UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

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	**85-1276957**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

8000 Towers Crescent Drive
Suite 1100
Vienna, Virginia 22182
(Address of principal executive offices) (Zip Code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value of $0.0001 per share	**SPIR**	**New York Stock Exchange**

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had outstanding 146,063,378 shares of Class A common stock and 12,058,614 shares of Class B common stock as of May 1, 2023.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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,” “seek” 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 Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- changes in our growth, strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, and plans;
- our ability to remedy identified material weaknesses;
- 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 customer 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;
- 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 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, inflation, rising interest rates and geopolitical uncertainty and instability, and their impact on demand and pricing for our offerings in affected markets; and
- the impact of global health crises 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 Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q 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 Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022 and in Part II, Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q relate only to expectations as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, 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 rely upon these statements.

PART I—FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

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

		March 31, 2023		December 31, 2022
Assets				
Current assets				
Cash and cash equivalents	$	46,952	$	47,196
Marketable securities		25,660		23,084
Accounts receivable, net (including allowance of $944 and $395 as of March 31, 2023 and December 31, 2022, respectively)		13,855		13,864
Contract assets		4,213		3,353
Other current assets		8,949		9,279
Total current assets		99,629		96,776
Property and equipment, net		58,147		53,752
Operating lease right-of-use assets		12,549		11,687
Goodwill		50,039		49,954
Customer relationships		20,373		20,814
Other intangible assets		13,590		13,967
Other long-term assets, including restricted cash		9,175		9,562
Total assets	$	263,502	$	256,512
Liabilities and Stockholders' Equity				
Current liabilities				
Accounts payable	$	6,517	$	4,800
Accrued wages and benefits		4,861		4,502
Contract liabilities, current portion		17,444		15,856
Other accrued expenses		7,596		8,210
Total current liabilities		36,418		33,368
Long-term debt		119,035		98,475
Contingent earnout liability		273		349
Deferred income tax liabilities		794		771
Warrant liability		1,066		1,831
Operating lease liabilities, net of current portion		11,523		10,815
Other long-term liabilities		556		780
Total liabilities		169,665		146,389
Commitments and contingencies (Note 9)				
Stockholders' equity				
Common stock, $0.0001 par value, 1,000,000,000 Class A and 15,000,000 Class B shares authorized, 146,046,442 Class A and 12,058,614 Class B shares issued and outstanding at March 31, 2023; 143,679,385 Class A and 12,058,614 Class B shares issued and outstanding at December 31, 2022		16		16
Additional paid-in capital		458,683		455,751
Accumulated other comprehensive loss		(8,542)		(6,997)
Accumulated deficit		(356,320)		(338,647)
Total stockholders' equity		93,837		110,123
Total liabilities and stockholders' equity	$	263,502	$	256,512

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue	$ 24,168	$ 18,070
Cost of revenue	10,360	9,846
Gross profit	13,808	8,224
Operating expenses:		
Research and development	9,663	8,657
Sales and marketing	6,850	6,905
General and administrative	11,770	12,684
Total operating expenses	28,283	28,246
Loss from operations	(14,475)	(20,022)
Other income (expense):		
Interest income	565	14
Interest expense	(4,578)	(3,043)
Change in fair value of contingent earnout liability	76	6,883
Change in fair value of warrant liabilities	746	5,835
Foreign exchange	1,024	(935)
Other expense, net	(762)	(234)
Total other (expense) income, net	(2,929)	8,520
Loss before income taxes	(17,404)	(11,502)
Income tax provision	269	290
Net loss	$ (17,673)	$ (11,792)
Basic and diluted net loss per share	$ (0.12)	$ (0.08)
Weighted-average shares used in computing basic and diluted net loss per share	144,770,908	139,274,538

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2023	2022
Net loss	$ (17,673)	$ (11,792)
Other comprehensive (loss) gain:		
Foreign currency translation adjustments	(1,589)	1,859
Net unrealized gain on investments (net of tax)	44	—
Comprehensive loss	$ (19,218)	$ (9,933)

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2022	155,737,999	$ 16	$ 455,751	$ (6,997)	$ (338,647)	$ 110,123
Release of Restricted Stock Units	2,089,229	—	—	—	—	—
Stock compensation expense	—	—	2,646	—	—	2,646
Conversion of warrants to common stock	277,828	—	286	—	—	286
Net loss	—	—		—	(17,673)	(17,673)
Foreign currency translation adjustments	—	—	—	(1,589)	—	(1,589)
Net unrealized gain on investments (net of tax)	—	—	—	44	—	44
Balance, March 31, 2023	158,105,056	$ 16	$ 458,683	$ (8,542)	$ (356,320)	$ 93,837

	Common Stock Shares	Common Stock Amount	Additional Paid Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2021	151,154,614	$ 15	$ 438,696	$ 732	$ (249,236)	$ 190,207
Exercise of stock options	492,064	—	638	—	—	638
Release of Restricted Stock Units	4,014	—	—	—	—	—
Stock compensation expense	—	—	2,289	—	—	2,289
Net loss	—	—	—	—	(11,792)	(11,792)
Foreign currency translation adjustments	—	—	—	1,859	—	1,859
Balance, March 31, 2022	151,650,692	$ 15	$ 441,623	$ 2,591	$ (261,028)	$ 183,201

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities		
Net loss	$ (17,673)	$ (11,792)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,916	4,834
Stock-based compensation	2,646	2,289
Amortization of operating lease right-of-use assets	224	573
Amortization of debt issuance costs	554	1,413
Change in fair value of warrant liability	(746)	(5,835)
Change in fair value of contingent earnout liability	(76)	(6,883)
Deferred income tax liabilities	6	—
Other, net	(110)	—
Changes in operating assets and liabilities:		
Accounts receivable, net	97	2,215
Contract assets	(855)	(1,531)
Other current assets	117	1,409
Other long-term assets	410	469
Accounts payable	(604)	(828)
Accrued wages and benefits	323	(1,051)
Contract liabilities	1,259	(962)
Other accrued expenses	(548)	1,077
Operating lease liabilities	(230)	(342)
Other long-term liabilities	—	(46)
Net cash used in operating activities	(11,290)	(14,991)
Cash flows from investing activities		
Purchases of short-term investments	(13,908)	—
Maturities of short-term investments	11,600	—
Purchase of property and equipment	(4,649)	(4,243)
Investment in intangible assets	—	(19)
Net cash used in investing activities	(6,957)	(4,262)
Cash flows from financing activities		
Proceeds from long-term debt	19,886	95
Proceeds from exercise of stock options	—	638
Net cash provided by financing activities	19,886	733
Effect of foreign currency translation on cash, cash equivalents and restricted cash	(1,846)	850
Net decrease in cash, cash equivalents and restricted cash	(207)	(17,670)
Cash, cash equivalents and restricted cash		
Beginning balance	47,569	109,645
Ending balance	$ 47,362	$ 91,975
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 3,827	$ 1,627
Income taxes paid	$ 451	$ —
Noncash investing and financing activities		
Property and equipment purchased but not yet paid	$ 2,299	$ 2,250
Right-of-use assets obtained in exchange for lease liabilities	$ 1,007	$ —
Issuance of stock warrants with long-term debt (Note 8)	$ 286	$ —

The accompanying notes are an integral part of these unaudited Condensed 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 headquartered in Vienna, Virginia and has several wholly owned operating subsidiaries in the United States, United Kingdom, Luxembourg, Singapore, Australia and Canada.

On August 16, 2021, Spire Global Subsidiary, Inc. (formerly known as Spire Global, Inc.) (“Legacy 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 “Legacy Spire Founders,” and such agreement, the “Merger Agreement”). As a result, NavSight Merger Sub merged with and into Legacy Spire, the separate corporate existence of NavSight Merger Sub ceased, and Legacy Spire continued as the surviving corporation and a wholly owned subsidiary of NavSight (the “Merger,” and such consummation, the “Closing”). NavSight then changed its name to Spire Global, Inc. (together with its consolidated subsidiary, “New Spire” or “Spire”) and Legacy Spire changed its name to Spire Global Subsidiary, Inc.

On September 14, 2022, the Company entered into an Equity Distribution Agreement (the “Equity Distribution Agreement”) with Canaccord Genuity LLC, as sales agent (the “Agent”). In accordance with the terms of the Equity Distribution Agreement, the Company may offer and sell its Class A common stock, having an aggregate offering price of up to $85,000 from time to time through the Agent pursuant to a registration statement on Form S-3, which became effective on September 26, 2022. There had been no sales under the Equity Distribution Agreement as of March 31, 2023.

On March 24, 2023, the Company, was notified by the New York Stock Exchange (“NYSE”) that the Company is not in compliance with Rule 802.01C of the NYSE’s Listed Company Manual (“Rule 802.01C”) relating to the minimum average closing price of the Company’s Class A common stock, par value of $0.0001 per share, required over a consecutive 30 trading-day period. The notice does not result in the immediate delisting of the Company’s Class A common stock from the NYSE.

The Company is considering available alternatives, including, but not limited to, a reverse stock split, subject to stockholder approval at the Company’s 2023 annual meeting of stockholders, to regain compliance.

2.Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements and accompanying notes are unaudited and 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 "SEC") for interim financial reporting.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to rules and regulations applicable to interim financial reporting. The unaudited condensed consolidated financial statements were prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, contain all adjustments, consisting of normal recurring adjustments necessary for a fair statement of its financial position, results of operations and cash flows for the periods indicated. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included within the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

The information as of December 31, 2022 included on the condensed consolidated balance sheets was derived from the Company’s audited consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation.

Results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for any other interim period or for the year ending December 31, 2023.

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 three months ended March 31, 2023, net loss was $17,673 and cash used in operations was $11,290. The Company held cash and cash equivalents of $46,952, excluding restricted cash of $410, and investment in short-term marketable securities of $25,660 as of March 31, 2023. The Company believes that it will have sufficient working capital to operate for a period of at least one year from the issuance of the March 31, 2023 condensed consolidated financial statements based on the Company's current cash and cash equivalents balance, which includes the borrowings under the Blue Torch Financing Agreement (as defined in Note 6).

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 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.

Macroeconomic and Geopolitical Impact

Over the past two years, the Company has been impacted by the macroeconomic environment, such as fluctuations in foreign currencies, the COVID-19 pandemic, increasing interest rates and the Russian invasion of Ukraine.

A stronger U.S. dollar relative to the Company's foreign subsidiaries' local functional currencies for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 impacted the Company's revenue, since approximately one-third of the Company's sales are transacted in foreign currencies, though it positively impacted the Company's expenses, since a majority of the Company's employees reside in countries outside of the United States.

The macroeconomic environment has caused existing or potential customers to re-evaluate their decision to purchase the Company's offerings, at times resulting in additional customer discounts, extended payment terms, longer sales cycles, and a few contract cancellations.

Increasing interest rates in the three months ended March 31, 2023 resulted in higher interest expenses, as the Company's credit facility is based on a floating interest rate. The Russian invasion of Ukraine and the continued conflict created additional global sanctions, which at times caused scheduling shifts or launch cancellations by third-party satellite launch providers, which has delayed revenue recognition of certain sales contracts.

If any of these factors continue or worsen, and/or if new macroeconomic or geopolitical issues arise, the Company's results and financial condition could be further negatively impacted. The Company cannot predict the timing, strength, or duration of any economic slowdown, downturn, instability, or recovery, generally or within any particular industry or geography. Any downturn of the general economy or industries in which the Company operates would adversely affect its business, financial condition, and results of operations.

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, and disclosures of contingent assets and liabilities at the dates of the condensed 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 acquisition of exactEarth in November 2021 (the "Acquisition"), 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 in the reporting periods.

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

Cash, Cash Equivalents, Marketable Securities 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 condensed consolidated balance sheets, represents amounts pledged as guarantees or collateral for financing arrangements and lease agreements, as contractually required.

The Company invests in highly rated securities, with the primary objective of minimizing the potential risk of principal loss. The Company's investment policy generally requires securities to be investment grade and limits the amount of credit exposure to any one issuer. The Company's investments in marketable debt securities have been classified and accounted for as available-for-sale. The Company classifies its marketable debt securities as either short-term or long-term based on each instrument's underlying contractual maturity date. Unrealized gains and losses on marketable debt securities classified as available-for-sale are recognized in Accumulated other comprehensive loss. Interest on securities classified as available-for-sale is included in Interest income on the condensed consolidated statements of operations.

The following table shows components of cash, cash equivalents and restricted cash reported on the condensed consolidated balance sheets as of the dates indicated:

	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 46,952	$ 47,196
Restricted cash included in Other long-term assets	410	373
	$ 47,362	$ 47,569

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and restricted cash, marketable securities, 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:

	Three Months Ended March 31,		March 31, 2023	December 31,
	2023	2022	2023	2022
	Revenue	Revenue	Accounts Receivable	Accounts Receivable
Customer A	11 %	13 %	17 %	16 %
Customer B	29 %	17 %	*	*
Customer C	*	*	16 %	*

** Revenue and/or accounts receivable from these customers were less than 10% of total revenue and/or accounts receivable during this period or at this date, as applicable.*

Related Parties

In November 2021, in conjunction with the Acquisition, Myriota Pty Ltd ("Myriota"), a Spire customer, became a related party, as exactEarth has 14% ownership of Myriota. As of March 31, 2023, $2,987 of investment in Myriota is included in Other long-term assets, including restricted cash on the condensed consolidated balance sheets. The Company accounts for this investment using the equity method of accounting. The Company's share of earnings or losses on the investment is recorded on a month lag, due to the timing of receiving financial statements from Myriota, as a component of other expense, net in the condensed consolidated statements of operations. The Company generated $203 and $527 in revenue for the three months ended March 31, 2023 and 2022, respectively, and had no outstanding accounts receivable as of March 31, 2023 and $170 of accounts receivable as of December 31, 2022, from Myriota.

Accounting Pronouncements Recently Adopted

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 adoption of ASU 2021-08 as of January 1, 2023 did not impact the Company's condensed consolidated financial statements.

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

In September 2022, the FASB issued ASU 2022-04, *Liabilities - Supplier Finance Programs* (Subtopic 405-50), guidance on modifying the disclosure requirements to enhance the transparency of supplier finance programs including disclosure of the key terms of the program, the amount outstanding that remains unpaid by the buyer as of the end of the annual period, a description of where those obligations are presented in the balance sheet, and a roll forward of those obligations during the annual period. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2022. The adoption of ASU 2022-04 as of January 1, 2023 did not impact the Company's condensed consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In March 2023, the FASB issued ASU 2023-01, *Leases – Common Control Arrangements* (Topic 842), to improve the accounting for amortizing leasehold improvements associated with arrangements between entities under common control. The amendment requires that leasehold improvements be amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset through a lease. Additionally, leasehold improvements should be accounted for as a transfer between entities under common control through an adjustment to equity when the lessee no longer controls the use of the underlying asset. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2023, with early adoption permitted. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

3.Revenue, Contract Assets, Contract Liabilities and Remaining Performance Obligations

Disaggregation of Revenue

Revenue from subscription-based contracts was $18,812, or 78% of total revenue, for the three months ended March 31, 2023 and was $12,336, or 68% of total revenue, for the three months ended March 31, 2022. Revenue from non-subscription-based contracts was $5,356, or 22% of total revenue, for the three months ended March 31, 2023 and was $5,735, or 32% of total revenue, for the three months ended March 31, 2022.

The following revenue disaggregated by geography was recognized:

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
EMEA[1]	$ 8,703	36 %	$ 7,935	44 %
Americas [2]	12,807	53 %	7,614	42 %
Asia Pacific	2,658	11 %	2,521	14 %
Total	$ 24,168	100 %	$ 18,070	100 %

(1) The United Kingdom represented 14% and 16% for the three months ended March 31, 2023 and 2022, respectively.

(2) U.S. represented 50% and 33% for the three months ended March 31, 2023 and 2022, respectively.

Contract Assets

As of March 31, 2023, and December 31, 2022, contract assets were $4,213 and $3,353, respectively, on the condensed consolidated balance sheets.

Changes in contract assets for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31, 2023	2022
Balance as of December 31	$ 3,353	$ 2,084
Contract assets recorded during the period	3,306	3,122
Reclassified to accounts receivable	(2,451)	(1,557)
Other	5	(19)
Balance as of March 31	$ 4,213	$ 3,630

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

Contract Liabilities

As of March 31, 2023, contract liabilities were $17,991, of which $17,444 is reported in contract liabilities, current portion, and $547 is reported in other long-term liabilities on the Company's condensed consolidated balance sheets. As of December 31, 2022, contract liabilities were $16,628, of which $15,856 is reported in contract liabilities, current portion, and $772 is reported in other long-term liabilities on the Company's condensed consolidated balance sheets.

Changes in contract liabilities for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Balance as of December 31	$ 16,628	$ 9,255
Contract liabilities recorded during the period	7,978	3,563
Revenue recognized during the period	(6,719)	(4,514)
Other	104	(68)
Balance as of March 31	$ 17,991	$ 8,236

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 March 31, 2023, the amount not yet recognized as revenue from these commitments was $164,465. The Company expects to recognize 35% of these future commitments over the next 12 months and the remaining 65% thereafter as revenue when the performance obligations are met.

4.Balance Sheet Components

Other current assets consisted of the following:

	March 31, 2023 2023	December 31, 2022
Technology and other prepaid contracts	$ 4,905	$ 4,695
Prepaid insurance	1,742	2,594
Deferred contract costs	435	439
Other receivables	1,411	1,123
Other current assets	456	428
	$ 8,949	$ 9,279

Property and equipment, net consisted of the following:

	March 31, 2023	December 31, 2022
Satellites in-service	$ 51,207	$ 49,889
Internally developed software	2,127	2,119
Ground stations in-service	3,370	3,369
Leasehold improvements	4,315	4,175
Machinery and equipment	3,987	3,585
Computer equipment	2,032	1,985
Computer software and website development	99	99
Furniture and fixtures	1,214	1,156
	68,351	66,377
Less: Accumulated depreciation and amortization	(32,309)	(32,974)
	36,042	33,403
Satellite, launch and ground station work in progress	19,088	15,364
Finished satellites not in-service	3,017	4,985
Property and equipment, net	$ 58,147	$ 53,752

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

Depreciation and amortization expense related to property and equipment for the three months ended March 31, 2023 and 2022 was $3,037 and $4,834, respectively.

Other accrued expenses consisted of the following:

	March 31, 2023 2023	December 31, 2022
Professional services	$ 915	$ 1,198
Operating lease liabilities, current	2,504	2,333
Third-party operating costs	990	1,541
Corporate and sales tax	770	542
Accrued interest	847	765
Software	480	580
Other	1,090	1,251
	$ 7,596	$ 8,210

5.Goodwill and Intangible Assets

The following table summarizes changes in goodwill balance:

Balance at December 31, 2022	$ 49,954
Impact of foreign currency translation	85
Balance at March 31, 2023	$ 50,039

Intangible assets consisted of the following:

	March 31, 2023	December 31, 2022
Customer relationships	$ 22,916	$ 22,877
Developed technology	13,023	13,001
Trade names	2,207	2,204
Backlog	3,049	3,043
Patents	419	419
FCC licenses	480	480
	42,094	42,024
Less: Accumulated amortization	(8,131)	(7,243)
	$ 33,963	$ 34,781

As of March 31, 2023, the weighted-average amortization period for customer relationships and developed technology was 10.7 years, trade names was 3.7 years, and patents and FCC licenses was 6.9 years. Amortization expense related to intangible assets for the three months ended March 31, 2023 and 2022 was $878 and $1,748, respectively.

No impairment charges were recognized for the three months ended March 31, 2023 and 2022. The patents asset balance as of each of March 31, 2023 and December 31, 2022 included $57 of capitalized patent costs that will begin amortization upon the issuance of an official patent right to the Company.

As of March 31, 2023, the expected future amortization expense of intangible assets is as follows:

Years ending December 31,	
Remainder of 2023	$ 2,640
2024	3,496
2025	3,487
2026	3,441
2027	3,028
Thereafter	17,814
	33,906
Capitalized patent costs, unissued	57
	$ 33,963

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

6.Long-Term Debt

Long-term debt consisted of the following:

	March 31, 2023	December 31, 2022
Blue Torch term loan	$ 120,359	$ 100,511
Other	5,016	4,857
Total long-term debt	125,375	105,368
Less: Debt issuance costs	(6,340)	(6,893)
Non-current portion of long-term debt	$ 119,035	$ 98,475

The Company recorded interest expense from long-term debt of $4,008 and $1,627 and amortization of deferred issuance costs of $554 and $1,413 for the three months ended March 31, 2023 and 2022, respectively.

Blue Torch Credit Agreement

On June 13, 2022, the Company, as borrower, and Spire Global Subsidiary, Inc. and Austin Satellite Design, LLC, as guarantors, entered into a financing agreement (the “Blue Torch Financing Agreement”) with Blue Torch Finance LLC, a Delaware limited liability company (“Blue Torch”), as administrative agent and collateral agent, and certain lenders (the “Lenders”). The Blue Torch Financing Agreement provides for, among other things, a term loan facility in an aggregate principal amount of up to $120,000 (the “Blue Torch Credit Facility”). A portion of the proceeds of the term loan was used to repay the Company’s then-existing $70,000 credit facility with FP Credit Partners, L.P., and the remainder of the proceeds of the term loan may be used for general corporate purposes.

The Blue Torch Credit Facility is scheduled to mature on June 13, 2026. Subject to certain exceptions, prepayments of principal under the Blue Torch Credit Facility will be subject to early termination fees in the amount of 3.0%, 2.0% and 1.0% of the principal prepaid if prepayment occurs within the first, second and third years following the closing date, respectively, plus if prepayment occurs on or prior to the first anniversary of the closing date, a make-whole amount equal to the amount of interest that would have otherwise been payable through the maturity date of the Blue Torch Credit Facility.

The $120,000 term loan was available and drawn at closing, of which $19,735 was placed in an escrow account by Blue Torch with such amount to be released upon the Company achieving certain metrics related to annualized recurring revenue and a total annualized recurring revenue leverage ratio. These metrics were achieved and the $19,735 was released from the escrow account and delivered to the Company in February 2023. The term loan accrues interest at a floating rate, to be based, at the Company's election, on either a reference rate or a 3-month Term Secured Overnight Financing Rate ("SOFR") (subject to a 1.0% floor), plus an interest rate margin of 7.0% for reference rate borrowings and 8.0% for 3-month Term SOFR borrowings, plus an incremental Term SOFR margin of 0.26161%. The Company elected the Term SOFR rate which was 13.37% as of March 31, 2023. Principal on the term loan is only payable at maturity and interest on the term loan is due and payable monthly for reference rate borrowings and quarterly for Term SOFR borrowings. The Company is also required to pay other customary fees and costs in connection with the Blue Torch Credit Facility, including a commitment fee in an amount equal to $2,400 on the closing date, a $250 agency fee annually and an exit fee in an amount equal to $1,800 upon termination of the Blue Torch Financing Agreement.

The Blue Torch Financing Agreement contains customary affirmative covenants and customary negative covenants limiting the Company's ability and the ability of its subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock and make investments, in each case subject to certain exceptions. The Company must also comply with a maximum debt to annualized recurring revenue leverage ratio financial covenant tested monthly during the first two years of the Blue Torch Financing Agreement, a maximum debt to EBITDA leverage ratio financial covenant tested monthly during the third and fourth years of the Blue Torch Financing Agreement and a minimum liquidity financial covenant tested at all times.

Government Loan

In November 2021, the Company completed the Acquisition 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 March 31, 2023 and December 31, 2022, $5,016 and $4,857, respectively, was included in long-term debt, non-current on the condensed consolidated balance sheets related to the SIF loan agreement. 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. Any amount outstanding under this loan is repayable in 15 annual payments beginning February 28, 2026.

7.Leases

Lease expenses for the three months ended March 31, 2023 and 2022 were $930 and $870, respectively. Aggregate variable lease expenses and short-term lease expenses were $120 and $90 for the three months ended March 31, 2023 and 2022, respectively.

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

The following table provides the required information regarding the Company's leases for which the Company is the lessee:

	As of March 31, 2023	As of December 31, 2022
Assets		
ROU assets	$ 12,549	$ 11,687
Total ROU assets	$ 12,549	$ 11,687
Liabilities		
Current	$ 2,504	$ 2,333
Non-current	11,523	10,815
Total lease liabilities	$ 14,027	$ 13,148
Weighted-average remaining lease term (years)	5.3	5.7
Weighted-average discount rate	9 %	9 %

The majority of the Company's right-of-use ("ROU") assets and lease liabilities, approximately 80%, relate to office facilities leases, with the remaining amounts representing primarily ground station leases.

As of March 31, 2023, the maturity of operating leases are as follows:

Years ending December 31,	
Remainder of 2023	$ 2,678
2024	3,566
2025	3,460
2026	3,142
2027	2,030
Thereafter	2,715
Total lease payments	17,591
Less: Interest on lease payments	(3,564)
Present value of lease liabilities	$ 14,027

Operating cash flows paid included in the measurement of operating lease liabilities for the three months ended March 31, 2023 and 2022 was $230 and $342, respectively, and was included in net cash used in operating activities in the condensed consolidated statements of cash flows. Amortization of ROU assets was $224 and $573 for the three months ended March 31, 2023 and 2022, respectively.

8.Fair Value Measurement

The Company follows the guidance in Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement” for its liabilities that are re-measured and reported at fair value at the end of each reporting period.

The fair value of the Company’s common and preferred stock warrant liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1:	Quoted prices in active markets for identical assets or liabilities.
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.

The Company classifies financial instruments in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 financial instruments typically also rely on a number of inputs that are readily observable, either directly or indirectly. The Company’s assessment of a particular input to the fair value measurement requires management to make judgments and consider factors specific to the asset or liability. The fair value hierarchy requires the use of observable market data when available in determining fair value. The Company recognizes transfers between levels within the fair value hierarchy, if any, at the end of each period.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the Company’s fair value hierarchy for its financial instruments that are measured at fair value on a recurring basis.

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

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 10,066	$ —	$ —	$ 10,066
	$ 10,066	$ —	$ —	$ 10,066
Marketable securities:				
Corporate securities	$ —	$ 5,195	$ —	$ 5,195
Commercial paper	—	2,575	—	2,575
U.S. government and agency securities	—	17,890	—	17,890
	$ —	$ 25,660	$ —	$ 25,660
Long-term liabilities:				
Credit Agreement Warrants	$ —	$ 1,066	$ —	$ 1,066
Contingent earnout liability	—	—	273	273
	$ —	$ 1,066	$ 273	$ 1,339

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 5,180	$ —	$ —	$ 5,180
Commercial paper	—	2,097	—	2,097
	$ 5,180	$ 2,097	$ —	$ 7,277
Marketable securities:				
U.S. treasury bills and bonds	$ 1,494	$ —	$ —	$ 1,494
Corporate securities	—	7,745	—	7,745
Commercial paper	—	2,576	—	2,576
U.S. government and agency securities	—	11,269	—	11,269
	$ 1,494	$ 21,590	$ —	$ 23,084
Liabilities:				
Current liabilities:				
Public Warrants	$ 267	$ —	$ —	$ 267
Long-term liabilities:				
Credit Agreement Warrants	$ —	$ 1,831	$ —	$ 1,831
Contingent earnout liability	—	—	349	349
	$ —	$ 1,831	$ 349	$ 2,180

Financial Assets

The Company values its Level 1 assets, consisting of money market funds and U.S. treasury bills and bonds, using quoted prices in active markets for identical instruments.

Financial assets whose fair values that are measured on a recurring basis using Level 2 inputs consist of commercial paper, corporate securities, and U.S. government and agency securities. The Company measures the fair values of these assets with the help of a pricing service that either provides quoted market prices in active markets for identical or similar securities or uses observable inputs for their pricing without applying significant adjustments.

Public and Private Placement Warrants

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 "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 Class A common stock at an exercise price of $11.50 per share. The fair value of the Public Warrants was based on the quoted market price and was classified as a Level 1 financial instrument.

In November 2022, the Company announced the commencement of an exchange offer (the "Offer") and consent solicitation relating to all holders of the Warrants to receive 0.2 shares of Class A common stock in exchange for each outstanding Warrant tendered by the holder. On December 19, 2022, a total of 16,556,489 Warrants were tendered and exchanged for 3,311,286 shares of Class A common stock.

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

Concurrently with the Offer, the Company also solicited consents from holders of the Public Warrants to amend the Warrant Agreement to permit the Company to require that each Warrant that is outstanding upon the closing of the Offer be exchanged for 0.18 shares of Class A common stock, which is a ratio 10% less than the exchange ratio applicable to the Offer (such amendment, the "Warrant Amendment"). Because consents were received from holders of more than 65% of the Company's outstanding Public Warrants, the Warrant Amendment was approved. On December 19, 2022, the Company exercised its right to acquire and retire all remaining outstanding Public Warrants in exchange for shares of Class A common stock in accordance with the terms of the Warrant Amendment. The remaining 1,543,493 Public Warrants were exchanged on January 4, 2023 for 277,828 shares of the Company's Class A common stock. Following the exchange, none of the Warrants remain outstanding.

Credit Agreement Warrants

In connection with the Blue Torch Financing Agreement, the Company issued warrants to Blue Torch, which are exercisable for an aggregate of 3,496,205 shares of the Company's Class A common stock with a per share exercise price of $2.01 (the "Blue Torch Warrants"). Additionally, in connection with the closing of the financing, the Company issued a warrant to Urgent Capital LLC for introducing the Company to the Lenders, which is exercisable for an aggregate of 198,675 shares of the Company's Class A common stock with a per share exercise price of $2.01 (together with the Blue Torch Warrants, the "Credit Agreement Warrants").

The fair value of the Credit Agreement Warrants is estimated using the Black-Scholes model with inputs that include the Company's Class A common 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 expected dividend yield.

The table below quantifies the significant inputs used for the Credit Agreement Warrants:

	March 31, 2023	December 31, 2022
Fair value of the Company's Class A common stock	$ 0.67	$ 0.96
Exercise price	$ 2.01	$ 2.01
Risk-free interest rate	3.48 %	3.88 %
Expected volatility factor	55.0 %	55.0 %
Expected dividend yield	— %	— %
Remaining contractual term (in years)	9.2	9.1

Contingent Earnout Liability

In connection with the Merger, eligible Spire equity holders are entitled to receive additional shares of the Company's Class A common stock upon the achievement of certain earnout triggering events. The estimated fair value of the contingent earnout liability is determined using a Monte Carlo simulation using a distribution of potential outcomes on a monthly basis over the earnout period, which is a period up to five years post-closing of the Merger, prioritizing the most reliable information available, making this fair value classified as a Level 3 liability. The assumptions utilized in the calculation are based on the achievement of certain stock price milestones, including the current price of the Company's Class A common stock, expected volatility, risk-free interest rate, expected term and expected dividend yield.

The table below quantifies the significant inputs used for the contingent earnout liability:

	March 31, 2023	December 31, 2022
Fair value of the Company's Class A common stock	$ 0.67	$ 0.96
Risk-free interest rate	3.77 %	4.16 %
Expected volatility factor	55.0 %	55.0 %
Earnout expiration date	August 16, 2026	August 16, 2026

The following table presents a summary of the changes in the fair value of the Company's Level 3 financial instruments that are measured at fair value on a recurring basis:

	Contingent Earnout Liability
Fair value as of December 31, 2022	349
Change in fair value of contingent earnout liability	(76)
Fair value as of March 31, 2023	$ 273

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

Cash and Cash Equivalents and Marketable Securities

The following tables summarize the Company's cash, cash equivalents and available-for-sale securities by significant marketable securities category:

	March 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash	$ 36,886	$ —	$ —	$ 36,886
Cash equivalents:				
Money market funds	10,066	—	—	10,066
	$ 46,952	$ —	$ —	$ 46,952
Marketable Securities:				
Corporate securities	$ 5,194	$ 1	$ —	$ 5,195
Commercial paper	2,576	—	(1)	2,575
U.S. government and agency securities	17,879	11	—	17,890
	$ 25,649	$ 12	$ (1)	$ 25,660

	December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash	$ 39,919	$ —	$ —	$ 39,919
Cash equivalents:				
Money market funds	5,180	—	—	5,180
Commercial paper	2,098	—	(1)	2,097
	$ 47,197	$ —	$ (1)	$ 47,196
Marketable Securities:				
U.S. treasury bills and bonds	$ 1,495	$ —	$ (1)	$ 1,494
Corporate securities	7,771	—	(26)	7,745
Commercial paper	2,578	—	(2)	2,576
U.S. government and agency securities	11,272	—	(3)	11,269
	$ 23,116	$ —	$ (32)	$ 23,084

The following table represents amortized cost and estimated fair value of marketable securities, by contractual maturity:

	March 31, 2023	
	Amortized Cost	Fair Value
Due in one year or less	$ 25,649	$ 25,660

In accordance with the Company's investment policy, investments are placed in investment grade securities with high credit quality issuers, and generally limit the amount of credit exposure to any one issuer. The Company evaluates securities for impairment at the end of each reporting period. The Company did not record any impairment charges related to its available-for-sale securities during the three months ended March 31, 2023 and 2022.

9.Commitments and Contingencies

L3Harris Commitment

In conjunction with the Acquisition, the Company acquired the agreement (the "L3Harris Agreement") with L3Harris Technologies, Inc. ("L3Harris") 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 (the "A&R L3Harris Agreement"), the Company incurs a fixed fee of $358 per month. The A&R L3Harris Agreement expires on August 7, 2031.

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

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, as of or for the three months ended March 31, 2023 and 2022. For the three months ended March 31, 2023 and 2022, $1,253 and $1,252, respectively, was recognized in cost of revenue on the condensed consolidated statements of operations for the initial costs incurred to acquire exclusive access rights to data generated from satellites.

The following table summarizes the operational fees commitment under the A&R L3Harris Agreement, which includes the fixed payment obligations to L3Harris:

Years ending December 31,		
Remainder of 2023	$	3,225
2024		4,300
2025		4,300
2026		4,300
2027		4,300
Thereafter		15,548
	$	35,973

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, based on an assessment of the current facts and circumstances, 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.

10.Stock-Based Compensation

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 is increased on the first day of each fiscal year, beginning on January 1, 2022, in an amount as provided in the 2021 Plan. Pursuant to this automatic increase feature of the 2021 Plan, 7,183,969 shares were added as available for issuance thereunder on January 1, 2023. As of March 31, 2023, 11,984,656 shares were available for issuance under the 2021 Plan.

The number of shares available for issuance under the 2021 ESPP is increased on the first day of each fiscal year, beginning on January 1, 2022, in an amount as provided in the 2021 ESPP. Pursuant to this automatic increase feature of the 2021 ESPP, 1,436,793 shares were added as available for issuance thereunder on January 1, 2023. As of March 31, 2023, 5,495,955 shares were available for issuance under the 2021 ESPP.

The following table summarizes stock option activity under our equity compensation plans:

	Number of Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term *(in years)*
Options outstanding as of December 31, 2022	19,119,405	$	2.32	6.1
Granted	—	$	—	
Exercised	—	$	—	
Forfeited, canceled, or expired	(366,423)	$	4.78	
Options outstanding as of March 31, 2023	18,752,982	$	2.27	5.8
Vested and expected to vest at March 31, 2023	18,752,982	$	2.27	5.8
Exercisable at March 31, 2023	14,919,114	$	2.12	5.3

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

The Company received no cash proceeds from options exercised during the three months ended March 31, 2023 and received $638 in cash proceeds from options exercised during the three months ended March 31, 2022. There were no options granted during the three months ended March 31, 2023 and 2022.

The following table summarizes restricted stock unit ("RSU") activity under the 2021 Plan:

	Number of RSUs	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2022	12,380,245	$ 2.46
RSUs granted	1,891,179	$ 1.05
RSUs vested	(2,089,229)	$ 2.85
RSUs forfeited	(640,148)	$ 2.68
Outstanding as of March 31, 2023	11,542,047	$ 2.14

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.

As of March 31, 2023, there was $28,107 of total unrecognized compensation expense related to options and RSUs expected to be recognized over a weighted average-period of 2.25 years.

The following table summarizes the components of total stock-based compensation expense based on roles and responsibilities of the employees within the condensed consolidated statements of operations:

	Three Months Ended March 31,	
	2023	2022
Cost of revenue	$ 77	$ 77
Research and development	651	711
Sales and marketing	437	616
General and administrative	1,481	885
	$ 2,646	$ 2,289

11.Net Loss per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Three Months Ended March 31,	
	2023	2022
Numerator:		
Net loss	$ (17,673)	$ (11,792)
Denominator:		
Weighted-average shares used in computing basic and diluted net loss per share	144,770,908	139,274,538
Basic and diluted net loss per share	$ (0.12)	$ (0.08)

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

The Company has two classes of common stock, Class A and Class B. Class B common stock has no economic rights, and 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 shares of Class A common stock, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the three months ended March 31, 2023 and 2022, because including them would have had an anti-dilutive effect:

	Three Months Ended March 31,	
	2023	2022
Stock options and 2021 ESPP to purchase Class A common stock	19,379,210	20,104,227
Public and Private Warrants	—	18,099,992
RSUs	11,542,047	8,470,838
Credit Agreement Warrants	3,694,880	—
	34,616,137	46,675,057

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes thereto included in this Quarterly Report on Form 10-Q and the audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Form 10-K”). This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. Factors that could cause or contribute to such differences include those identified below and those discussed in the section titled “Risk Factors” in the 2022 Form 10-K and in this Quarterly Report on Form 10-Q. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

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 multi-receiver satellites obtain Automatic Identification Systems ("AIS") data from vessels, Automatic Dependent Surveillance–Broadcast (“ADS–B”) data from aircraft and radio occultation (“RO”) data utilizing Global Navigation Satellite Systems ("GNSS") satellites. Our fully deployed constellation consists of more than 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.

Our constellation covers the earth more than 200 times per day on average and our global ground station network performs thousands of contacts each day on average, reliably and resiliently collecting data with low latency. Our cloud-based data infrastructure in aggregate processes three terabytes of data each day on average, in creating our proprietary data analytics solutions. We provide customers these solutions through an application programming interface (“API”) infrastructure. The global proprietary data that 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 Space Services offering enables our customers, commercial and government organizations, to go from idea to orbit simply, reliably, quickly and cost efficiently. We launch software, payloads and dedicated satellite constellations for our customers that we own and manage on their behalf. Just like our proprietary data and analytic solutions, our customers subscribe to the data that is collected through an API.

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 and global security. In November 2021, we acquired exactEarth (the "Acquisition"), a leading provider of global maritime vessel data for ship tracking and maritime situational awareness solutions in Canada.

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 the Three Months Ended March 31, 2023

- Our revenue was $24.2 million, an increase of 34% from the three months ended March 31, 2022.
- As of March 31, 2023, we surpassed $100 million of annual recurring revenue ("ARR") by reaching $104.8 million, an increase of 28% from our ARR as of March 31, 2022.
- We ended the quarter with 781 ARR solution customers under contract, a net increase of 48 customers from December 31, 2022. ARR net retention rate for the three months ended March 31, 2023 was 108%, up from 106% in the same quarter a year ago.
- Our gross margin increased to 57%, an improvement of 11% from the three months ended March 31, 2022.
- Our operating loss was $14.5 million, an improvement of $5.5 million from the three months ended March 31, 2022.
- We were awarded a contract extension by the National Reconnaissance Office (NRO) for commercial radio frequency remote sensing. The agency will continue to use our data to evaluate how commercial radio frequency will be integrated into its overhead architecture.
- We closed a deal with Enqlare, who will use our satellite data to offer up-to-date vessel information and AIS positions to support freight buyers, port agents, ship owners and charterers with business planning and faster document creation. This data enables clients to unlock time savings using automated document generation and reduce laytime processing by up to 40 minutes.
- We entered into a long term agreement with ch-aviation to supply global flight analytics and insights that will enhance its airline intelligence database. The agreement includes access to our daily Flight Report, which aggregates hundreds of millions of satellite and terrestrial ADS-B positions to provide actionable flight, aircraft and airline data.

Macroeconomic and Geopolitical Impact

Over the past two years, we have been impacted by the macroeconomic environment, such as fluctuations in foreign currencies, the COVID-19 pandemic, increasing interest rates and the Russian invasion of Ukraine.

A stronger U.S. dollar relative to our foreign subsidiaries' local functional currencies for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 impacted our revenue, since approximately one-third of our sales are transacted in foreign currencies, though it positively impacted our expenses, since a majority of our employees reside in countries outside of the United States.

The macroeconomic environment has caused existing or potential customers to re-evaluate their decision to purchase our offerings, at times resulting in additional customer discounts, extended payment terms, longer sales cycles, and a few contract cancellations.

Increasing interest rates in the three months ended March 31, 2023 resulted in higher interest expenses, as our credit facility is based on a floating interest rate. The Russian invasion of Ukraine and the continued conflict created additional global sanctions, which at times caused scheduling shifts or launch cancellations by third-party satellite launch providers, which has delayed revenue recognition of certain sales contracts.

If any of these factors continue or worsen, and/or if new macroeconomic or geopolitical issues arise, our results and financial condition could be further negatively impacted. We cannot predict the timing, strength, or duration of any economic slowdown, downturn, instability, or recovery, generally or within any particular industry or geography. Any downturn of the general economy or industries in which we operate would adversely affect our business, financial condition, and results of operations.

Key Factors Affecting Our Performance

We believe that our current and future performance depends 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*" in the 2022 Form 10-K and in this Quarterly Report on Form 10-Q. 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 for which 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 (as defined below) we have from one fiscal period to the next. For instance, we have increased our number of ARR Solution Customers from 627 as of March 31, 2022 to 781 as of March 31, 2023. We track our progress in expanding our customer relationships by measuring our ARR Net Retention Rate (as defined below). Our ARR Net Retention Rate was 108% for the three months ended March 31, 2023 and 106% for the three months ended March 31, 2022.

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 into additional 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 opportunities while balancing the uncertainties from the macroeconomic environment and the geopolitical environment. 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. We also intend to continue to add headcount as needed to our research and development teams and otherwise invest to improve and innovate our nanosatellite, ground station and data analytics technologies. For the three months ended March 31, 2023, our spending on research and development increased by $1.0 million, or 12%, from the three months ended March 31, 2022. Our total headcount across all functions increased from 381 employees as of March 31, 2022, to 418 employees as of March 31, 2023. The costs of these investments may adversely affect our results of operations, but we believe that these investments will contribute to our long-term growth.

Acquisitions

Our business strategy may include acquiring other complementary solutions, technologies, or businesses, such as the Acquisition, that we believe will allow us to continue on our path to profitability, 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. The U.S. dollar has strengthened against many of these currencies since the three months ended March 31, 2022. In the three months ended March 31, 2023, approximately 31% of our revenues were generated in non-U.S. dollar-denominated currencies. 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 contracts with us at the end of the reporting period with a binding and renewable agreement for our subscription solutions or customers that are under a binding multi-year contract that can range from components of our Space Services solution to a project-based customer solution. Customers with project-based contracts are considered recurring when there is a multi-year binding agreement that has a renewable component in the contract. Customers are also considered recurring when they have multiple contracts over multiple years. Customer contracts for data trials and one-time transactions are excluded from the calculation of ARR.

Our ARR growth in the three months ended March 31, 2023 was driven by landing new ARR Customers (as defined below) 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 were over 100% for each of the three months ended March 31, 2023 and 2022. 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 continue 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 as of each period end indicated:

	As of March 31,		
(dollars in thousands)	**2023**	**2022**	**% Change**
ARR	$ 104,763	$ 81,638	28 %

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 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.

The growth in each of our ARR Customers and ARR Solution Customers in the three months ending March 31, 2023 was driven by landing new ARR Customers across our four solutions (Maritime, Aviation, Weather and Space Services), expanding our industry and geographical footprints, and having a low number of customers who have not renewed 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 as of each period end indicated:

	As of March 31,		
	2023	2022	% Change
ARR Customers	755	604	25 %
ARR Solution Customers	781	627	25 %

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 at that fiscal period end 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 (lost customers).

The following table summarizes our ARR Net Retention Rate for each of the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,		
	2023	2022	% Change
ARR Net Retention Rate	108 %	106 %	2 %

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 not renewed 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 at 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 at a fiscal period end versus the prior fiscal period end. For the three months ended March 31, 2023, our ARR Net Retention Rate increased 2% from the three months ended March 31, 2022. This increase reflects our "land and expand" strategy of providing existing customers with additional coverage, data sets, a variety of enhanced features and services to our customer's contracts.

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 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 the end of their expected 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 to ten-year expected useful life. We anticipate ongoing capital spending to repair and replenish ground stations as they reach their end of expected 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, 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 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 twelve months, which are expensed at the beginning of that final twelve-month 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, corporate insurance, fees related to accounting, tax and audit costs, office facilities costs, software subscription costs and other corporate costs.

Other Income (Expense)

Interest Income. Interest income includes interest earned on our cash balances and short-term marketable securities.

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 the 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.

Foreign Exchange Gain/Loss. Foreign exchange gain/loss consists of the net effect of realized and unrealized foreign currency gains and losses resulting from changes in the underlying currency rates relative to the U.S. dollar as we re-measure foreign currency denominated transactions and balances into the functional currency of the entities in which they are recorded.

Other Income (Expense), Net. Other income (expense), net consists primarily of tax credits, grant income, benefit from loan forgiveness, share of equity investment income/loss, 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

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

The following tables set forth selected condensed consolidated statements of operations data for each of the periods indicated:

(in thousands)	Three Months Ended March 31, 2023	2022
Revenue	$ 24,168	$ 18,070
Cost of revenue[(1)]	10,360	9,846
Gross profit	13,808	8,224
Operating expenses[(1)]**:**		
Research and development	9,663	8,657
Sales and marketing	6,850	6,905
General and administrative	11,770	12,684
Total operating expenses	28,283	28,246
Loss from operations	(14,475)	(20,022)
Other income (expense):		
Interest income	565	14
Interest expense	(4,578)	(3,043)
Change in fair value of contingent earnout liability	76	6,883
Change in fair value of warrant liabilities	746	5,835
Foreign exchange	1,024	(935)
Other expense, net	(762)	(234)
Total other expense, net	(2,929)	8,520
Loss before income taxes	(17,404)	(11,502)
Income tax provision	269	290
Net loss	$ (17,673)	$ (11,792)

(1) Includes stock-based compensation as follows:

(in thousands)	Three Months Ended March 31, 2023	2022
Cost of revenue	$ 77	$ 77
Research and development	651	711
Sales and marketing	437	616
General and administrative	1,481	885
Total stock-based compensation	$ 2,646	$ 2,289

Revenue

(in thousands)	Three Months Ended March 31, 2023	2022	% Change
Revenue	$ 24,168	$ 18,070	34 %

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

Total revenue increased $6.1 million, or 34%, driven primarily by the growth in the number of ARR Customers combined with our ARR Net Retention Rate greater than 100%. Our ARR Customers increased 25%, from 604 as of March 31, 2022 to 755 as of March 31, 2023, which contributed to an increase in revenue from new customers. Our ARR Net Retention Rate was 108% for the three months ended March 31, 2023, which contributed to an increase in revenue from our existing customer base.

For the three months ended March 31, 2023, our increase in the number of ARR Customers was driven by our continued 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. Our ARR Net Retention Rate greater than 100% was driven by further expansion with our existing customers by adding coverage, data sets and a variety of enhanced features and services to our customers' contracts with us.

For the three months ended March 31, 2023, we derived 53% of our revenue from the Americas, 36% of our revenue from Europe, Middle East, Africa ("EMEA") and 11% of our revenue from Asia Pacific ("APAC"). For the three months ended March 31, 2022, we derived 42% of our revenue from the Americas, 44% of our revenue from EMEA and 14% of our revenue from APAC. For the three months ended March 31, 2023, we derived 78% of our revenue from subscription arrangements, compared to 68% for the three months ended March 31, 2022. This percentage mix can fluctuate significantly from period to period driven primarily by the timing of the non-subscription revenue recognition in our contracts.

Cost of Revenue

	Three Months Ended March 31,		
(in thousands)	2023	2022	% Change
Total cost of revenue	$ 10,360	$ 9,846	5 %
Gross profit	13,808	8,224	68 %
Gross margin	57 %	46 %	11 %
Headcount (at end of period)	41	38	8 %

Cost of revenue increased $0.5 million, or 5%, primarily driven by an increase in personnel costs of $0.3 million and an increase in third-party royalty costs of $0.3 million, partially offset by a decrease in other miscellaneous operating expenses of $0.1 million. The increase in personnel expenses was driven by headcount growth. 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.

Gross margin for the three months ended March 31, 2023 and 2022 was 57% and 46%, respectively. The increase in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was driven primarily by higher revenue. 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.

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.

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

	Three Months Ended March 31,		
(in thousands)	2023	2022	% Change
Research and development	$ 9,663	$ 8,657	12 %
Percentage of total revenue	40 %	48 %	
Headcount (at end of period)	211	190	11 %

Research and development expenses increased $1.0 million, or 12%, primarily driven by an increase in personnel costs of $1.1 million, and an increase in travel and entertainment expenses of $0.2 million, partially offset by a decrease in consulting expenses of $0.2 million and a decrease in other miscellaneous operating expenses of $0.1 million. The increase in personnel costs was driven by overall growth in headcount. The increase in travel and entertainment expenses was driven by eased COVID-19 restrictions. The decrease in consulting expenses was driven by a reduction of external technical resources, and a shift to internal resources, to support new development processes and capabilities.

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; however, we expect research and development expenses to decrease as a percentage of revenue in future periods as our revenue growth exceeds our increase in research and development spend.

Sales and Marketing

	Three Months Ended March 31,		
(in thousands)	2023	2022	% Change
Sales and marketing	$ 6,850	$ 6,905	(1)%
Percentage of total revenue	28 %	38 %	
Headcount (at end of period)	80	75	7 %

Sales and marketing expenses decreased $0.1 million, or 1%, primarily driven by a decrease in amortization expenses of $0.8 million, partially offset by an increase in bad debt expenses of $0.6 million, and an increase in other miscellaneous operating expenses of $0.1 million. The decrease in amortization expenses was due to the completion of purchased intangible amortization from the Acquisition which was completed in the three-month period ended December 31, 2022. The increase in bad debt expenses was driven by a charge taken for a specific customer reserve.

We expect sales and marketing expenses to generally 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; however, we expect sales and marketing expenses as a percentage of revenue to decrease in future periods as our revenue growth exceeds our increases in sales and marketing spend.

General and Administrative

(in thousands)	Three Months Ended March 31, 2023	2022	% Change
General and administrative	$ 11,770	$ 12,684	(7)%
Percentage of total revenues	49 %	70 %	
Headcount (at end of period)	86	78	10 %

General and administrative expenses decreased $0.9 million, or 7%, primarily driven by a decrease in professional services fees of $1.5 million and a decrease in business insurance costs of $0.9 million, partially offset by an increase in personnel costs of $1.1 million, an increase in software expenses of $0.2 million, an increase in facilities expenses of $0.1 million, and an increase in other miscellaneous operating expenses of $0.1 million. The decrease in professional services fees was driven by lower third-party accounting, legal and other consulting services as compared to the prior year quarter when there were increased costs related to the Acquisition and the Merger. The decrease in business insurance was driven by an improvement in annual rates. The increase in personnel costs was driven by overall headcount growth. The increase in software expenses was driven by headcount growth and scaling of operations. The increase in facilities expenses was driven by overall headcount growth.

We expect our general and administrative expenses to generally 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; however, we expect our general and administrative expenses as a percentage of revenue to decrease as revenue growth exceeds our increases in general and administrative spend.

Other Income (Expense)

(in thousands)	Three Months Ended March 31, 2023	2022	% Change
Interest income	$ 565	$ 14	*
Interest expense	$ (4,578)	$ (3,043)	50 %
Change in fair value of contingent earnout liability	$ 76	$ 6,883	(99)%
Change in fair value of warrant liabilities	$ 746	$ 5,835	(87)%
Foreign exchange	$ 1,024	$ (935)	(210)%
Other expense, net	$ (762)	$ (234)	226 %

*Not Meaningful

Interest income increased by $0.6 million as we shifted more liquid assets into short-term marketable securities that carried higher overall interest rates.

Interest expense increased $1.5 million, or 50%, primarily as a result of incurring higher interest and amortized debt issuance costs associated with our Blue Torch term loan.

Change in fair value of contingent earnout liability decreased by $6.8 million, or 99%, driven by the mark-to-market adjustment to reflect the fair market valuation of the underlying stock price. For additional information, see Notes 2 and 8 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q and Notes 2, 3 and 10 to our consolidated financial statements included in our 2022 Form 10-K.

Change in fair value of warrant liabilities was a gain of $0.7 million in the three months ended March 31, 2023 compared to a gain of $5.8 million in the three months ended March 31, 2022, a reduction of 87%. The $0.7 million gain in the three months ended March 31, 2023 was primarily driven by mark-to-market adjustments to reflect the fair market value of our public and private warrants. For additional information, see Notes 2, 6 and 8 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q and Notes 2, 10 and 13 to our consolidated financial statements included in our 2022 Form 10-K.

We recognized a foreign exchange gain of $1.0 million in the three months ended March 31, 2023 compared to a foreign exchange loss of $0.9 million in the three months ended March 31, 2022. The gain of $1.0 million in the three months ended March 31, 2023 was driven by the weakening of the U.S. dollar during the quarter relative to the local currencies of our subsidiaries, namely the Euro, British Pound Sterling, Singapore Dollar, and Canadian Dollar and the impact on the customer receivables recorded upon initial sale. The loss of $0.9 million for the three months ended March 31, 2022 was driven by a strengthening of the U.S. dollar relative to the same subsidiary local currency values.

Other expense, net increased by $0.5 million, or 226%, primarily driven by a $0.3 million increase in state tax expense, a $0.1 million increase in loss associated with the Acquisition investment in Myriota, and $0.1 million increase in miscellaneous expenses.

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 Sterling, 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 Tax Provision

	Three Months Ended March 31,		
(in thousands)	2023	2022	% Change
Income tax provision	$ 269	$ 290	(7)%

Income taxes were substantially unchanged.

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, launch failure and decommissioning. We exclude loss on satellite deorbit, launch failure and decommissioning 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.
- Loss on extinguishment of debt. We exclude this as it does not reflect the underlying cash flows or operational results of the business.
- Foreign exchange gain/loss. We are exposed to foreign currency gains or losses on outstanding foreign currency denominated receivables and payables related to certain customer sales agreements, product costs and other operating expenses. As we do not actively hedge these currency exposures, changes in the underlying currency rates relative to the U.S. dollar may result in realized and unrealized foreign currency gains and losses between the time these receivables and payables arise and the time that they are settled in cash. Since such realized and unrealized foreign currency gains and losses are the result of macro-economic factors and can vary significantly from one period to the next, we believe that exclusion of such realized and unrealized gains and losses is useful to management and investors in evaluating the performance of our ongoing operations on a period-to-period basis.
- Amortization of purchased intangibles. We incur 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, we exclude these expenses for our internal management reporting processes. Our 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.
- Other acquisition accounting amortization. We incur 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, we exclude this expense for its internal management reporting processes. Our 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. We exclude these expenses as they are transaction costs and expenses associated with the transaction that are generally one time in nature and not reflective of the underlying operational results of our business. Examples of these types of expenses include legal, accounting, regulatory, other consulting services, severance, and other employee costs.

•Other unusual and infrequent costs. We exclude these as they are unusual items that do not reflect the ongoing operational results of our business. Examples of these types of expenses include accounting, legal and other professional fees associated with the preparation and filing of our September 2022 Form S-3 shelf registration statement and "at-the-market" offering prospectus supplement, and the December 2022 warrant exchange.

•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.

•Adjusted EBITDA. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, further adjusted for any loss on satellite deorbit, launch failure and decommissioning, change in fair value of warrant liabilities, change in fair value of contingent earnout liability, other (expense) income, net, stock-based compensation, loss on extinguishment of debt, foreign exchange gain/loss, other acquisition accounting amortization, mergers and acquisition related expenses, and other unusual costs. We believe Adjusted EBITDA can be useful in providing an understanding of the underlying results of operations and trends, 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 note that the excluded items may have had, and may in the future have, a material impact on our reported financial results. 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:

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Net loss	$ (17,673)	$ (11,792)
Depreciation & amortization	3,916	4,834
Interest, net	4,013	3,029
Taxes	269	290
EBITDA	(9,475)	(3,639)
Change in fair value of contingent earnout liability	(76)	(6,883)
Change in fair value of warrant liabilities	(746)	(5,835)
Foreign exchange (gain) loss	(1,024)	935
Other expense, net	762	234
Stock-based compensation	2,646	2,289
Mergers and acquisition related expenses	1,015	3,014
Other acquisition accounting amortization	166	183
Adjusted EBITDA	$ (6,732)	$ (9,702)

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 does not reflect income tax payments that may represent a reduction in cash available to us.

•Adjusted EBITDA does not reflect the loss on satellite deorbit, launch failure and decommissioning 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 are 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, and marketable securities which totaled $72.6 million as of March 31, 2023, mainly from net proceeds from the Merger (as defined below), borrowings under the Blue Torch Credit Facility (as defined below) and the issuance of convertible notes. Of the $72.6 million total, $46.9 million was in cash and cash equivalents of which approximately $19.4 million was held outside of the United States. The remaining $25.7 million was held in short-term marketable securities, all of which was held in the United States and which can be converted to cash with minimal transaction costs. These amounts compare to cash and cash equivalents, and marketable securities of $70.3 million as of December 31, 2022, of which $47.2 million was in cash and cash equivalents with $18.8 million held outside of the United States. The remaining $23.1 million was held in short-term marketable securities. The cash and cash equivalent amounts are exclusive of restricted cash which totaled $0.4 million as of each of March 31, 2023 and December 31, 2022. 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.

On March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. On March 13, 2023, the FDIC announced that it had transferred all deposits – both insured and uninsured – and substantially all assets of the former SVB to a newly created, full-service FDIC-operated “bridge bank” called Silicon Valley Bank, N.A. On March 27, 2023, First Citizens Bank & Trust Company ("First Citizens Bank") announced that it had entered into an agreement with the FDIC to purchase Silicon Valley Bridge Bank, N.A., which now operates as a division of First Citizens Bank. As of March 31, 2023, we had approximately $17.5 million in cash and cash equivalents at SVB, a division of First Citizens Bank, of which approximately $17.1 million was invested in BlackRock money market mutual funds.

On September 14, 2022, we entered into an Equity Distribution Agreement (the “Equity Distribution Agreement”) with Canaccord Genuity LLC, as sales agent. In accordance with the terms of the Equity Distribution Agreement, we may offer and sell our Class A common stock having an aggregate offering price of up to $85.0 million from time to time through the agent pursuant to a registration statement on Form S-3, which became effective on September 26, 2022. There had been no sales under the Equity Distribution Agreement as of March 31, 2023.

We expect that our principal source of liquidity will be our cash and cash equivalents balance which includes the proceeds received from the Merger, the additional convertible notes issued and the Blue Torch Credit Facility (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.

Blue Torch Credit Agreement

On June 13, 2022, we, as borrower, and certain of our subsidiaries, as guarantors, entered into a financing agreement (the “Blue Torch Financing Agreement”) with Blue Torch Finance LLC, a Delaware limited liability company (“Blue Torch”), as administrative agent and collateral agent, and certain lenders (the “Lenders”). The Blue Torch Financing Agreement provides for, among other things, a term loan facility in an aggregate principal amount of up to $120.0 million (the “Blue Torch Credit Facility”). A portion of the proceeds of the term loan was used to repay our then-existing $70.0 million credit facility with FP Credit Partners, L.P., and the remainder of the proceeds of the term loan may be used for general corporate purposes.

The Blue Torch Credit Facility is scheduled to mature on June 13, 2026, upon which we must repay the outstanding principal amount of any outstanding loans thereunder, together with all accrued but unpaid interest, fees and other obligations owing under the Blue Torch Credit Facility. Subject to certain exceptions, prepayments of the Blue Torch Credit Facility will be subject to early termination fees in an amount equal to 3.0% of the principal prepaid if prepayment occurs on or prior to the first anniversary of the closing date, 2.0% of principal prepaid if prepayment occurs after the first anniversary of the closing date but on or prior to the second anniversary of the closing date and 1.0% of principal prepaid if prepayment occurs after the second anniversary of the closing date but on or prior to the third anniversary of the closing date, plus if prepayment occurs on or prior to the first anniversary of the closing date, a make-whole amount equal to the amount of interest that would have otherwise been payable through the maturity date of the Blue Torch Credit Facility.

The $120.0 million term loan was available and drawn at closing, of which $19.7 million was placed in an escrow account by Blue Torch with such amount to be released upon our achieving certain metrics related to annualized recurring revenue and a total annualized recurring revenue leverage ratio. These metrics were achieved and the $19.7 million was released from the escrow account and delivered to us in February 2023. The term loan accrues interest at a floating rate, to be based, at our election, on either a reference rate or a 3-month Term Secured Overnight Financing Rate ("SOFR") rate (subject to a 1.0% floor), plus an interest rate margin of 7.0% for reference rate borrowings and 8.0% for 3-month Term SOFR borrowings, plus an incremental Term SOFR margin of 0.26161%. We elected the Term SOFR rate which was 13.37% as of March 31, 2023. Principal on the term loan is only payable at maturity and interest on the term loan is due and payable monthly for reference rate borrowings and quarterly for Term SOFR borrowings. We are also required to pay other customary fees and costs in connection with the Blue Torch Credit Facility, including a commitment fee in an amount equal to $2.4 million on the closing date, a $0.3 million agency fee annually and an exit fee in an amount equal to $1.8 million upon termination of the Blue Torch Financing Agreement.

Our obligations under the Blue Torch Financing Agreement are or will be guaranteed by certain of our domestic and foreign subsidiaries meeting materiality thresholds set forth in the Blue Torch Financing Agreement. Such obligations, including the guarantees, are secured by substantially all of our personal property and that of our subsidiary guarantors, including pursuant to a Security Agreement entered into on June 13, 2022 among us, Spire Global Subsidiary, Inc., Austin Satellite Design, LLC and Blue Torch. As of the closing date, such subsidiary guarantors were Spire Global Subsidiary, Inc., Austin Satellite Design, LLC, Spire Global Canada Subsidiary Corp. and exactEarth Ltd.

The Blue Torch Financing Agreement contains customary affirmative covenants and customary negative covenants limiting our ability and the ability of our subsidiaries to, among other things, dispose of assets, undergo a change in control, merge or consolidate, make acquisitions, incur debt, incur liens, pay dividends, repurchase stock and make investments, in each case subject to certain exceptions. We must also comply with a maximum debt to annualized recurring revenue leverage ratio financial covenant tested monthly during the first two years of the Blue Torch Financing Agreement, a maximum debt to EBITDA leverage ratio financial covenant tested monthly during the third and fourth years of the Blue Torch Financing Agreement and a minimum liquidity financial covenant tested at all times.

The Blue Torch Financing Agreement also contains customary events of default that include, among other things, certain payment defaults, cross defaults to other indebtedness, inaccuracy of representations and warranties, covenant defaults, change of control defaults, judgment defaults, and bankruptcy and insolvency defaults. If an event of default exists, Blue Torch as agent on behalf of the Lenders may require immediate payment of all obligations under the Blue Torch Financing Agreement and may exercise certain other rights and remedies provided for under the Blue Torch Financing Agreement, the other loan documents and applicable law. Under certain circumstances, a default interest rate will apply on all obligations during the existence of an event of default under the Blue Torch Financing Agreement at a per annum rate equal to 2.00% above the applicable interest rate.

On June 13, 2022, in connection with the Blue Torch Financing Agreement, we granted warrants to affiliates of the Lenders to purchase fully paid and non-assessable shares of Class A common stock (the “Blue Torch Warrants”), which are exercisable for an aggregate of 3,496,205 shares of our Class A common stock with a per share exercise price of $2.01.

In addition, on June 13, 2022, in connection with the closing of the financing, we paid Urgent Capital LLC, a Delaware limited liability company, a fee for introducing us to the Lenders, for the purpose of loan financing, in the amount equal to $0.6 million in cash and a warrant to purchase fully paid and non-assessable shares of Class A common stock (the “GPO Warrant” and, collectively with the Blue Torch Warrants, the “Credit Agreement Warrants”), which is exercisable for an aggregate of 198,675 shares of our Class A common stock with a per share exercise price of $2.01.

The Credit Agreement Warrants may be exercised on a cashless basis. The Credit Agreement Warrants are exercisable for a term beginning on the date of issuance and ending on the earlier to occur of ten years from the date of issuance or the consummation of certain of our acquisitions as set forth in the Credit Agreement Warrants. The number of shares for which the Credit Agreement Warrants are exercisable and the associated exercise price are subject to certain proportional adjustments as set forth in the Credit Agreement Warrants.

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 and European Investment Bank 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 was payable quarterly in arrears. The total outstanding principal amount of the FP Term Loan was due and payable at maturity on April 15, 2026. We had the right to 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 was 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 have been the outstanding principal amount of the FP Term Loan and any accrued and unpaid interest thereon. Our obligations under the FP Credit Agreement were 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 contained customary affirmative and negative covenants, including covenants that limited our ability 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 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 judgment defaults, subject to grace periods in certain instances. Upon the occurrence and during the continuance of an event of default, the FP Lenders could 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 would 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.

On June 13, 2022, we repaid in full all obligations and all amounts borrowed, and all obligations have terminated, under the FP Credit Agreement, which was replaced by the Blue Torch Financing Agreement. The outstanding principal and interest under the FP Credit Agreement in an aggregate amount equal to approximately $72.8 million was repaid with proceeds of the term loan under the Blue Torch Credit Facility. We incurred no early termination penalties in connection with the termination of the FP Credit Agreement.

Government Loan

As part of the Acquisition 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 March 31, 2023, $5.0 million was included in long-term debt, non-current on our unaudited condensed consolidated balance sheets related to the SIF loan agreement. 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 information, see Note 6 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Cash Flows

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:

	Three Months Ended March 31,	
(in thousands)	**2023**	**2022**
Net cash used in operating activities	$ (11,290)	$ (14,991)
Net cash used in investing activities	$ (6,957)	$ (4,262)
Net cash provided by financing activities	$ 19,886	$ 733

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 the three months ended March 31, 2023 was $11.3 million. This reflected our net loss of $17.7 million, adjustments for non-cash items of $6.4 million and an immaterial net change in operating assets and liabilities. Non-cash items primarily included $3.9 million of depreciation and amortization expense, $2.6 million of stock-based compensation, $0.6 million of debt issuance amortization costs, and $0.2 million of amortization of operating lease assets, partially offset by a $0.7 million gain on change in fair value of warrant liability and a $0.1 million gain on change in fair value of contingent earnout liability. Changes in operating assets and liabilities primarily included a $0.9 million increase in contract assets, a $0.6 million decrease in accounts payable, a $0.5 million decrease in other accrued expenses, and a $0.2 million decrease in operating lease liabilities. This was primarily offset by a $1.3 million increase in contract liabilities, a $0.4 million decrease in other long-term assets, a $0.3 million increase in accrued wages and benefits, a $0.1 million decrease in other current assets, and a $0.1 million decrease in accounts receivable, net.

Net cash used in operating activities in the three months ended March 31, 2022 was $15.0 million. This reflected our net loss of $11.8 million, adjustments for non-cash items of $3.6 million, and a net increase in our operating assets and liabilities of $0.4 million. Non-cash items primarily included a $6.9 million non-cash gain on the contingent earnout liability revaluation and a $5.8 million gain on the warrant liability revaluation, partially offset by $4.8 million of depreciation and amortization expense, $2.3 million of stock-based compensation, $1.4 million of debt issuance amortization expense and $0.6 million for reduction of operating lease assets. Changes in operating assets and liabilities primarily included a $1.5 million increase in contract assets, a $1.1 million decrease in accrued wages and benefits, a $1.0 million decrease in contract liabilities, a $0.8 million decrease in accounts payable, a $0.3 million decrease in operating lease liabilities, and a $0.1 million decrease in other long-term liabilities. This was offset by a $2.2 million decrease in accounts receivable, a $1.9 million decrease in other current and long-term assets, and a $1.1 million increase in 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 the three months ended March 31, 2023 was $7.0 million. This was driven by purchases of $13.9 million in short-term investments and $4.6 million of investment in property and equipment, partially offset by $11.6 million in maturities of short-term investments.

Net cash used in investing activities in the three months ended March 31, 2022 was $4.3 million. This was driven by $3.9 million of investment in our technology infrastructure and $0.4 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 net proceeds from the issuance of long term debt, convertible notes and Class A common stock.

Net cash provided by financing activities in the three months ended March 31, 2023 was $19.9 million. This was driven by $19.9 million from the Blue Torch term loan that was released from escrow in the quarter.

Net cash provided by financing activities in the three months ended March 31, 2022 was $0.7 million. This was driven by $0.6 million of proceeds from the issuance of common stock and $0.1 million of proceeds from long-term debt.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. In the preparation of these condensed 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.

There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in our 2022 Form 10-K.

Accounting Pronouncements Recently Adopted and Not Yet Adopted

See Note 2 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in Section 2(a)(19) of the Securities Act of 1933, as amended, as modified by the Jumpstart our Business Startups Act (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.

Item 3. 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 results of operations 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 the three months ended March 31, 2023 and 2022, we had a gain of $1.0 million and a loss of $0.9 million, respectively, due to changes in foreign currency exchange rates. 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 three months ended March 31, 2023, pre-tax loss of approximately $0.7 million.

Interest Rate Sensitivity

As of March 31, 2023, we had cash and cash equivalents totaling $47.0 million, which were held primarily in demand deposit accounts, and investment in short-term marketable securities of $25.7 million. The cash and cash equivalents are held for working capital purposes or strategic investment purposes.

We are exposed to market risks related to fluctuations in interest rates related to the Blue Torch Credit Facility. The Blue Torch Credit Facility accrues interest at a floating rate, to be based, at our election, on either a reference rate or a 3-month Term SOFR rate (subject to a 1.0% floor), plus an interest rate margin of 7.0% for reference rate borrowings and 8.0% for 3-month Term SOFR borrowings, plus an incremental Term SOFR margin of 0.26161%. Accordingly, increases in SOFR could increase our interest payments under the Blue Torch Credit Facility. For example, a hypothetical increase of 100 basis points in the interest rate of the Blue Torch Credit Facility would have an approximately $1.2 million impact on an annual basis on our results of operations. The SIF loan is interest free.

Inflation Risk

We are exposed to inflation risk. Inflationary factors, such as increases in component parts, labor and other overhead expenses, could impair our operating results. Although there has been a significant increase in inflation in recent periods, it has not had a substantial impact on our results of operations for the three months ended March 31, 2023 or 2022. However, a higher rate of inflation in the future may have a negative impact on our operational and capital expenditures which we may not be able to pass along as cost increases to our customers.

Item 4. Controls and Procedures

***Evaluation of Disclosure Controls and Procedure*s**

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 Securities Exchange Act of 1934, as amended ("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.

We performed an evaluation under the supervision and with the participation of management, including our principal executive officer and principal financial officer, 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 March 31, 2023. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of March 31, 2023 because of the material weaknesses in internal control over financial reporting described below.

Notwithstanding the material weaknesses described in Management's Report on Internal Control over Financial Reporting, our management has concluded that our condensed consolidated financial statements for the periods covered by and included in this Quarterly Report are prepared in accordance with GAAP and fairly present, in all material respects, our financial position, results of operations and cash flows for each of the periods presented herein.

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 following material weaknesses were identified:

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, among 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 to such transactions. Specifically, we did not design and maintain:

(a)controls to timely identify and account for warrant instruments, which resulted in the restatement of the previously issued financial statements of NavSight related to adjustments to warrant liabilities and equity;

(b)controls to account for business combinations, including the associated valuation estimates and the completeness and accuracy of the opening balance sheet, which did not result in a misstatement to our consolidated financial statements; and

(c)controls to timely identify and account for the fair value of the contingent earnout liability, which resulted in an error in the fair value of the contingent earnout liability in, and the restatement of, our previously issued unaudited condensed consolidated financial statements as of and for each of the interim periods ended September 30, 2021, March 31, 2022 and June 30, 2022 and our consolidated financial statements as of and for the year ended December 31, 2021.

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 several changes to our internal control over financial reporting and will continue performing remedial actions, as described below.

The remediation and ultimate resolution of each of the material weaknesses will be reviewed with the Audit Committee of the Company's Board of Directors.

We have made progress to address the material weaknesses related to the control environment, as described below:

Key Professionals
Over the course of 2022, we identified and hired a number of professionals with appropriate levels of internal controls and accounting knowledge to improve the overall domestic and international financial accounting and reporting departments. In the fourth quarter of 2022, we hired two senior accountants and a senior financial systems manager. These recent hires are in addition to the chief accounting officer, director of accounting and Americas controller, director of technical accounting, accounting manager, and staff accountant hired earlier in 2022. In addition, we engaged with external consultants to provide technical accounting and financial systems services. The Company continues to monitor personnel requirements and expertise needed to have an effective control environment, including providing necessary ongoing training to its finance and accounting personnel.

Risk Assessment
We engaged a third-party consulting firm 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. We conducted a financial risk assessment to identify key business processes and establish internal materiality thresholds. We 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 a testing program planned for 2023.

We engaged a third-party consulting firm to complete an initial Enterprise Risk Assessment. With the assistance of the consulting firm, we identified key risks for technology-based organizations and interviewed management team members and the Chair of the Audit Committee to discuss key risk areas. We 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. Action and testing plans are being developed to address the risks, and results will be reviewed with management.

Segregation of Duties
We designed and implemented controls over the segregation of duties related to journal entries and account reconciliations. During the fourth quarter of 2022, we implemented automated controls, which replaced previously manual detective controls, designed to prevent the ability for the same person to create and post journal entries in our general ledger system. As a result of hiring key accounting personnel, we segregated the preparation

and review of account reconciliations. During the year ended December 31, 2022, the Company completed its initial assessment on Segregation of Duties with assistance from a third-party and began its analysis across all processes and locations, including establishing appropriate authorities and responsibilities.

Non-routine, Unusual or Complex Transactions
Over the course of 2022, we hired key accounting personnel and engaged with third-party technical accounting experts to improve our controls related to the identification of and proper application of GAAP accounting for non-routine, unusual, or complex transactions. Since the Merger that occurred in August 2021, warrant instruments have been accounted for in accordance with the Company's accounting policies based on GAAP. During the fourth quarter of 2022, Management trained the accounting team and designed new controls to timely identify and account for the fair value of the contingent earnout liability, and hired a third-party technical accounting firm to assist with the proper application of GAAP for non-routine, unusual, or complex transactions, including any business combinations that may arise in the future.

IT General Controls
Management designed and maintained testing and approval controls for program development to ensure that the software is aligned with business and IT requirements. This includes final approval and testing of the software prior to migration to production. Over the course of 2022, the Company designed and implemented certain IT general controls, including controls over user access rights and privileges and change management.

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

Limitations on Effectiveness of Controls and Procedures

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

There were no 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.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are involved in various legal proceedings arising from the normal course of business activities.

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 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties. You should carefully consider the factors described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K"), and as described below, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our stock. Except as set forth below, there have been no material changes to our risk factors included in our 2022 Form 10-K. 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.

The following new risk factor is added:

Our failure to maintain compliance with the NYSE's continued listing requirements could result in the delisting of our Class A common stock.

Our Class A common stock is listed on the NYSE. In order to maintain this listing, we must satisfy minimum financial and other requirements. On March 24, 2023, we were notified by the NYSE that we are not in compliance with Rule 802.01C of the NYSE's Listed Company Manual ("Rule 802.01C") relating to the minimum average closing price of our Class A common stock required over a consecutive 30 trading-day period. We can regain compliance at any time within the cure period if, on the last trading day of any calendar month during the cure period, our Class A common stock has a closing share price of at least $1.00 and an average closing share price of at least $1.00 over the 30 trading-day period ending on the last trading day of that month. If we fail to regain compliance with Rule 802.01C by the end of the cure period, our Class A common stock will be subject to the NYSE's suspension and delisting procedures.

The perception among investors that we are at a heightened risk of delisting could negatively affect the market price and trading volume of our Class A common stock. If our Class A common stock is delisted from the NYSE, the delisting could: substantially decrease trading in our Class A common stock; adversely affect the market liquidity of our Class A common stock as a result of the loss of market efficiencies associated with the NYSE and the loss of federal preemption of state securities laws; adversely affect our ability to issue additional securities or obtain additional financing in the future on acceptable terms, if at all; result in the potential loss of confidence by investors, suppliers, partners and employees and fewer business development opportunities; and result in limited news and analyst coverage. Additionally, the market price of our Class A common stock may decline further, and stockholders may lose some or all of their investment.

The risk factor in our 2022 Form 10-K entitled "We rely on a limited number of government customers to provide a substantial portion of our revenue" is replaced in its entirety by the following:

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 46% of our revenues for the three months ended March 31, 2023. We believe that the future success and growth of our business will depend in part on our ability to continue to maintain and expand government contracts. Within the government channel, approximately 70% of revenue for the three months ended March 31, 2023, 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 jurisdiction will not be terminated or suspended in the future. For example, we were recently notified by the National Oceanic and Atmospheric Administration ("NOAA") that it intends not to renew one of its weather contracts with us for the time period from mid-July 2023 through mid-January 2024. We expected this contract to provide approximately $9.9 million of revenue over that time period, and while we will have the opportunity to reapply for the contract during NOAA's next six-month customer evaluation period, there can be no assurance that we will be successful in regaining this business.

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 would likely 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q, or are incorporated herein by reference, in each case as indicated below.

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Certificate of Incorporation of Spire Global, Inc.	S-1	333-259733	3.1	September 23, 2021
3.2	Bylaws of Spire Global, Inc.	S-1	333-259733	3.2	September 23, 2021
31.1	Certification of the 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.				
31.2	Certification of the 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.				
32.1*	Certifications of the 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.				
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document).				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 has been formatted in Inline XBRL				

* The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Spire Global, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		SPIRE GLOBAL, INC.
Date: May 10, 2023	By:	/s/ Peter Platzer Peter Platzer Chief Executive Officer (Principal Executive Officer)
Date: May 10, 2023	By:	/s/ Thomas Krywe Thomas Krywe Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Platzer, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q 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: May 10, 2023	By:	/s/ Peter Platzer
	Name:	**Peter Platzer**
	Title:	**Chief Executive Officer**
		(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas Krywe, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q 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: May 10, 2023	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 Quarterly Report on Form 10-Q of Spire Global, Inc. for the fiscal quarter ended March 31, 2023 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 Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Spire Global, Inc.

Date: May 10, 2023	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 Quarterly Report on Form 10-Q of Spire Global, Inc. for the fiscal quarter ended March 31, 2023 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 Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Spire Global, Inc.

Date: May 10, 2023	By:	/s/ Thomas Krywe
	Name:	**Thomas Krywe**
	Title:	**Chief Financial Officer (Principal Financial Officer)**