into the updated data factory  |
| 8 | Operational Adjustments  | Using a controlled change process (existing or updated), identify adjustments to be made to the new data infrastructure based on the cumulative effect of improvements made during this major activity. This is analogous to fine-tuning the system. The tasks will be broken down into the next level detail during the planning stage of the program and in coordination with the other major activities to ensure upgrade timing does not conflict the other scheduled events. It may be determined to segment the upgrade into smaller subsegments (addressing main elements of the data factory as focussed main tasks instead of tackling the entire system as a whole enterprise, which may prove too large in overall scope to address without taking unnecessary risks). |

### 2.3 Activity #3: Data Exploitation

**Description:** The objective of Data Exploitation is to take advantage of the outcomes from Activity #1 (Data Collection and Generation) to extend exactEarth's competitive advantage into new and existing markets through intelligent analysis and synthesis with other datasets. The scope of work is to extract further information from the raw data, derive new and useful products from the dataset and synthesize the exactEarth data with other data sources such as radar, optical imagery and environmental data (such as temperature, current, wave height, weather) to create hybrid data products and derived products.

exactEarth would carry out this activity using a combination of internal development and partnerships with Canadian subcontractors who bring either domain expertise (e.g. illegal fishing, commercial route planning) or technological expertise (e.g. big data, deep learning). The range of possible data enhancements is large and exactEarth expects to pursue other forms of data exploitation as new market opportunities present themselves.

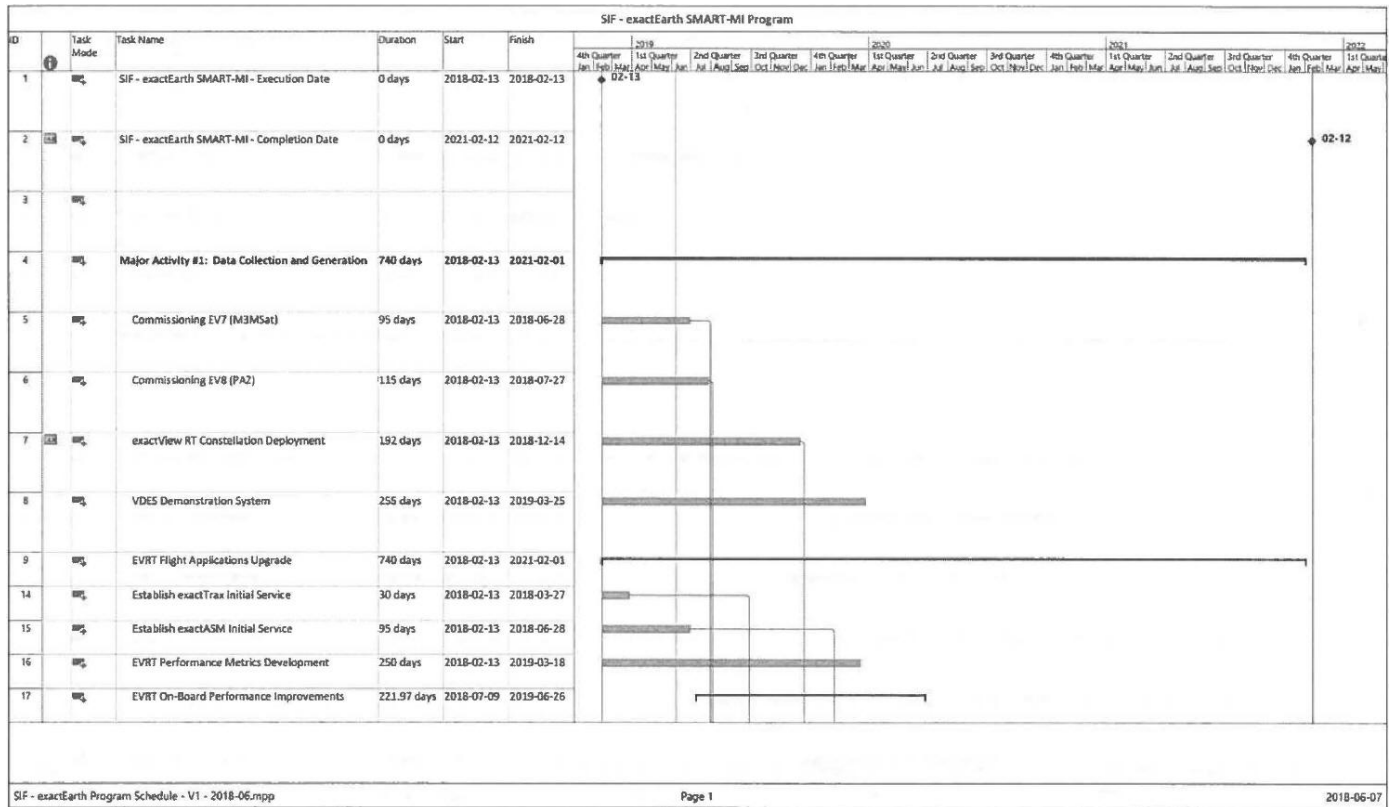
**Expected Outcomes:** The scope of work includes the tasks given in the following table. Adjustments may include adding to (or reducing) the scope of a particular sub-activity, creating (or abandoning) sub-activities to take advantage of new opportunities.

<b>ID</b>	<b>Sub-activity</b>	<b>Description</b>	<b>Expected Outcome</b>
1. AIS Augmentation			
1.1	Doppelganger Segregation	Identify vessels that are sharing common transponder identifiers and automatically associate incoming data with the correct hull, ensuring that the data is appropriate segregated to a real vessel and not intermingled	Distribution, search, filter and display tools all provide access to data appropriately segregated to a single vessel
1.2	Positional anomaly detection	Identify incoming messages where the reported position is incorrect. Identify vessels with a recurring pattern of reporting incorrect positions.	Anomalous messages are identified automatically and flagged in the search database to support analysis. Automated analysis summarizes message details and generates vessel anomaly metrics, which are available to customers
1.3	Position verification	Compute an independent assessment for the vessel position which can be used to corroborate the report position, or to provide an estimated position when the reported position is	Estimated vessel positions are calculated automatically and stored in the database for analysis. Results available to customers through searchable services
1.4	Integration of high- res and low-res AIS position reports	Integrate AIS position reports of differing accuracy and resolution into a common vessel history	Customers can access complete vessel histories without confusion about the quality of individual data points.

2 Vessel Behavioural Analysis		
2.1	Use of illegal fuels	Identify vessels which burn green fuels within monitor areas, but switch to illegal fuels to save costs in open ocean.
		Customers can access reports of illegal fuel usage and include historical events of illegal fuel usage in vessel history reports.
2.2	Illegal fishing	Identify vessels which are engaged in illegal fishing activities
		Customers can access reports of illegal fishing and include historical events of illegal fishing in vessel history reports.
2.3	Encroachment	Identify vessels which are encroaching on restricted areas such as Marine Protected Areas
		Customers can access reports of encroachment and include historical events of encroachment in vessel history reports.
3. Route Analytics		
3.1	Vessel location prediction	Predict the location of a vessel at a given point in time, either interpolating a location between historical observations or forecasting a position into the future.
		Customers can access estimated vessel positions on demand with associated metrics of estimated variance and likely error.
3.2	ETA analysis	Predict the likely arrival time of a vessel at a given port or in its stated destination
		Customers can perform ETA analysis through user interfaces or APIs. ETA information is presented automatically in association with vessels that have a stated destination
4. Route Optimization		
4.1	Weather avoidance	Calculate routes for vessels to avoid inclement weather
		Customers can perform route calculations in different scenarios
4.2	Fuel Optimization	Calculate routes for vessels to optimize fuel consumption, including environmental factors such as currents, weather, traffic
		Customer can predict their fuel consumption and plan routes that are most economical thereby providing operational cost savings
5. Data Synthesis		
5.1	Radar fusion	Integrate exactEarth data with radar imagery to augment detected vessels with additional metadata (name, course, heading, destination, etc.)
		Customers have access to exactEarth services for combining radar and exactEarth data

5.2	Optical fusion	Integrate exactEarth data with optical imagery to augment detected vessels with additional metadata (name, course, heading, destination, etc.)	Customers have access to exactEarth services for combining optical imagery and exactEarth data
5.3	Environmental fusion (temperature, current, wave height)	Integrate exactEarth data with environmental data to present a comprehensive view of the maritime environment situation	Customers have access to data representing the maritime environmental picture

### FORM A - Master Schedule (Gantt Chart)







**FORM B - MILESTONES**

<b>Project Phases and Major Milestone Groups</b>		<b>Anticipated Date</b>
<b>1</b>	Data Collection and Generation	Feb 12, 2021
<b>2</b>	Data Management, Monitoring and Distribution	Feb 12, 2021
<b>3</b>	Data Exploitation	Feb 12, 2021

**FORM CI -ELIGIBLE COSTS BREAKDOWN**

<b>Description of Activity Area*</b>	<b>Estimated Eligible Costs (\$)</b>							<b>Total</b>
	<b>Direct Labour Costs</b>	<b>Direct Materials</b>	<b>Direct Costs</b>		<b>Equipment</b>	<b>Land &amp; Buildings</b>	<b>Indirect Costs (Overhead)**</b>	
			<b>Subcontracts and Consultants</b>	<b>Other Direct Costs</b>				
1 Data Collection and Generation	1,644,477	0	2,155,238			0	473,997	<b>4,273,712</b>
2 Data Management, Monitoring, and Distribution	3,297,705	0	118,868		1,200,000	0	950,515	<b>6,567,088</b>
3 Data Exploitation	2,558,134	0	276,101			0	737,345	<b>3,571,580</b>
<b>Total Eligible Costs</b>	<b>7,500,316</b>	<b>0</b>	<b>3,550,207</b>	<b>0</b>	<b>1,200,000</b>	<b>0</b>	<b>2,161,857</b>	<b>14,412,380</b>

\*Note: Titles of Activity areas enumerated and described in the SOW.

All claims and costs are to be in accordance with Schedule 3 - *Cost Principles* and Schedule 4 - *Reporting Requirements*.

\*\*Indirect Costs (overhead) shall be calculated at a fixed rate of 55% of Direct Labour Costs and will not exceed 15% of Eligible Costs.



**FORM C2- ESTIMATED COST BREAKDOWN BY FISCAL YEAR**

<b>Fiscal Year (Ending March 31)</b>	<b>Total Estimated Eligible Costs (\$)</b>	<b>SIF Contribution cash flow to the Project (\$)</b>
2018-2019	6,349,923	3,174,962
2019-2020	4,225,368	2,112,684
2020-2021	3,837,089	1,918,544
<b>Total</b>	<b>14,412,380</b>	<b>7,206,190</b>

**FORM D- PROJECT LOCATION AND COSTS**

<b>Project Location</b>	<b>Work Performed</b>	<b>Estimated % of Total Eligible Costs</b>
Cambridge, ON	Activities #1 to 3 except subcontract work and services outside of Canada	<b>90%</b>
Florida, USA	Subcontract work and services, not available in Canada or cannot be performed in Canada.	<b>10%</b>
<b>Total Eligible Costs</b>	<b>All Activities</b>	<b>100%</b>

**SCHEDULE 2- COMMUNICATIONS OBLIGATIONS**

Nothing in this Agreement shall be interpreted as preventing the fulfilment by the Recipient of its reporting obligations under applicable securities laws.

**SECTION A: RECIPIENT'S RELEASE OF INFORMATION RELATED TO THE PROJECT AT TIME OF ANNOUNCEMENT OF PROJECT FUNDING**

1. The Minister will inform the Recipient of the date on which the first public announcement is to be made and the Recipient shall not disclose the existence of this Agreement until such date.
2. The Recipient shall invite representatives of SIF to be present at any official announcement organized by the Recipient and shall inform the public of SIF's support in the Project.
3. For information purposes, in planning a public announcement, the Recipient shall contact the SIF to obtain advice on Government of Canada protocol guidelines for public ceremonies.

**SECTION B: RELEASE OF INFORMATION RELATED TO THE AGREEMENT THROUGHOUT ITS TERM**

The following subsections apply to public announcements concerning this Agreement throughout the Term:

1. The Recipient hereby consents to public announcements, including, without limitation, the posting from time to time on a Government of Canada web site, by or on behalf of the Minister of any of the following information:
  - (a) Name of the Recipient;
  - (b) Amount of the Contribution, a description of the Project, the location of the Project and identification of the anticipated Project results and public policy benefits thereof;
  - (c) Payments payable or paid by the Recipient to the Minister; and
  - (d) Information resulting from any enforcement under Subsection 14.3.
2. The Recipient shall inform the Minister of any public announcement, publications or presentation in regard to this Agreement (e.g., award ceremonies, conferences, news releases, etc.) and shall use statements approved by the Minister when these include information regarding the participation of SIF.

## SCHEDULE 3 - COST PRINCIPLES

### SIF PROJECT COST PRINCIPLES

#### 1. GENERAL PRINCIPLE

The Eligible Costs of the Project are the sum of the applicable direct and indirect costs which are non-recurring and, in the opinion of the Minister, are, or must reasonably and necessarily be, incurred and/or allocated in the carrying out of the Project by the Recipient. These costs must be determined in accordance with the Recipient's cost accounting practices as accepted by the Minister and applied consistently over time. The cost accounting system should clearly establish an audit trail that supports all cost claims, in particular, the Direct Labour Costs, as described below, should clearly indicate the allocation of an employee's hours worked on the Project.

#### 2. REASONABLE COSTS

A cost is reasonable if the nature and amount do not exceed what would be incurred by an ordinary prudent person in the conduct of a competitive business.

In determining the reasonableness of a particular cost, consideration will be given to:

- (a) whether the cost is of a type generally recognized as normal and necessary for the conduct of the business of the Recipient or carrying out of the Project;
- (b) the restraints and requirements by such factors as generally accepted sound business practices, arm's length bargaining, federal, provincial and local laws and regulations, and the commercially reasonable terms of relevant agreements;
- (c) the action that prudent business persons would take in the circumstances, considering their responsibilities to the owners, employees, and customers of the business, the Government of Canada and the public at large;
- (d) significant deviations from the established practices of the Recipient which may unjustifiably increase the Eligible Costs; and
- (e) the specifications, delivery schedule and quality requirements of the particular Project as they affect costs.

#### 2.1 AFFILIATED PERSONS

In the case of Eligible Costs for goods or services incurred with an Affiliated Person, the amount of the costs incurred must:

- (a) not exceed their Fair Market Value;

(b) in the case of a good or service for which there is no Fair Market Value, the amount must not exceed the Fair Market Value of Similar Goods; or

(c) in the case of a good or service for which there is neither a Fair Market Value nor Similar Goods, the amount must not exceed one hundred and five percent (105%) of the sum of the applicable Direct Costs and Indirect Costs (representing the total applicable Eligible Costs, plus 5% profit), all as determined and measured consistently in accordance with International Financial Reporting Standards, that were reasonably incurred or allocated for the good or service in carrying out the Project.

### 3. DIRECT COSTS

There are six categories of direct costs:

**(a) Direct Materials Costs** meaning the cost of materials which can be specifically identified and measured as having been used or to be used for the performance of the Project and which are so identified and measured consistently by the Recipient's cost accounting system as accepted by the Minister.

(i) These materials may include, in addition to materials purchased solely for the Project and processed by the Recipient, or obtained from subcontractors, any other materials issued from the Recipient's general stocks.

(ii) Materials purchased solely for the Project or subcontracts must be charged to the Project at the net laid down cost to the Recipient, net of any taxes and before any discounts for prompt payment.

(iii) Materials issued from the Recipient's general stocks must be charged to the Project in accordance with the method as used consistently by the Recipient in pricing material inventories.

(iv) The costs of materials shall be considered to have been incurred in the country in which the related Project Activity is carried out.

**(b) Direct Labour Costs** meaning that portion of gross wages or salaries incurred by the Recipient for activities which can be specifically identified and measured as having been performed on the Project and which is so identified and measured consistently by the Recipient's cost accounting system as accepted by the Minister.

**(c) Direct Equipment Costs** meaning the cost of equipment which can be specifically identified and measured as having been used or to be used for the performance of the Project and which are so identified and measured consistently by the Recipient's costing system as accepted by the Minister. Direct equipment Costs also include expenditures relating to the alterations and/or modernization of the Equipment that appreciably prolong the equipment's period of usefulness or improve its functionality.

**(d) Other Direct Costs** meaning those applicable costs, not falling within the categories of direct material or direct labour or direct equipment, but which can be specifically

identified and measured as having been incurred by the Recipient for the performance of the Project and which are so identified and measured consistently by the Recipient's costing system as accepted by the Minister.

(e)**Subcontractor Costs** meaning the costs of subcontracts or consultants incurred for work or services which can be specifically identified and measured as having been incurred in the performance of the Project. An employee of the Recipient cannot also be a subcontractor or consultant.

(f)**Building Costs** meaning the cost of buildings which are necessary and reasonable to carry out the Project Activity to which they relate and which have been approved by the Minister. Eligible building costs may include the construction of new or the expansion of existing facilities, the development of testing facilities, and investments in modern buildings.

Direct costs do not include any allocation for profit nor any allocation of general and administrative expenses.

#### 4.INDIRECT COSTS (OVERHEAD)

Indirect Costs, also called "Overhead", are those costs which, though necessarily having been incurred during the Work Phase for the conduct of the business in general of the Recipient, cannot be identified and measured as directly applicable to the carrying out of the Project.

Indirect Costs include:

- (a)indirect materials and supplies (including but not limited to, supplies of low-value, high-usage items which meet the definition of Direct Material Costs but for which it is commercially unreasonable, in the context of the Project, to account for their costs in the manner prescribed for Direct Costs);
- (b)indirect labour;
- (c)fringe benefits;
- (d)public utilities expenses of a general nature including, but not limited to, power, HVAC, lighting, and the operation and maintenance of general assets and facilities;
- (e)expenses such as property taxes, rentals and depreciation costs; and
- (f)general and administrative expenses including, but not limited to, the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses related to the administration and management of the Project, such as processing claims and reporting, and expenses such as stationery, office supplies, postage and other necessary administration and management expenses.

Notwithstanding the definition of Indirect Costs above, Overhead will be calculated at a fixed rate of 55% of Direct Labour Costs and will not exceed 15% of Eligible Costs.

## 5. INELIGIBLE COSTS

Certain costs are not eligible for reimbursement (“Ineligible Costs”), regardless of whether they are reasonably and properly incurred by the Recipient in the carrying out of the Project.

Ineligible Costs include:

- (a) allowance for interest on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges;
- (b) legal, accounting and consulting fees in connection with financial reorganization, security issues, capital stock issues, obtaining of licenses and prosecution of claims against the Minister (except legal, accounting and consulting fees incurred in connection with obtaining patents or other statutory protection for Project Intellectual Property);
- (c) losses on investments, bad debts and expenses for the collection charges;
- (d) losses on other projects or contracts;
- (e) federal and provincial income taxes, goods and services taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes;
- (f) provisions for contingencies;
- (g) premiums for life insurance on the lives of officers and/or directors where proceeds accrue to the Recipient;
- (h) amortization of unrealized appreciation of assets;
- (i) depreciation of assets paid for by the Minister;
- (j) fines and penalties;
- (k) expenses and depreciation of excess facilities;
- (l) unreasonable compensation for officers and employees;
- (m) product development or improvement expenses not associated with the work being performed under the Project;
- (n) advertising, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
- (o) entertainment expenses;
- (p) donations;

(q) dues and other memberships other than regular trade and professional associations;

(r) extraordinary or abnormal fees for professional advice in regard to technical, administrative or accounting matters, unless approval from the Minister is obtained; and

(s) selling and marketing expenses associated with the products or services or both being developed under this Agreement.



**SCHEDULE 4- REPORTING REQUIREMENTS****1.WORK PHASE****1.1 Project Launch Meeting**

At the request of the Minister, the Recipient shall host a Project launch meeting within thirty (30) days of the Execution Date to introduce the key personnel involved with the Project and to discuss this Agreement, its expected outcomes and benefits and the work plan.

**1.2 Progress Report**

Within sixty (60) days of the end of each Claim Period, the Recipient will provide a report on the progress of the Project (a “**Progress Report**”), which is in addition to the report required by Paragraph 8.2(t). The Progress Report will include information in support of the Recipient’s claim submission.

The Progress Report will include at a minimum:

- 1.A description of progress within each Activity detailing, for the reporting period, the Activities performed and any deliverables or milestones reached in reference to those outlined in Schedule 1 - *Statement of Work*;
- 2.A description of planned next steps and their success criteria, any planned changes to the Activities, and any redistribution of estimated costs among the subactivities within an Activity;
3. An updated Master Schedule with a discussion of any significant schedule variances;
- 4.A discussion of any significant variations( $\pm$  ten percent (10%)) in the previously estimated Eligible Costs, in the estimated cost breakdown by Government Fiscal Year;
- 5.An update on the major risks, issues and mitigation measures and the potential impact on the Project; and
- 6.An update on any corporate-related items or similar of the Recipient that has or could have an impact on the Project or this Agreement.

No claim request will be processed unless and until such Progress Report is provided to the Minister, to the Minister’s satisfaction. The Minister may request periodic updates and status reports relating to any aspect of Schedule 1 - *Statement of Work* and the Recipient shall provide such a report within a period of thirty (30) days from the date of the request.

### 1.3 Final Progress Report

Within sixty (60) days after the Project Completion Date, the Recipient will provide a final Progress Report on the Project. The Progress Report for the final Claim Period will also provide a summary for the entire Project, addressing the following areas:

**Project Completion** - The Recipient will demonstrate that the Project has been completed and the Milestones reached in accordance with Schedule 1 -*Statement of Work*. The Recipient will also summarize how the Project's goals and objectives were achieved.

**Benefits** - The report will summarize the benefits achieved during the Work Phase and expected during the Benefits Phase, including innovation, public and economic benefits.

**Repayment forecast** - The report will provide a three year forecast of expected repayments and/or revenues. If applicable, a summary of the market, sales or business plan associated with the Project's outcomes should also be provided.

**Commercialization Efforts** - The report will describe the efforts being undertaken to commercialize the product(s) or processes developed during the Work Phase and/or to continue their development.

### 1.4 Attestation Letter

Within sixty (60) days after the Project Completion Date, the Recipient will provide an attestation letter from its Chief Financial Officer to certify that all expenses have been paid and that all Eligible Costs were incurred and paid in compliance with this Agreement.

### 1.5 Project Management Reviews

The Minister and Recipient will conduct a project review ("Project Management Review") in the frequency and form as deemed necessary by the terms and conditions of SIF. Project Management Reviews are meetings between the Recipient and the Minister to review progress as documented in the Progress Reports. Unless otherwise agreed to, a site visit will occur each year to discuss progress related to this Agreement, at a mutually agreeable time, and to review progress against each of the Project Activities and Project Milestones contained in Schedule 1 - *Statement of Work*. The Minister may also request additional Project Management Reviews by telephone or in person with the Recipient.

At least two (2) weeks prior to the date set for a Project Management Review, an agenda for the meeting will be set which will include, but not be limited to, a review of the technical progress of the Project including achievement of Milestones, of the Project costs incurred and forecasted for future years, of the Project risks and mitigation plans, of any significant corporate or management changes related to the Recipient, of the financial capability of the Recipient to complete the Project, of its forecasted repayments and repayment risks and potential economic benefits to Canada in the longer term.

### **1.6 Payable At Year End (PAYE) Set-up form**

No later than seven (7) calendar days prior to the end of the Government Fiscal Year, the Recipient will provide an estimate of the Contribution amount that will be required in respect of such Government Fiscal Year so that funds for that fiscal year can be set-aside for the Recipient's upcoming claim(s) for that year.

### **1.7 Work Phase Close-Out Meeting**

The Minister and Recipient will schedule a Work Phase close-out meeting following the Project Completion Date to review the completion of all tasks and to transition the Project to the Repayment Period. This meeting will include, as appropriate, a presentation of the Recipient's organization structure, management team, the Project's technical achievements including any success stories, the benefits generated (e.g. jobs, innovation, intellectual property, competitiveness, environment, manufacturing in Canada, investment in Canada, collaboration achieved), the market overview for the products and processes generated, the Recipient's future R&D plans, a review of the latest financial forecast.

## **2.REPAYMENT PERIOD**

### **2.1 Repayment Forecasts**

The Recipient shall provide a forecast of its expected repayments. In January, the forecasts are to be provided for the current Recipient Fiscal Year and for the next Recipient Fiscal Year. Updated forecasts are to be provided in April and again in August of each year. Failure to provide repayment forecasts may result in the Minister disclosing publicly the repayment amounts.

### **2.2 Repayment Status Meeting**

The Minister and Recipient shall schedule a repayment status meeting at least once annually. At least two (2) weeks prior to the date set for the meeting, a mutually agreeable agenda for the meeting will be set and will include, as appropriate, the repayments achieved to date, the overall estimate of total repayment period benefits expected to be achieved and an explanation of any repayment schedule or performance variation.

## **3.THROUGHOUT THE LIFE CYCLE OF THE AGREEMENT**

The Recipient will cooperate in periodic requests to participate in SIF evaluations, case studies or other efforts undertaken by the Minister or his agents, to assess the overall value and effectiveness of SIP. Such efforts may be used to communicate publicly the results and benefits of SIP.

### **3.1 Financial Statements**

The Recipient will provide the Minister a copy of the Recipient's financial statements, accompanied by an externally prepared audit report or review report (as determined by the

Minister) that has been issued by a licensed public accountant, or another alternative acceptable to the Minister, within four (4) months of the Recipient's Fiscal Year end.

### **3.2 Annual Performance Benefits Report ("APBR")**

On an annual basis, with the schedule to be determined by the Minister, the Recipient shall provide information to the Minister identifying the Project's achievement relative to the planned outcomes and benefits of the SIP program. Forms for collecting this information will be provided by the Minister.

**SCHEDULE 5 -REPAYMENTS TO THE MINISTER (CONDITIONAL)****1. Definitions**

“**Annual Repayment Due**” means the annual repayment payable by the Recipient to the Minister as follows:

Annual Repayment Due= Recipient’s Fiscal Year GBR x Repayment Rate

“**Benchmark Year GBR**” means the GBR for the Recipient Fiscal Year following the Recipient Fiscal Year which includes the Project Completion Date.

“**Compound Annual Growth Rate**” or “**CAGR**” means the growth that assumes the same annual rate, compounded year-over-year during a defined period of time. For the purpose of calculating the Performance Factor, CAGR should include the Benchmark Year.

“**Gross Business Revenues**” or “**GBR**” means revenue in the currency reported in the audited consolidated financial statements of the Recipient, as determined in accordance with generally accepted accounting principles applied on a consistent basis.

“**Performance Factor**” means the factor calculated as follows, used to estimate the Recipient’s growth during the Years to Repay, assuming that a growth rate equal to historical CAGR (or an equivalent proxy) is maintained:

$$\text{Performance Factor} = \frac{\sum_1^P (1 + \text{CAGR})^n}{P}$$

Where *n* is the exponent corresponding to each of the Years to Repay.

“**Repayment Ceiling**” means the factor (1.30) by which the Contribution is multiplied in order to determine the Maximum Amount to be Repaid.

“**Repayment Rate**” means the percentage rate calculated as follows, at the end of the benchmark year and applied to the Recipient’s annual GBR for the Years to Repay, without conversion of the Recipient’s revenues into Canadian dollars in the event that the Recipient’s revenues are reported in a foreign currency:

$$\text{Repayment Rate} = \frac{\text{Contribution x Repayment Ceiling}}{\text{Benchmark Year GBR x Performance Factor x Years to Repay}}$$

The Repayment Rate (expressed as a percentage) should be rounded to *four (4)* decimal places.

## 2.Repayments

The Recipient shall pay the Annual Repayment Due during each year of the Repayment Period in accordance with the following:

### 2.1 Repayment Calculation

The Annual Repayment Due shall be payable in Canadian dollars (CAD).

In the event that the Recipient's revenues are reported in a currency other than Canadian dollars, the Annual Repayment Due shall be calculated using the amount of the Recipient's reported revenues (in the reported currency) and there shall be no adjustment made on account of the relative value of the Canadian and non-Canadian currencies.

#### Annual Repayment Due Example:

Contribution = 1,000,000  
 Benchmark Year GBR = 10,000,000  
 Years to Repay= 15 years  
 Repayment Ceiling = 1.20  
 Performance Factor= 1.50

$$\begin{aligned} \text{Repayment Rate} &= (\text{Contribution} \times \text{Repayment Ceiling}) / (\text{Benchmark Year GBR} \times \text{Performance Factor} \times \text{Years to Repay}) \\ &= ((1,000,000 \times 1.20) / (10,000,000 \times 1.50 \times 15)) \times 100 \\ &= 0.5333\% \end{aligned}$$

Current Year Sales = 12,000,000

$$\begin{aligned} \text{Annual Repayment Due (in CAD)} &= \text{Current Year GBR} \times \text{Repayment Rate} \\ &= 12,000,000 \times 0.5333\% \\ &= 64,000 \end{aligned}$$

### 2.2 Repayment Period

The Repayment Period begins with a benchmark year, being the year immediately following the end of the Recipient's Fiscal Year in which the Project is completed. This is followed by fifteen (15) years for each of which an Annual Repayment Due is calculated. Each Annual Repayment Due must be paid by February 28 of the year following the year for which the Annual Repayment Due is calculated (these being the Years to Repay).

The Recipient shall be entitled to prepay any Annual Repayment Due under this Agreement, or portion thereof, at any time.

## 2.3 Repayment Statements and Payments

The first Annual Repayment Due shall be paid on or before February 28, 2024. Subsequent Annual Repayment Due shall be paid on or before February 28 in each year of the Years to Repay (with respect to the prior year) or until such time as the Maximum Amount to be Repaid is reached, whichever occurs first.

The Annual Repayment Due shall be paid by cheque issued to the order of the Receiver General of Canada, and shall be sent to:

Innovation, Science and Economic Development Canada  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5

Attn: Director, Programs and Services Directorate.

The Annual Repayment Due may also be paid via electronic funds transfer. In such a case, the Recipient should contact the Programs and Services Directorate for information on how to make arrangements to enable payment via electronic funds transfer.

## 2.4 Acquisitions/Mergers and Divestitures

### 2.4.1 Methodology

The Recipient shall advise the Minister of any merger, acquisition or divestiture which changes Gross Business Revenues by a material amount (at least 5%).

The Recipient will demonstrate to the Minister the impact of that merger, acquisition or divestiture on Gross Business Revenues within 120 days of the close of that transaction.

A material acquisition:

(Prior Year GBR of Acquired Company / Prior Year GBR of Recipient) ~ 5%

A material divestiture:

(Prior Year Divested GBR / Prior Year GBR of Recipient) 2: 5%

In the event of a material (as determined in the paragraphs above) acquisition, merger or divestiture, the Repayment Rate will be changed in accordance with section 2.4.2 (for acquisitions or mergers) or section 2.4.3 (for divestitures) below. As a result of these sections 2.4.2 and 2.4.3, adjustments to repayment terms will be made so that the impact of the event upon the Annual Repayment Due will be neutral. If, following the application of section 2.4.2 or 2.4.3 (as applicable), the impact on the Annual Repayment Due is not neutral, the Parties to the Agreement agree to negotiate an amendment to revise the Repayment Rate to ensure that it is.

## 2.4.2 Acquisitions/Mergers

a) **Benchmark Repayment Rate Adjustment:** In the event that an acquisition/merger occurs at any time during the Benchmark Year, the Repayment Rate shall be calculated as if the acquisition/merger had taken place on the first day of the Benchmark Year for the purposes of determining the Benchmark Year GBR amount:

Formula:

$$\text{Repayment Rate} = (\text{Contribution} \times \text{Repayment Ceiling}) / (\text{Benchmark Year GBR} \times \text{Performance Factor} \times \text{Years to Repay})$$

Where:

Benchmark Year GBR = Recipient GBR during the benchmark year + Acquired Company GBR during the benchmark year (not otherwise reported in Recipient GBR).

Example:

Contribution= 1,000,000

Recipient GBR in benchmark year= 10,000,000

Acquired Company GBR in benchmark year= 5,000,000

Benchmark Year GBR = 15,000,000

Years to Repay= 15 years

Repayment Ceiling = 1.20

Performance Factor= 1.50

$$\begin{aligned} \text{Repayment Rate} &= [(1,000,000 \times 1.20) / (15,000,000 \times 1.50 \times 15)] \times 100 \\ &= 0.3556\% \end{aligned}$$

(a) **Repayment Rate Adjustment Subsequent to the Benchmark Year:** In the event that an acquisition/merger affects the GBR of the Recipient and occurs after the Benchmark Year, the Repayment Rate will be changed so that the impact of the event upon the Annual Repayment Due will be neutral. The changed Repayment Rate becomes the Repayment Rate for the year of the event and future periods, unless there is a subsequent acquisition/merger or divestiture affecting the GBR of the Recipient. The Recipient's GBR in the Acquisition Year will be restated as if the acquisition/merger was effective from the beginning of each year.

In simple terms, for example, if the company doubles in size as the result of the acquisition, the Repayment Rate is cut in half.

Formula:

**Modified Repayment Rate = Repayment Rate x (Prior Year GBR of Recipient) / (Prior Year GBR of Recipient + Prior Year GBR of Acquired Company)**



Example:

Repayment Rate= 0.3556%  
 Prior Year GBR of Recipient = 10,000,000  
 Prior Year GBR of Acquired Company= 5,000,000

Modified Repayment Rate=  $0.3556\% \times (10,000,000) / (10,000,000 + 5,000,000)$   
 = 0.2370%

### 2.4.3 Divestitures

a) Benchmark Repayment Rate Adjustment:

In the event that a divestiture occurs at any time during the Benchmark Year, the Repayment Rate shall be calculated as if the divestiture had taken place on the first day of the Benchmark Year, and the Benchmark Year GBR amount shall be determined accordingly:

Formula:

Repayment Rate=  $(\text{Contribution} \times \text{Repayment Ceiling}) / (\text{Benchmark Year GBR} \times \text{Performance Factor} \times \text{Years to Repay})$

Where:

Benchmark Year GBR = Recipient GBR during the benchmark year - Divested GBR during the benchmark year.

Example:

Contribution = 1,000,000  
 Recipient GBR in benchmark year = 10,000,000  
 Divested GBR in benchmark year= 5,000,000  
 Benchmark Year GBR = 5,000,000  
 Years to Repay= 15 years  
 Repayment Ceiling = 1.20  
 Performance Factor = 1.50

Repayment Rate =  $[(1,000,000 \times 1.20) / (5,000,000 \times 1.50 \times 15)] \times 100$   
 = 1.0667%

a) Repayment Rate Adjustment Subsequent to the Benchmark Year: In the event that a divestiture affects the GBR of the Recipient and occurs after the Benchmark Year, the Repayment Rate will be changed so that the impact of the event upon the Annual Repayment Due will be neutral. The changed Repayment Rate becomes the Repayment Rate for the year of the event and future periods, unless there is a subsequent acquisition/merger or divestiture affecting the GBR of the Recipient. The Recipient's GBR in the Divestiture

Year will be restated as if the divestiture was effective from the beginning of each year.

In simple terms, for example, if the company becomes half its size as the result of the divestiture, the Repayment Rate is doubled.

Formula:

**Modified Repayment Rate = Repayment Rate x (Prior Year GBR of Recipient) / (Prior Year GBR of Recipient- Prior Year Divested GBR)**

Where:

Prior Year Divested GBR = Revenues in the prior year from operations which have been discontinued as the result of the divestiture.

Example:

Repayment Rate = 1.0667%

Prior Year GBR of Recipient = 10,000,000

Prior Year Divested GBR = 5,000,000

Modified Repayment Rate= 1.0667% x (10,000,000) / (10,000,000- 5,000,000)

= 2.1333%

## 2.5 Late Payments

Interest shall be payable on any portion of the Annual Repayment Due remaining unpaid, calculated and payable at the Interest Rate, from the date upon which the Annual Repayment Due is due, until payment in full has been received by the Minister. Interest shall be payable in accordance with the foregoing notwithstanding any other remedies available to the Minister in the event of Default by the Recipient under this Agreement. Whenever any payment date under this section falls on a Saturday, Sunday or statutory holiday, payment will be due on the next day following which is not a Saturday, Sunday or statutory holiday.

**STRATEGIC INNOVATION FUND**

**AMENDMENT AGREEMENT NO.1**

**This Amendment Agreement made**

Between:

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA,**  
as represented by the Minister of Industry

(the “**Minister**”)

And:

**exactEarth Ltd.**, a corporation duly incorporated under the laws of Canada, having its head office located 260 Holiday Inn Dr, Unit 30, Building B, Cambridge, ON, N3C 4E8

(the “**Recipient**”).

Each a “**Party**” to this Amendment Agreement and collectively referred to as the “**Parties**”.

**RECITALS**

**WHEREAS**

A- The Minister and the Recipient entered into a contribution agreement executed on October 18, 2018 under the Strategic Innovation Fund. The contribution agreement is referred to as the “Contribution Agreement”.

B- The Minister and the Recipient have agreed to amend, *inter alia*, the project completion date, benefits, costs breakdown and repayment dates under the terms of the Contribution Agreement.

**NOW THEREFORE** in consideration of their respective obligations set out below, the Parties hereto acknowledge and agree as follows:

**Interpretation**

1. All capitalized terms not otherwise defined herein have the same meaning ascribed to them in the Contribution Agreement.

**Execution**

2. This Amendment Agreement must be signed by the Recipient and received by the Minister within thirty (30) days of its signature on behalf of the Minister, failing which it shall be null and void.

**Amendment**

3. **Section 2.1- Definitions** shall be amended by deleting the definition for “Project Completion Date” in its entirety and replacing it with the following definition:

““**Project Completion Date**” means May 12, 2023”.

4. **Section 6 -Special Conditions**, of the Contribution Agreement, shall be amended by deleting Subsection 6.1 (a) in its entirety and replacing it with the following:

“(a) to maintain an annual average of thirty five (35) Canadian FTEs during the Work Phase. The annual average of FTEs will be calculated on a quarterly basis averaged over each year.”

5. **Schedule 1- Statement of Work (SOW)**, of the Contribution Agreement, Form A-Master Schedule, Form B- Milestones, Form C1- Eligible Costs Breakdown, and Form C2 -Estimated Cost Breakdown By Fiscal Year are hereby deleted in their entirety and replaced with revised Form A - Master Schedule, Form B- Milestones, Form C1 - Eligible Cost Breakdown and Form C2 - Estimated Cost Breakdown By Fiscal Year attached hereto as Annex A.

6. **Schedule 5 - Repayments to the Minister (Conditional)**, of the Contribution Agreement, shall be amended by deleting Subsection 2.3 - Repayment Statements and Payments in its entirety and replacing it with the following:

“ **2.3 Repayment Statements and Payments**

The first Annual Repayment Due shall be paid on or before February 28, 2026. Subsequent Annual Repayment Due shall be paid on or before February 28 in each year of the Years to Repay (with respect to the prior year) or until such time as the Maximum Amount to be Repaid is reached, whichever occurs first.

The Annual Repayment Due shall be paid by cheque issued to the order of the Receiver General of Canada, and shall be sent to:

Innovation, Science and Economic Development Canada  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5

Attn: Director, Programs and Services Directorate.

The Annual Repayment Due may also be paid via electronic funds transfer. In such a case, the Recipient should contact the Programs and Services directorate for information on how to make arrangements to enable payment via electronic funds transfer.”

**General**

7. Each of the Parties shall, at the request of the other Party to this Amendment Agreement, execute such documents and do such acts as may be reasonably required to carry out the terms of this Amendment Agreement.

8. This Amendment Agreement may be executed in as many counterparts as are necessary, and when executed by all Parties hereto, such counterparts shall constitute one agreement.

9. Except as amended by this Amendment Agreement, all of the provisions of the Contribution Agreement shall continue in full force and effect until such time as the Contribution Agreement is terminated.

10. The Contribution Agreement and this Amendment Agreement will henceforth be read together and will have the effect as if all the provisions of such agreements were contained in one instrument.

11. No modification, supplement or amendment to this Amendment Agreement shall be binding unless executed in writing by all of the Parties hereto.

*[Remainder of this page intentionally left blank]*

**IN WITNESS WHEREOF** the Parties hereto have executed this Amendment Agreement through duly authorized representatives.

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**  
as represented by the Minister of Industry

Per: Fox, John Digitally signed by Fox, John  
Date: 2021.10.06 16:51:41  
-04'00'  
Name: John Fox  
Title: Director General  
Strategic Innovation Fund

Date: \_\_\_\_\_

**exactEarth Ltd.**

Per: Peter Mabson DocuSigned by:  
Peter Mabson  
1B8C98C01154CC...  
Name: Peter Mabson  
Title: Chief Executive Officer  
exactEarth Ltd.

Date: 11/22/2021

I have authority to bind the Corporation.

### Annex A Revised Form A - Master Schedule (Gantt Chart)

ID	Task Mode	Task Number	Task Name	Duration	Start	Finish	Q3 '20	Q1 '21	Q3 '21	Q1 '22	Q3 '22
1	✦	1	Activity #1: Data Collection and Generation	749 days	Tue 30-06-20	Fri 12-05-23					
2	✓ ✦	1.1	Commissioning EV7 (M3MSAT)	0 days	Tue 30-06-20	Tue 30-06-20					
3	✓ ✦	1.2	Commissioning EV8	0 days	Tue 30-06-20	Tue 30-06-20					
4	✓ ✦	1.3	EVRT Constellation Roll-out	0 days	Tue 30-06-20	Tue 30-06-20					
5	✓ ✦	1.4	VDES Demonstration System – VESTA	0 days	Tue 30-06-20	Tue 30-06-20					
6	✓ ✦	1.5	EVRT Flight Applications Upgrade	90 days	Tue 30-06-20	Sat 31-10-20					
7	✦	1.6	exactTrax Small Vessel Tracking	749 days	Tue 30-06-20	Fri 12-05-23					
8	✦	1.7	exactSeNS (formerly exactASM)	554 days	Tue 30-06-20	Fri 12-08-22					
9	✦	1.8	EVRT Performance Metrics Development	261 days	Thu 01-10-20	Thu 30-09-21					
10	✓ ✦	1.9	Generation 1 Performance Metrics Improvement	110 days	Tue 30-06-20	Mon 30-11-2					
11	✦	1.10	EVRT On-board Performance Improvements	328 days	Tue 30-06-20	Thu 30-09-21					
12	✦	1.11	EVRT Tasking Enhancements	328 days	Tue 30-06-20	Thu 30-09-21					
13	✦	1.12	Generation 1 Additional Applications	749 days	Tue 30-06-20	Fri 12-05-23					
14	✦	1.13	EVRT Additional Applications	421 days	Fri 01-10-21	Fri 12-05-23					
15	✓ ✦	1.14	exactTrax Service Upgrade – merged with 1.6	0 days	Tue 30-06-20	Tue 30-06-20					
16	✓ ✦	1.15	exactASM Service Upgrade – merged with 1.7	0 days	Tue 30-06-20	Tue 30-06-20					
17	✓ ✦	1.16	Data Generation Improvements	0 days	Tue 30-06-20	Tue 30-06-20					
18	✓ ✦	1.17	Coastal Data Investigation	0 days	Tue 30-06-20	Tue 30-06-20					
19	✓ ✦	1.18	Integrate IHS Streaming Data Service	0 days	Tue 30-06-20	Tue 30-06-20					
20	✓ ✦	1.19	EV10 Launch and Commissioning	196 days	Tue 30-06-20	Tue 30-03-21					
21	✓ ✦	1.20	EV1 Recovery	0 days	Tue 30-06-20	Tue 30-06-20					
22	✦	1.21	AIS Aggregator	632 days	Tue 30-06-20	Wed 30-11-2					
23	✓ ✦	1.22	EV9 Firmware Update *CANCELLED*	0 days	Tue 30-06-20	Tue 30-06-20					
24	✦	1.23	Integrated Satellite Operations	726 days	Fri 31-07-20	Fri 12-05-23					

ID	Task Mode	Task Number	Task Name	Duration	Start	Finish	Q3 '20	Q1 '21	Q3 '21	Q1 '22	Q3 '22
25	✓	1.24	Monitoring and Reporting Upgrade	0 days	Mon 07-12-2	Mon 07-12-2					
26	✓	1.25	EV10 Processing Improvements	262 days	Wed 31-03-2	Thu 31-03-22					
27											
28	✓	2	Activity #2: Data Management, Monitoring and Distribution	749 days	Tue 30-06-20	Fri 12-05-23					
29	✓	2.1	Regionalized Cloud Prototype	0 days	Tue 30-06-20	Tue 30-06-20					
30	✓	2.2	Infrastructure Advancement (move off legacy system)	0 days	Tue 30-06-20	Tue 30-06-20					
31	✓	2.3	Cloud Back-up	0 days	Tue 30-06-20	Tue 30-06-20					
32	✓	2.4	Long-Term Storage	0 days	Tue 30-06-20	Tue 30-06-20					
33	✓	2.5	Data formatter Network Optimization	0 days	Tue 30-06-20	Tue 30-06-20					
34	✓	2.6	PA Quality Improvement	197 days	Tue 30-06-20	Wed 31-03-2					
35	✓	2.7	Custom Data Flows	0 days	Tue 30-06-20	Tue 30-06-20					
36	✓	2.8	Infrastructure Stability *complete*	24 days	Tue 30-06-20	Fri 31-07-20					
37	✓	2.9	Product Stability	0 days	Tue 30-06-20	Tue 30-06-20					
38	✓	2.10	API Gateway/Platform	749 days	Tue 30-06-20	Fri 12-05-23					
39	✓	2.11	External 3rd Party Service Integration	0 days	Tue 30-06-20	Tue 30-06-20					
40	✓	2.12	API Development	0 days	Tue 30-06-20	Tue 30-06-20					
41	✓	2.13	Cloud-Based AWS Integration	554 days	Tue 30-06-20	Fri 12-08-22					
42	✓	2.14	Distribution - Product Integration with Partners	749 days	Tue 30-06-20	Fri 12-05-23					
43	✓	2.15	Big Shrink	0 days	Tue 30-06-20	Tue 30-06-20					
44	✓	2.16	Data Processing Centre Review	0 days	Tue 30-06-20	Tue 30-06-20					
45	✓	2.17	IT Security Improvements	749 days	Tue 30-06-20	Fri 12-05-23					
46	✓	2.18	Gatehouse Data Distribution	0 days	Tue 30-06-20	Tue 30-06-20					
47	✓	2.19	External 3rd Party Historical Service Integration	0 days	Tue 30-06-20	Tue 30-06-20					



ID	Task Mode	Task Number	Task Name	Duration	Start	Finish	Q3 20	Q1 21	Q3 21	Q1 22	Q3 22				
							May '20	Jul '20	Sep '20	Nov '20	Jan '21	Mar '21	May '21	Jul '21	Sep '21
48	✓	2.20	Internal Product Deprecation	0 days	Tue 30-06-20	Tue 30-06-20									
49	✓	2.21	Communications Systems Upgrade	67 days	Tue 30-06-20	Wed 30-09-20									
50	✓	2.22	External 3rd Party Maritime Traffic API Integration	0 days	Tue 30-06-20	Tue 30-06-20									
51	✓	2.23	Emerald Data Feed	67 days	Tue 30-06-20	Wed 30-09-20									
52	✓	2.24	Gatehouse Data Distribution	214 days	Tue 30-06-20	Fri 23-04-21									
53	✓	2.25	ServiceNow Implementation	127 days	Thu 01-10-20	Fri 26-03-21									
54	✓	2.26	Data Infrastructure Upgrade	400 days	Mon 01-11-20	Fri 12-05-23									
55	✓	2.27	Monitoring and Reporting Upgrade	453 days	Mon 07-12-20	Wed 31-08-22									
56	✓	2.28	Corporate Cloud Migration	176 days	Sat 01-05-21	Fri 31-12-21									
57															
58	✓	3	Activity #3: Data Exploitation	749 days	Tue 30-06-20	Fri 12-05-23									
59	✓	3.1	Historical Data Extraction (HDE) Tool Enhancements	0 days	Tue 30-06-20	Tue 30-06-20									
60	✓	3.2	Positional Anomaly (PA) Service Estimation Improvements	197 days	Tue 30-06-20	Wed 31-03-21									
61	✓	3.3	RF Fingerprinting Concept	554 days	Tue 30-06-20	Fri 12-08-22									
62	✓	3.4	ShipView Features	620 days	Tue 30-06-20	Sat 12-11-22									
63	✓	3.5	Cloud-Based AWS Integration	749 days	Tue 30-06-20	Fri 12-05-23									
64	✓	3.6	APIs & Gateway	349 days	Tue 30-06-20	Fri 29-10-21									
65	✓	3.7	Geospatial Web Services (GWS)	709 days	Tue 30-06-20	Fri 17-03-23									
66	✓	3.8	Web Service Utility	454 days	Tue 30-06-20	Fri 25-03-22									
67	✓	3.9	UP42 Data Exploitation	328 days	Tue 30-06-20	Thu 30-09-21									
68	✓	3.10	TileDB Data Exploitation	328 days	Tue 30-06-20	Thu 30-09-21									
69	✓	3.11	Positional Verification (PV) Service (EVRT Version)	224 days	Mon 05-04-21	Thu 10-02-22									

**Revised Form B - Milestones**

<b>Project Phases and Major Milestone Groups</b>		<b>Anticipated Date</b>
1	Data Collection and Generation	May 12, 2023
2	Data Management, Monitoring and Distribution	May 12, 2023
3	Data Exploitation	May 12, 2023

**Revised Form C1 - Eligible Costs Breakdown**

Description of Activity Area*	Direct Labour	Indirect Costs (Overhead)**	Estimated Eligible Supported Costs(\$)					Total
			Equipment	Direct Materials	Subcontractors & Consultants	Land & Buildings	Other Direct Costs	
Data Collection and Generation	1,799,853	641,219	110,440	0	2,619,927	0	7,682	5,179,121
Data Management, Monitoring, and Distribution	3,336,697	1,188,739	998,029	0	2,081,463	0	63,250	7,668,178
Data Exploitation	931,615	331,899	0	0	267,496	0	34,071	1,565,081
<b>Total Costs</b>	<b>6,068,165</b>	<b>2,161,857</b>	<b>1,108,469</b>	<b>0</b>	<b>4,968,886</b>	<b>0</b>	<b>105,003</b>	<b>14,412,380</b>

\* Note: Titles of Activity Areas enumerated and described in the SOW.

All claims and costs are to be in accordance with Schedule 3 - Cost Principles and Schedule 4

- Reporting Requirements.

\*\* Indirect Costs (overhead) shall be calculated at a fixed rate of 55% of Direct Labour Costs and will not exceed 15% of total Eligible Costs

**Revised Form C2- Estimated Cost Breakdown By Fiscal Year**

<b>Fiscal Year (Ending March31)</b>	<b>Total Estimated Eligible Costs (\$)</b>	<b>SIF Contribution cash flow to the Project(\$)</b>
2018-20 19	5,293,670	2,646,835
2019-2020	3,293,519	1,646,760
2020-2021	2,097,540	1,048,770
2021-2022	1,373,564	686,782
2022-2023	1,937,876	968,938
2023-2024	4 16,211	208,106
<b>Total</b>	<b>14,412,380</b>	<b>7,206,190</b>



## SUBSIDIARIES OF THE REGISTRANT

<b>Name of the Subsidiary</b>	<b>Jurisdiction of Incorporation</b>
<b>Spire Global Subsidiary, Inc.</b>	Delaware, United States
<b>Spire Global UK Ltd</b>	United Kingdom
<b>Spire Global Singapore Pte Ltd</b>	Singapore
<b>Spire Global Luxembourg S.a.r.l.</b>	Luxembourg
<b>Austin Satellite Design, LLC</b>	Texas, United States
<b>Spire Global Canada Subsidiary Corp.</b>	Canada
<b>exactEarth Ltd.</b>	Canada
<b>exactEarth Europe Ltd.</b>	England and Wales

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-260370 and 333-261186) of Spire Global, Inc. of our report dated March 30, 2022 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Francisco, California  
March 30, 2022

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**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Peter Platzer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Spire Global, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2022

By: /s/ Peter Platzer

Name: Peter Platzer

Title: Chief Executive Officer  
(Principal Executive Officer)



**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Krywe, certify that:

1. I have reviewed this Annual Report on Form 10-K of Spire Global, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2022

By: /s/ Thomas Krywe

Name: Thomas Krywe

Title: Chief Financial Officer  
(Principal Financial Officer)



**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter Platzer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Spire Global, Inc. for the fiscal year ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Spire Global, Inc.

Date: March 30, 2022

By: /s/ Peter Platzer  
Name: Peter Platzer  
Title: Chief Executive Officer  
(Principal Executive Officer)

I, Thomas Krywe, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Spire Global, Inc. for the fiscal year ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Spire Global, Inc.

Date: March 30, 2022

By: /s/ Thomas Krywe  
Name: Thomas Krywe  
Title: Chief Financial Officer  
(Principal Financial Officer)

