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 June 30, 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 165,457,085 shares of Class A common stock and 12,058,614 shares of Class B common stock as of August 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)

	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 43,144	$ 47,196
Marketable securities	21,083	23,084
Accounts receivable, net (including allowance of $1,058 and $395 as of June 30, 2023 and December 31, 2022, respectively)	20,462	13,864
Contract assets	4,899	3,353
Other current assets	8,176	9,279
Total current assets	97,764	96,776
Property and equipment, net	62,964	53,752
Operating lease right-of-use assets	13,614	11,687
Goodwill	51,137	49,954
Customer relationships	20,332	20,814
Other intangible assets	13,469	13,967
Other long-term assets, including restricted cash	9,083	9,562
Total assets	$ 268,363	$ 256,512
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 4,294	$ 4,800
Accrued wages and benefits	4,982	4,502
Contract liabilities, current portion	21,854	15,856
Other accrued expenses	9,317	8,210
Total current liabilities	40,447	33,368
Long-term debt	119,790	98,475
Contingent earnout liability	145	349
Deferred income tax liabilities	817	771
Warrant liability	709	1,831
Operating lease liabilities, net of current portion	12,509	10,815
Other long-term liabilities	413	780
Total liabilities	174,830	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, 165,432,624 Class A and 12,058,614 Class B shares issued and outstanding at June 30, 2023; 143,679,385 Class A and 12,058,614 Class B shares issued and outstanding at December 31, 2022	18	16
Additional paid-in capital	470,309	455,751
Accumulated other comprehensive loss	(4,208)	(6,997)
Accumulated deficit	(372,586)	(338,647)
Total stockholders' equity	93,533	110,123
Total liabilities and stockholders' equity	$ 268,363	$ 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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue	$ 26,493	$ 19,395	$ 50,661	$ 37,465
Cost of revenue	9,633	9,573	19,993	19,419
Gross profit	16,860	9,822	30,668	18,046
Operating expenses:				
Research and development	9,752	8,225	19,415	16,882
Sales and marketing	6,729	6,728	13,579	13,633
General and administrative	10,899	11,274	22,669	23,958
Loss on decommissioned satellites	472	—	472	—
Total operating expenses	27,852	26,227	56,135	54,473
Loss from operations	(10,992)	(16,405)	(25,467)	(36,427)
Other income (expense):				
Interest income	636	106	1,201	120
Interest expense	(4,709)	(2,785)	(9,287)	(5,828)
Change in fair value of contingent earnout liability	128	2,370	204	9,253
Change in fair value of warrant liabilities	357	3,897	1,103	9,732
Foreign exchange	(435)	(2,605)	589	(3,540)
Loss on extinguishment of debt	—	(22,510)	—	(22,510)
Other expense, net	(1,038)	(271)	(1,800)	(505)
Total other expense, net	(5,061)	(21,798)	(7,990)	(13,278)
Loss before income taxes	(16,053)	(38,203)	(33,457)	(49,705)
Income tax provision	213	62	482	352
Net loss	$ (16,266)	$ (38,265)	$ (33,939)	$ (50,057)
Basic and diluted net loss per share	$ (0.11)	$ (0.27)	$ (0.23)	$ (0.36)
Weighted-average shares used in computing basic and diluted net loss per share	147,751,593	139,687,475	146,271,668	139,482,147

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	$ (16,266)	$ (38,265)	$ (33,939)	$ (50,057)
Other comprehensive gain (loss):				
Foreign currency translation adjustments	4,341	(2,212)	2,752	(353)
Net unrealized (loss) gain on investments (net of tax)	(7)	(83)	37	(83)
Comprehensive loss	$ (11,932)	$ (40,560)	$ (31,150)	$ (50,493)

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	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance, March 31, 2023	158,105,056	$ 16	$ 458,683	$ (8,542)	$ (356,320)	$ 93,837
Release of Restricted Stock Units	1,385,250	—	—	—	—	—
Issuance of common stock under Employee Stock Purchase Plan	669,816	—	422	—	—	422
Stock compensation expense	—	—	3,340	—	—	3,340
Issuance of common stock under the Equity Distribution Agreement, net	17,331,116	2	7,864	—	—	7,866
Net loss	—	—	—	—	(16,266)	(16,266)
Foreign currency translation adjustments	—	—	—	4,341	—	4,341
Net unrealized loss on investments (net of tax)	—	—	—	(7)	—	(7)
Balance, June 30, 2023	177,491,238	18	470,309	(4,208)	(372,586)	93,533

	Common Stock Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	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	3,474,479	—	—	—	—	—
Issuance of common stock under Employee Stock Purchase Plan	669,816	—	422	—	—	422
Stock compensation expense	—	—	5,986	—	—	5,986
Issuance of common stock under the Equity Distribution Agreement, net	17,331,116	2	7,864	—	—	7,866
Conversion of warrants to common stock	277,828	—	286	—	—	286
Net loss	—	—	—	—	(33,939)	(33,939)
Foreign currency translation adjustments	—	—	—	2,752	—	2,752
Net unrealized gain on investments (net of tax)	—	—	—	37	—	37
Balance, June 30, 2023	177,491,238	$ 18	$ 470,309	$ (4,208)	$ (372,586)	$ 93,533

	Common Stock Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balance, March 31, 2022	151,650,692	$ 15	$ 441,623	$ 2,591	$ (261,028)	$ 183,201
Exercise of stock options	2,600	—	158	—	—	158
Release of Restricted Stock Units	21,331	—	(17)	—	—	(17)
Issuance of common stock under Employee Stock Purchase Plan	255,372	—	332	—	—	332
Stock compensation expense	—	—	2,909	—	—	2,909
Net loss	—	—	—	—	(38,265)	(38,265)
Foreign currency translation adjustments	—	—	—	(2,212)	—	(2,212)
Net unrealized loss on investments (net of tax)	—	—	—	(83)	—	(83)
Balance, June 30, 2022	151,929,995	$ 15	$ 445,005	$ 296	$ (299,293)	$ 146,023

	Common Stock Shares	Amount	Additional Paid in 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	494,664	—	796	—	—	796
Release of Restricted Stock Units	25,345	—	(17)	—	—	(17)
Issuance of common stock under Employee Stock Purchase Plan	255,372	—	332	—	—	332
Stock compensation expense	—	—	5,198	—	—	5,198
Net loss	—	—	—	—	(50,057)	(50,057)
Foreign currency translation adjustments	—	—	—	(353)	—	(353)
Net unrealized loss on investments (net of tax)	—	—	—	(83)	—	(83)
Balance, June 30, 2022	151,929,995	$ 15	$ 445,005	$ 296	$ (299,293)	$ 146,023

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)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities		
Net loss	$ (33,939)	$ (50,057)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,883	9,341
Stock-based compensation	5,986	5,198
Amortization of operating lease right-of-use assets	1,128	1,139
Amortization of debt issuance costs	1,086	2,673
Change in fair value of warrant liability	(1,103)	(9,732)
Change in fair value of contingent earnout liability	(204)	(9,253)
Loss on decommissioned satellites	472	—
Loss on extinguishment of debt	—	22,271
Other, net	(281)	(16)
Changes in operating assets and liabilities:		
Accounts receivable, net	(6,441)	(6,708)
Contract assets	(1,506)	(2,390)
Other current assets	263	3,235
Other long-term assets	774	752
Accounts payable	(2,465)	(2,788)
Accrued wages and benefits	413	(1,702)
Contract liabilities	5,467	4,378
Other accrued expenses	766	1,828
Operating lease liabilities	(890)	(617)
Other long-term liabilities	—	(46)
Net cash used in operating activities	(22,591)	(32,494)
Cash flows from investing activities		
Purchases of short-term investments	(25,845)	(20,618)
Maturities of short-term investments	28,400	—
Purchase of property and equipment	(12,677)	(12,485)
Net cash used in investing activities	(10,122)	(33,103)
Cash flows from financing activities		
Proceeds from long-term debt	19,886	100,360
Proceeds from issuance of common stock under the Equity Distribution Agreement, net	7,866	—
Payments on long-term debt	—	(71,512)
Payments of debt issuance costs	—	(4,342)
Proceeds from exercise of stock options	—	796
Proceeds from employee stock purchase plan	422	332
Net cash provided by financing activities	28,174	25,634
Effect of foreign currency translation on cash, cash equivalents and restricted cash	597	3,213
Net decrease in cash, cash equivalents and restricted cash	(3,942)	(36,750)
Cash, cash equivalents and restricted cash		
Beginning balance	47,569	109,645
Ending balance	$ 43,627	$ 72,895
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 7,927	$ 2,968
Income taxes paid	$ 585	$ —
Noncash operating, investing and financing activities		
Property and equipment purchased but not yet paid	$ 1,742	$ 1,486
Right-of-use assets obtained in exchange for lease liabilities	$ 2,925	$ —
Issuance of stock warrants with long-term debt (Note 8)	$ 286	$ 3,579

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. Under the Equity Distribution Agreement, the Company sold 17,331,116 shares of its Class A common stock during the three months ended June 30, 2023 for gross proceeds of $8,235.

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 continues to consider available alternatives to regain compliance, including a reverse stock split. On June 13, 2023, at the Company’s 2023 annual meeting of stockholders, the stockholders approved an amendment to the Company’s Restated Certificate of Incorporation to effect a reverse stock split of the Company’s outstanding Class A and Class B common stock at a ratio in the range from any whole number between 1-for-2 and 1-for-50, subject to and as determined by the Company’s Board of Directors.

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 and six months ended June 30, 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 six months ended June 30, 2023, net loss was $33,939, cash used in operations was $22,591 and the Company received net proceeds of $7,866 from sales of shares of its Class A common stock under the Equity Distribution Agreement. The Company held cash and cash equivalents of $43,144, excluding restricted cash of $483, and investment in short-term marketable securities of $21,083 as of June 30, 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 June 30, 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 six months ended June 30, 2023 as compared to the six months ended June 30, 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 six months ended June 30, 2023 as compared to the six months ended June 30, 2022 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.

Based on an evaluation of the lifespans of its in-service satellites and on current capabilities to extend the useful life of in-service satellites via software updates, the Company changed the estimated useful life of its capitalized satellites and related launch costs from three to four years for depreciation purposes. The Company determined it was appropriate to make this change prospectively beginning June, 2023. The change in estimated useful life did not have a material impact for the three and six month periods ended June 30, 2023, respectively.

(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:

	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 43,144	$ 47,196
Restricted cash included in Other long-term assets	483	373
	$ 43,627	$ 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. Entities under common control are reported as a single customer. As of June 30, 2023, the Company had one customer (Customer B noted below) that accounted for 47% of the Company's total accounts receivable. As of December 31, 2022, the Company had one customer (Customer A noted below) that accounted for 16% of the Company's total accounts receivable.

The following customers represented 10% or more of the Company's total revenue for each of the following periods:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Customer A	*	10 %	*	12 %
Customer B	33 %	19 %	32 %	18 %

* *Revenue from this customer was less than 10% of total revenue during the period.*

Related Parties

In conjunction with the Company's acquisition of exactEarth in November 2021, Myriota Pty Ltd ("Myriota"), an existing Spire customer, became a related party as a result of exactEarth's 14% ownership of Myriota. As of June 30, 2023, $2,815 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 one 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 $231 and $434 in revenue for the three and six months ended June 30, 2023, respectively, and had no outstanding accounts receivable from Myriota as of June 30, 2023. For the three and six months ended June 30, 2022, the Company generated $521 and $1,047 in revenue, respectively, and had $170 of accounts receivable from Myriota as of December 31, 2022.

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 sheets, 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 $19,412 and $38,224, or 73% and 75% of total revenue, for the three and six months ended June 30, 2023, respectively, and was $13,207 and $25,543, or 68% and 68% of total revenue, for the three and six months ended June 30, 2022, respectively. Revenue from non-subscription-based contracts was $7,081 and $12,437 or 27% and 25% of total revenue, for the three and six months ended June 30, 2023, respectively, and was $6,188 and $11,923 or 32% and 32% of total revenue, for the three and six months ended June 30, 2022, respectively.

The following revenue disaggregated by geography was recognized:

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
EMEA[1]	$ 7,992	30 %	$ 16,695	33 %
Americas [2]	15,999	60 %	28,806	57 %
Asia Pacific	2,502	10 %	5,160	10 %
Total	$ 26,493	100 %	$ 50,661	100 %

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
EMEA	$ 7,300	37 %	$ 15,235	41 %
Americas [2]	8,669	45 %	16,283	43 %
Asia Pacific	3,426	18 %	5,947	16 %
Total	$ 19,395	100 %	$ 37,465	100 %

(1) Germany represented 17% and 12% for the three and six months ended June 30, 2023, respectively.

(2) U.S. represented 51% and 50% for the three and six months ended June 30, 2023, respectively, and 35% and 34% for the three and six months ended June 30, 2022, respectively.

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

Contract Assets

As of June 30, 2023, and December 31, 2022, contract assets were $4,899 and $3,353, respectively, on the condensed consolidated balance sheets.

Changes in contract assets for the six months ended June 30, 2023 and 2022 were as follows:

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Balance as of December 31	$ 3,353	$ 2,084
Contract assets recorded during the period	4,434	4,715
Reclassified to accounts receivable	(2,917)	(2,318)
Other	29	(43)
Balance as of June 30	$ 4,899	$ 4,438

Contract Liabilities

As of June 30, 2023, contract liabilities were $22,257, of which $21,854 was reported in contract liabilities, current portion, and $403 was 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 was reported in contract liabilities, current portion, and $772 was reported in other long-term liabilities on the Company's condensed consolidated balance sheets.

Changes in contract liabilities for the six months ended June 30, 2023 and 2022 were as follows:

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Balance as of December 31	$ 16,628	$ 9,255
Contract liabilities recorded during the period	16,577	11,602
Revenue recognized during the period	(11,112)	(7,242)
Other	164	(395)
Balance as of June 30	$ 22,257	$ 13,220

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 June 30, 2023, the amount not yet recognized as revenue from these commitments was $191,866. 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:

	June 30, 2023	December 31, 2022
Technology and other prepaid contracts	$ 5,138	$ 4,695
Prepaid insurance	787	2,594
Deferred contract costs	440	439
Other receivables	1,085	1,123
Other current assets	726	428
	$ 8,176	$ 9,279

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

Property and equipment, net consisted of the following:

	June 30, 2023	December 31, 2022
Satellites in-service	$ 51,432	$ 49,889
Internally developed software	2,135	2,119
Ground stations in-service	3,367	3,369
Leasehold improvements	4,444	4,175
Machinery and equipment	4,413	3,585
Computer equipment	1,976	1,985
Computer software and website development	99	99
Furniture and fixtures	1,262	1,156
	69,128	66,377
Less: Accumulated depreciation and amortization	(33,248)	(32,974)
	35,880	33,403
Satellite, launch and ground station work in progress	24,318	15,364
Finished satellites not in-service	2,766	4,985
Property and equipment, net	$ 62,964	$ 53,752

Depreciation and amortization expense related to property and equipment for the three and six months ended June 30, 2023 was $3,084 and $6,121, respectively. Depreciation and amortization expense related to property and equipment for the three and six months ended June 30, 2022 was $2,777 and $5,864, respectively.

Two satellites deorbited in the second quarter of 2023 with net book values totaling $472, which was recorded as decommissioned satellite expense for the three and six months ended June 30, 2023. There were no satellites decommissioned or impaired in the three and six months ended June 30, 2022.

Other accrued expenses consisted of the following:

	June 30, 2023	December 31, 2022
Professional services	$ 1,454	$ 1,198
Operating lease liabilities, current	2,852	2,333
Third-party operating costs	1,046	1,541
Corporate and sales tax	836	542
Accrued interest	810	765
Software	647	580
Other	1,672	1,251
	$ 9,317	$ 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	1,183
Balance at June 30, 2023	$ 51,137

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

Intangible assets consisted of the following:

		June 30, 2023		December 31, 2022
Customer relationships	$	23,418	$	22,877
Developed technology		13,309		13,001
Trade names		2,256		2,204
Backlog		3,116		3,043
Patents		419		419
FCC licenses		480		480
		42,998		42,024
Less: Accumulated amortization		(9,197)		(7,243)
	$	33,801	$	34,781

As of June 30, 2023, the weighted-average amortization period for customer relationships and developed technology was 10.4 years, for trade names was 3.4 years, for backlog was 0.5 years, and for patents and FCC licenses was 6.7 years. Amortization expense related to intangible assets for the three and six months ended June 30, 2023 was $885 and $1,762, respectively, and for the three and six months ended June 30, 2022 was $1,730 and $3,478, respectively.

No impairment charges were recognized for the three and six months ended June 30, 2023 and 2022. The patents asset balance as of each of June 30, 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 June 30, 2023, the expected future amortization expense of intangible assets is as follows:

Years ending December 31,		
Remainder of 2023	$	1,790
2024		3,571
2025		3,562
2026		3,515
2027		3,096
Thereafter		18,210
		33,744
Capitalized patent costs, unissued		57
	$	33,801

6.Long-Term Debt

Long-term debt consisted of the following:

		June 30, 2023		December 31, 2022
Blue Torch term loan	$	120,471	$	100,511
Other		5,126		4,857
Total long-term debt		125,597		105,368
Less: Debt issuance costs		(5,807)		(6,893)
Non-current portion of long-term debt	$	119,790	$	98,475

The Company recorded interest expense including amortization of deferred issuance costs from long-term debt of $4,721 and $9,283 for the three and six months ended June 30, 2023, respectively, and $2,788 and $5,828 for the three and six months ended June 30, 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.

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

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 13.5032% as of June 30, 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 annual agency fee and an exit fee of $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. The Company was in compliance with all applicable financial covenants as of June 30, 2023.

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. Under this agreement and subsequent amendment, the Company was eligible to receive funding for certain expenditures incurred from February 13, 2018 to May 12, 2023 up to a maximum of $5,701. As of June 30, 2023 and December 31, 2022, $5,126 and $4,857, respectively, was included in long-term debt, non-current on the condensed consolidated balance sheets related to the SIF loan agreement. Any amount outstanding under this loan is repayable in 15 annual payments beginning February 28, 2026.

7.Leases

Lease expenses for the three and six months ended June 30, 2023 were $1,034 and $1,965, respectively, and were $849 and $1,719 for the three and six months ended June 30, 2022, respectively. Aggregate variable lease expenses and short-term lease expenses were $167 and $287 for the three and six months ended June 30, 2023, respectively, and were $50 and $80 for the three and six months ended June 30, 2022, respectively.

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

	As of June 30, 2023	As of December 31, 2022
Assets		
ROU assets	$ 13,614	$ 11,687
Total ROU assets	$ 13,614	$ 11,687
Liabilities		
Current	$ 2,852	$ 2,333
Non-current	12,509	10,815
Total lease liabilities	$ 15,361	$ 13,148
Weighted-average remaining lease term (years)	5.8	5.7
Weighted-average discount rate	9 %	9 %

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

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

As of June 30, 2023, the maturity of operating lease liabilities are as follows:

Years ending December 31,		
Remainder of 2023	$	2,065
2024		3,772
2025		3,487
2026		3,155
2027		2,425
Thereafter		4,583
Total lease payments		19,487
Less: Interest on lease payments		(4,126)
Present value of lease liabilities	$	15,361

Operating cash flows paid included in the measurement of operating lease liabilities for the three and six months ended June 30, 2023 were $660 and $890, respectively and for the three and six months ended June 30, 2022 were $275 and $617, respectively, and were included in net cash used in operating activities in the condensed consolidated statements of cash flows. Amortization of ROU assets for the three and six months ended June 30, 2023 were $904 and $1,128, respectively and for the three and six months ended June 30, 2022 were $566 and $1,139, 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)

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 10,081	$ —	$ —	$ 10,081
	$ 10,081	$ —	$ —	$ 10,081
Marketable securities:				
U.S. treasury bills and bonds	$ 5,414	$ —	$ —	$ 5,414
Corporate securities	—	1,292	—	1,292
Commercial paper	—	1,296	—	1,296
U.S. government and agency securities	—	13,081	—	13,081
	$ 5,414	$ 15,669	$ —	$ 21,083
Long-term liabilities:				
Credit Agreement Warrants	$ —	$ 709	$ —	$ 709
Contingent earnout liability	—	—	145	145
	$ —	$ 709	$ 145	$ 854

	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 was 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:

	June 30, 2023	December 31, 2022
Fair value of the Company's Class A common stock	$ 0.52	$ 0.96
Exercise price	$ 2.01	$ 2.01
Risk-free interest rate	3.81 %	3.88 %
Expected volatility factor	55.0 %	55.0 %
Expected dividend yield	— %	— %
Remaining contractual term (in years)	9.0	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:

	June 30, 2023	December 31, 2022
Fair value of the Company's Class A common stock	$ 0.52	$ 0.96
Risk-free interest rate	4.21 %	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	(204)
Fair value as of June 30, 2023	$ 145

(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:

	June 30, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash and cash equivalents:				
Cash	$ 33,063	$ —	$ —	$ 33,063
Cash equivalents:				
Money market funds	10,081	—	—	10,081
	$ 43,144	$ —	$ —	$ 43,144
Marketable Securities:				
U.S. treasury bills and bonds	$ 5,414	$ —	$ —	$ 5,414
Corporate securities	1,292	—	—	1,292
Commercial paper	1,297	—	(1)	1,296
U.S. government and agency securities	13,076	5	—	13,081
	$ 21,079	$ 5	$ (1)	$ 21,083

	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:

	June 30, 2023	
	Amortized Cost	Fair Value
Due in one year or less	$ 21,079	$ 21,083

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 and six months ended June 30, 2023 and 2022.

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

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.

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 and six months ended June 30, 2023 and 2022. For the three and six months ended June 30, 2023, $1,235 and $2,488, respectively, and for the three and six months ended June 30, 2022, $1,263 and $2,515, 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	$	2,150
2024		4,300
2025		4,300
2026		4,300
2027		4,300
Thereafter		15,548
	$	34,898

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 June 30, 2023, 6,973,836 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 June 30, 2023, 4,826,139 shares were available for issuance under the 2021 ESPP.

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

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	491,573	$ 0.67	
Forfeited, canceled, or expired	(713,373)	$ 4.85	
Options outstanding as of June 30, 2023	18,897,605	$ 2.18	5.7
Vested and expected to vest at June 30, 2023	18,897,605	$ 2.18	5.7
Exercisable at June 30, 2023	15,373,973	$ 2.10	5.2

There were no options exercised during the six months ended June 30, 2023. During the six months ended June 30, 2022, the Company received $796 in cash proceeds from options exercised during that period. The weighted-average grant date fair value of options granted during the six months ended June 30, 2023 was $0.35. There were no options granted during the six months ended June 30, 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	7,376,525	$ 0.73
RSUs vested	(3,474,479)	$ 2.52
RSUs forfeited	(1,259,297)	$ 2.38
Outstanding as of June 30, 2023	15,022,994	$ 1.60

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 applicable grant vesting term, generally four years.

As of June 30, 2023, there was $26,855 of total unrecognized compensation expense related to options and RSUs expected to be recognized over a weighted average-period of 2.21 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cost of revenue	$ 48	$ 43	$ 125	$ 120
Research and development	902	814	1,553	1,525
Sales and marketing	619	735	1,056	1,351
General and administrative	1,771	1,317	3,252	2,202
	$ 3,340	$ 2,909	$ 5,986	$ 5,198

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss	$ (16,266)	$ (38,265)	$ (33,939)	$ (50,057)
Denominator:				
Weighted-average shares used in computing basic and diluted net loss per share	147,751,593	139,687,475	146,271,668	139,482,147
Basic and diluted net loss per share	$ (0.11)	$ (0.27)	$ (0.23)	$ (0.36)

(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. Potentially dilutive securities have been excluded from the computation of diluted net loss per share as the effect would reduce 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 and six months ended June 30, 2023 and 2022, because including them would have had an anti-dilutive effect:

	Three and Six Months Ended June 30,	
	2023	2022
Stock options and 2021 ESPP to purchase Class A common stock	19,141,419	19,705,518
Public and Private Warrants	—	18,099,992
RSUs	15,022,994	10,495,229
Credit Agreement Warrants	3,694,880	3,694,880
	37,859,293	51,995,619

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 June 30, 2023

- Our revenue was $26.5 million, an increase of 37% from the three months ended June 30, 2022.
- Our annual recurring revenue ("ARR") at June 30, 2023 was $112.8 million, an increase of $27.5 million, or 32%, from our ARR at June 30, 2022.
- We ended the quarter with 813 ARR solution customers under contract, a net increase of 32 customers from March 31, 2023. ARR net retention rate for the three months ended June 30, 2023 was 112%, up from 108% (excluding data from the Acquisition, referred to as our "organic" ARR net retention rate) in the same quarter a year ago.
- Our gross margin increased to 64%, an improvement of 13 percentage points from the three months ended June 30, 2022.
- Our operating loss was $11.0 million, an improvement of $5.4 million from the three months ended June 30, 2022.
- We signed an agreement with OroraTech to build, launch and operate an eight-satellite constellation dedicated to global temperature monitoring. OroraTech has successfully operated a precursor sensor in orbit on a satellite designed, built and operated by Spire for 18 months.
- We signed a renewed and increased contract from NASA as part of its Commercial Smallsat Data Acquisition program. The contract was increased to $6.5 million for one year of Earth observation data including: GNSS Radio Occultation, which can be assimilated into weather models; GNSS-Reflectometry, which can measure sea ice, soil moisture, and ocean surface wind speed; and space weather measurements.
- We recently announced that Navidium will integrate Spire’s data into its Voyage Optimization & Environmental Compliance products to help users track vessel position along a route, reoptimize routes based on various conditions and automatically record environmental compliance data. Navidium is also leveraging Spire’s historical and real-time AIS data to train machine learning algorithms.

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 weaker U.S. dollar relative to our foreign subsidiaries' local functional currencies for the three months ended June 30, 2023 as compared to the three months ended June 30, 2022 impacted our revenue, since approximately one-third of our sales are transacted in foreign currencies, though it negatively 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 June 30, 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 692 as of June 30, 2022 to 813 as of June 30, 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 112% for the three months ended June 30, 2023 and our organic ARR Net Retention Rate was 108% for the three months ended June 30, 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 June 30, 2023, our spending on research and development increased by $1.5 million, or 19%, from the three months ended June 30, 2022. Our total headcount across all functions increased from 378 employees as of June 30, 2022, to 411 employees as of June 30, 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 weakened against many of these currencies since the three months ended June 30, 2022. In the three months ended June 30, 2023, approximately 26% 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 June 30, 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 June 30, 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 June 30,		
(dollars in thousands)	2023	2022	% Change
ARR	$ 112,818	$ 85,316	32 %

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 at each period end, 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 at the dates presented 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 June 30,		
	2023	2022	% Change
ARR Customers	785	667	18 %
ARR Solution Customers	813	692	17 %

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 the three and six months ending June 30, 2023. The ARR Net Retention Rate for the 2022 periods excludes the Acquisition data due to lack of comparable data which requires 2021 period data for renewal base calculations.

	Three Months Ended			Six Months Ended		
	June 30, 2023	June 30, 2022	% Change	June 30, 2023	June 30, 2022	% Change
ARR Net Retention Rate	112 %	108 %	4 %	110 %	107 %	3 %

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. Our ARR Net Retention Rate increased by 4% and 3% for the three and six months ended June 30, 2023, respectively, from the three and six months ended June 30, 2022. These increases reflect 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 four-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.

Loss on Decommissioned Satellites. Loss on decommissioned satellites consist of the write-off of the remaining capitalized costs associated with the manufacture and launch of our satellites prior to the end of the satellite's useful life. We contract with third-party companies to launch, carry and deploy our satellites into space. A loss could result from a third-party launch or deployer failure, a technical failure of the satellite, or the deorbit or decommissioning of a satellite before the end of the satellite's useful life. A technical failure could include a satellite that is not able to communicate with our network of ground stations or fulfill its intended technical mission for a duration greater than one month. The loss amount is presented net of any insurance proceeds received. Due to the nature of these events, we cannot predict the magnitude or frequency of future satellite deorbit and launch failure losses. While we sometimes purchase launch insurance when financially practical, the proceeds from these policies will typically only cover a portion of our loss in the event of an unplanned satellite deorbit or launch failure. We incurred a $0.5 million loss on decommissioned satellites in the three and six months ended June 30, 2023. We did not incur any such loss in the three and six months ended June 30, 2022.

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.

Loss on Extinguishment of Debt. Loss on extinguishment of debt includes accelerated debt issuance expenses, legal and other fees associated with the payoff or refinancing of existing debt.

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 Expense, Net. Other Expense, net consists primarily of tax credits, grant income, share of equity investment loss, sales and local taxes, and write-off of certain prepaid assets. 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 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 June 30, 2023 Compared to Three Months Ended June 30, 2022 and Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

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

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue	$ 26,493	$ 19,395	$ 50,661	$ 37,465
Cost of revenue[(1)]	9,633	9,573	19,993	19,419
Gross profit	16,860	9,822	30,668	18,046
Operating expenses[(1)]**:**				
Research and development	9,752	8,225	19,415	16,882
Sales and marketing	6,729	6,728	13,579	13,633
General and administrative	10,899	11,274	22,669	23,958
Loss on decommissioned satellites	472	—	472	—
Total operating expenses	27,852	26,227	56,135	54,473
Loss from operations	(10,992)	(16,405)	(25,467)	(36,427)
Other income (expense):				
Interest income	636	106	1,201	120
Interest expense	(4,709)	(2,785)	(9,287)	(5,828)
Change in fair value of contingent earnout liability	128	2,370	204	9,253
Change in fair value of warrant liabilities	357	3,897	1,103	9,732
Foreign exchange	(435)	(2,605)	—	(22,510)
Loss on extinguishment of debt	—	(22,510)	589	(3,540)
Other expense, net	(1,038)	(271)	(1,800)	(505)
Total other expense, net	(5,061)	(21,798)	(7,990)	(13,278)
Loss before income taxes	(16,053)	(38,203)	(33,457)	(49,705)
Income tax provision	213	62	482	352
Net loss	$ (16,266)	$ (38,265)	$ (33,939)	$ (50,057)

(1)Includes stock-based compensation as follows:

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cost of revenue	$ 48	$ 43	$ 125	$ 120
Research and development	902	814	1,553	1,525
Sales and marketing	619	735	1,056	1,351
General and administrative	1,771	1,317	3,252	2,202
Total stock-based compensation	$ 3,340	$ 2,909	$ 5,986	$ 5,198

Revenue

(dollars in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	% Change	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	% Change
Revenue	$ 26,493	$ 19,395	37 %	$ 50,661	$ 37,465	35 %

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Total revenue increased $7.1 million, or 37%, 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 18%, from 667 as of June 30, 2022 to 785 as of June 30, 2023, which contributed to an increase in revenue from new customers. Our ARR Net Retention Rate was 112% for the three months ended June 30, 2023, which contributed to an increase in revenue from our existing customer base.

For the three months ended June 30, 2023, we derived 60% of our revenue from the Americas, 30% of our revenue from Europe, Middle East, Africa ("EMEA") and 10% of our revenue from Asia Pacific ("APAC"). For the three months ended June 30, 2022, we derived 45% of our revenue from the Americas, 38% of our revenue from EMEA and 18% of our revenue from APAC. For the three months ended June 30, 2023, we derived 73% of our revenue from subscription arrangements, compared to 67% for the three months ended June 30, 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.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Total revenue increased $13.2 million, or 35%, 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 18%, from 667 as of June 30, 2022 to 785 as of June 30, 2023, which contributed to an increase in revenue from new customers. Our ARR Net Retention Rate was 110% for the six months ended June 30, 2023, which contributed to an increase in revenue from our existing customer base.

For the six months ended June 30, 2023, we derived 57% of our revenue from the Americas, 33% of our revenue from EMEA and 10% of our revenue from APAC. For the six months ended June 30, 2022, we derived 43% of our revenue from the Americas, 41% of our revenue from EMEA and 16% of our revenue from APAC. For the six months ended June 30, 2023, we derived 75% of our revenue from subscription arrangements, compared to 67% for the six months ended June 30, 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.

For the three months and six months ended June 30, 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.

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

Cost of Revenue

	Three Months Ended June 30,			Six Months Ended June 30,		
(dollars in thousands)	2023	2022	% Change	2023	2022	% Change
Total cost of revenue	$ 9,633	$ 9,573	1 %	$ 19,993	$ 19,419	3 %
Gross profit	16,860	9,822	72 %	30,668	18,046	70 %
Gross margin	64 %	51 %	13 %	61 %	48 %	13 %
Headcount (at end of period)	31	40	(23)%	31	40	(23)%

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Cost of revenue increased $0.1 million, or 1%, primarily driven by an increase in depreciation expense of $0.3 million, an increase in third-party royalty costs of $0.2 million, and an increase in ground station expenses of $0.1 million, partially offset by a decrease in computing costs of $0.2 million, a decrease in other miscellaneous expenses of $0.2 million and a decrease in personnel costs of $0.1 million. Depreciation expense increased from the prior period, driven by replacement of retired constellation satellites which were fully depreciated and the addition of Space Services solution satellites. The increase in third-party royalty costs was driven by an increase in sales activity, resulting in higher payments to third-party data set providers as they augment our data solutions. The decrease in computing costs was driven by cloud platform efficiencies. The decrease in personnel costs was driven by overall reduction in headcount.

Gross margin for the three months ended June 30, 2023 and 2022 was 64% and 51%, respectively. The increase in the three months ended June 30, 2023 compared to the three months ended June 30, 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.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Cost of revenue increased $0.6 million, or 3%, primarily driven by an increase in third-party royalty costs of $0.4 million, an increase in depreciation expense of $0.3 million, and an increase in ground station expenses of $0.3 million, partially offset by a decrease in computing costs of $0.2 million, a decrease in personnel costs of $0.1 million, and a decrease in other miscellaneous expenses of $0.1 million. 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.

Depreciation expense increased from the prior period driven by replacement of retired constellation satellites which were fully depreciated and the addition of Space Services solution satellites. The increase in ground station expenses was driven by higher operating costs on the addition of incremental capacity to improve overall data latency. The decrease in computing costs was driven by cloud platform efficiencies. The decrease in personnel costs was driven by overall reduction in headcount.

Gross margin for the six months ended June 30, 2023 and 2022 was 61% and 48%, respectively. The increase in the six months ended June 30, 2023 compared to the six months ended June 30, 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 well as loss on decommissioned satellites in some periods. 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 June 30,			Six Months Ended June 30,		
(dollars in thousands)	2023	2022	% Change	2023	2022	% Change
Research and development	$ 9,752	$ 8,225	19 %	$ 19,415	$ 16,882	15 %
Percentage of total revenue	37 %	42 %		38 %	45 %	
Headcount (at end of period)	210	187	12 %	210	187	12 %

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Research and development expenses increased $1.5 million, or 19%, primarily driven by an increase in personnel costs of $1.2 million, an increase in other miscellaneous operating expenses of $0.2 million, and an increase in travel and entertainment 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.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Research and development expenses increased $2.5 million, or 15%, primarily driven by an increase in personnel costs of $2.3 million, an increase in travel and entertainment expenses of $0.3 million, and an increase in contractor expenses of $0.2 million, partially offset by a decrease in consulting expenses of $0.3 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 increase in contractor expenses was driven by technical resources required to enhance infrastructure security. 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 June 30,			Six Months Ended June 30,		
(dollars in thousands)	2023	2022	% Change	2023	2022	% Change
Sales and marketing	$ 6,729	$ 6,728	0 %	$ 13,579	$ 13,633	(0)%
Percentage of total revenue	25 %	35 %		27 %	36 %	
Headcount (at end of period)	78	70	11 %	78	70	11 %

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Sales and marketing expenses were materially unchanged, as an increase in personnel costs of $0.6 million and an increase in marketing expenses of $0.3 million were almost fully offset by a decrease in amortization expenses of $0.8 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 marketing expenses was driven by growth in our expenditures for demand generation, brand awareness and public relations. 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.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Sales and marketing expenses decreased $0.1 million, or 0%, primarily driven by a decrease in amortization expenses of $1.6 million and a decrease in other miscellaneous operating expenses of $0.1 million, mostly offset by an increase in bad debt expenses of $0.7 million, an increase in personnel costs of $0.6 million, and an increase in travel and entertainment expense of $0.3 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. 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.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(dollars in thousands)	2023	2022	% Change	2023	2022	% Change
General and administrative	$ 10,899	$ 11,274	(3)%	$ 22,669	$ 23,958	(5)%
Percentage of total revenues	41 %	58 %		45 %	64 %	
Headcount (at end of period)	92	81	14 %	92	81	14 %

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

General and administrative expenses decreased $0.4 million, or 3%, primarily driven by a decrease in business insurance costs of $0.8 million, a decrease in professional services fees of $0.6 million, and a decrease in other miscellaneous operating expenses of $0.1 million, partially offset by an increase in software expenses of $0.4 million, an increase in personnel costs of $0.4 million, and an increase in facilities expenses of $0.3 million. The decrease in business insurance costs was driven by an improvement in annual rates. 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 increase in software expenses was driven by headcount growth and scaling of operations. The increase in personnel costs was driven by overall headcount growth. The increase in facilities expenses was driven by overall headcount growth.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

General and administrative expenses decreased $1.3 million, or 5%, primarily driven by a decrease in professional services fees of $2.1 million and a decrease in business insurance costs of $1.7 million, partially offset by an increase in personnel costs of $1.4 million, an increase in software expenses of $0.6 million, an increase in facilities expenses of $0.4 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 costs 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; 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.

Loss on Decommissioned Satellites

(dollars in thousands)	Three Months Ended June 30, 2023	2022	% Change	Six Months Ended June 30, 2023	2022	% Change
Loss on decommissioned satellites	$ 472	$ —	*	$ 472	$ —	*
Percentage of total revenues	2 %	— %	*	1 %	— %	*

*Not Meaningful

In the three and six months ended June 30, 2023 we recognized a non-cash expense of $0.5 million on decommissioned satellites due to the deorbit of two satellites prior to completion of their useful lives. There were no satellites decommissioned or impaired in the three and six months ended June 30, 2022.

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

Other Income (Expense)

(dollars in thousands)	Three Months Ended June 30, 2023	2022	% Change	Six Months Ended June 30, 2023	2022	% Change
Interest income	$ 636	$ 106	500 %	$ 1,201	$ 120	901 %
Interest expense	$ (4,709)	$ (2,785)	69 %	$ (9,287)	$ (5,828)	59 %
Change in fair value of contingent earnout liability	$ 128	$ 2,370	(95)%	$ 204	$ 9,253	(98)%
Change in fair value of warrant liabilities	$ 357	$ 3,897	(91)%	$ 1,103	$ 9,732	(89)%
Foreign exchange	$ (435)	$ (2,605)	(83)%	$ 589	$ (3,540)	(117)%
Loss on extinguishment of debt	$ —	$ (22,510)	*	$ —	$ (22,510)	*
Other expense, net	$ (1,038)	$ (271)	283 %	$ (1,800)	$ (505)	256 %

*Not Meaningful

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Interest income increased by $0.5 million as we shifted more liquid assets into short-term marketable securities that carried higher overall interest rates.

Interest expense increased $1.9 million, or 69%, 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 was a gain of $0.1 million in the three months ended June 30, 2023 compared to a gain of $2.4 million in the three months ended June 30, 2022, a reduction of 95%. The $0.1 million gain in the three months ended June 30, 2023 was primarily driven by the decline in the fair value of the liability as the underlying stock price has declined. 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 $0.4 million in the three months ended June 30, 2023 compared to a gain of $3.9 million in the three months ended June 30, 2022, a reduction of 91%. The $0.4 million gain in the three months ended June 30, 2023 was primarily driven by changes in the fair market value assessment 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 loss of $0.4 million in the three months ended June 30, 2023 compared to a foreign exchange loss of $2.6 million in the three months ended June 30, 2022. The loss of $0.4 million in the three months ended June 30, 2023 was driven by the strengthening 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.

We had no loss on extinguishment of debt in the three months ended June 30, 2023 compared to a $22.5 million loss in the three months ended June 30, 2022. The loss in the previous year period was driven by the acceleration of unamortized debt issuance costs and other administrative expenses associated with the extinguishment of the loan under the credit agreement with FP Credit Partners, L.P. as agent for several lenders (the "FP Term Loan"), in June 2022.

Other expense, net increased by $0.8 million, or 283%, primarily driven by a $1.1 million expense taken for write-down of a Virgin Orbit launch prepayment, partially offset by $0.3 million of lower state tax expense.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Interest income increased by $1.1 million as we shifted more liquid assets into short-term marketable securities that carried higher overall interest rates.

Interest expense increased $3.5 million, or 59%, 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 was a gain of $0.2 million in the six months ended June 30, 2023 compared to a gain of $9.3 million in the six months ended June 30, 2022, a reduction of 98%. The $0.2 million gain in the six months ended June 30, 2023 was primarily driven by the decline in the fair value of the liability as the underlying stock price has declined. 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 $1.1 million in the six months ended June 30, 2023 compared to a gain of $9.7 million in the six months ended June 30, 2022, a reduction of 89%. The $1.1 million gain in the three months ended June 30, 2023 was primarily driven by changes in the fair market value assessment 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 $0.6 million in the six months ended June 30, 2023 compared to a foreign exchange loss of $3.5 million in the six months ended June 30, 2022. The gain of $0.6 million in the six months ended June 30, 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.

We had no loss on extinguishment of debt in the six months ended June 30, 2023 compared to a $22.5 million loss in the six months ended June 30, 2022. The loss in the previous year period was driven by the acceleration of unamortized debt issuance costs and other administrative expenses associated with the extinguishment of the FP Term Loan.

Other expense, net increased by $1.3 million, or 257%, primarily driven by a $1.1 million expense taken for write-down of a Virgin Orbit launch prepayment and $0.2 million of higher state tax.

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 June 30,			Six Months Ended June 30,		
(dollars in thousands)	2023	2022	% Change	2023	2022	% Change
Income tax provision	$ 213	$ 62	244 %	$ 482	$ 352	37 %

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Income taxes increased by $0.2 million, or 244%, primarily driven by a higher tax provision for our U.K. subsidiary.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

Income taxes increased by $0.1 million, or 37%, primarily driven by a higher tax provision for our U.K. subsidiary.

Non-GAAP Financial Measures

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

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

- Loss on satellite deorbit, 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*, 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. It is important to note that while this amortization expense is excluded for purposes of non-GAAP presentation, the revenue of the acquired businesses is reflected in the non-GAAP measures and that the assets contribute to revenue generation.

•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. It is important to note that while this expense is excluded for purposes of non-GAAP presentation, the revenue of the acquired companies is reflected in the non-GAAP measures and that the assets contribute to revenue generation.

•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 condensed 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:

(in thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net loss	$ (16,266)	$ (38,265)	$ (33,939)	$ (50,057)
Depreciation & amortization	3,967	4,507	7,883	9,341
Interest, net	4,073	2,679	8,086	5,708
Taxes	213	62	482	352
EBITDA	(8,013)	(31,017)	(17,488)	(34,656)
Change in fair value of contingent earnout liability	(128)	(2,370)	(204)	(9,253)
Change in fair value of warrant liabilities	(357)	(3,897)	(1,103)	(9,732)
Foreign exchange loss (gain)	435	2,605	(589)	3,540
Loss on extinguishment of debt	—	22,510	—	22,510
Other expense, net	1,038	271	1,800	505
Stock-based compensation	3,340	2,909	5,986	5,198
Mergers and acquisition related expenses	—	1,514	1,015	4,528
Loss on decommissioned satellites	472	—	472	—
Other acquisition accounting amortization	170	174	336	357
Adjusted EBITDA	$ (3,043)	$ (7,301)	$ (9,775)	$ (17,003)

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 $64.2 million as of June 30, 2023, mainly from net proceeds from the Merger (as defined below), borrowings under the Blue Torch Credit Facility (as defined below), the issuance of convertible notes, and the sale of common stock under the Equity Distribution Agreement with Canaccord Genuity LLC, as sales agent (the "Equity Distribution Agreement"). Of the $64.2 million total, $43.1 million was in cash and cash equivalents of which approximately $17.0 million was held outside of the United States. The remaining $21.1 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 $72.6 million as of March 31, 2023, of which $46.9 million was in cash and cash equivalents with $19.4 million held outside of the United States. The remaining $25.7 million was held in short-term marketable securities. The cash and cash equivalent amounts are exclusive of restricted cash which totaled $0.5 million as of June 30, 2023 and $0.4 as of March 31, 2023.

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. We continue to diversify our cash across multiple banks and institutions to ensure liquidity and access to operating funds.

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.

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, the Blue Torch Credit Facility and the Equity Distribution Agreement. 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 13.5032% as of June 30, 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. As of June 30, 2023, we were in compliance with all applicable financial covenants under the Blue Torch Financing Agreement.

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. 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. At the time of repayment, the FP Term Loan bore 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 included 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. After the Merger, we were 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 June 30, 2023, $5.1 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.

Equity Distribution Agreement

On September 14, 2022, we entered into 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 shares of 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. In June 2023, we sold approximately 17.3 million shares of our Class A common stock through this arrangement, resulting in net proceeds of $7.9 million. As of June 30, 2023, approximately $76.8 million of shares were remaining, but had not yet been sold, under the Equity Distribution Agreement.

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:

	Six Months Ended June 30,	
(in thousands)	**2023**	**2022**
Net cash used in operating activities	$ (22,591)	$ (32,494)
Net cash used in investing activities	$ (10,122)	$ (33,103)
Net cash provided by financing activities	$ 28,174	$ 25,634

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

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 computing 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 for the six months ended June 30, 2023 was $22.6 million. This reflected our net loss of $33.9 million, adjustments for non-cash items of $15.0 million and a net decrease in our operating assets and liabilities of $3.6 million. Non-cash items primarily included $7.9 million of depreciation and amortization expense, $6.0 million of stock-based compensation, $1.1 million of amortization of operating lease right-of-use assets, $1.1 million of debt issuance amortization costs, $0.5 million of loss on decommissioned satellites, partially offset by a $1.1 million change in fair value of warrant liability, and a $0.2 million change in fair value of contingent earnout liability. Changes in operating assets and liabilities that increased net cash used in operating activities in the six months ended June 30, 2023 primarily included a $6.4 million increase in accounts receivable, net, a $2.5 million decrease in accounts payable, a $1.5 million increase in contract assets, and a $0.9 million decrease in operating lease liabilities. This was partially offset by a $5.5 million increase in contract liabilities, a $0.8 million decrease in other long-term assets, a $0.8 million increase in other accrued expenses, a $0.4 million increase in accrued wages and benefits, and a $0.3 million decrease in other current assets.

Net cash used in operating activities for the six months ended June 30, 2022 was $32.5 million. This reflected our net loss of $50.1 million, adjustments for non-cash items of $21.6 million, and a net decrease in our operating assets and liabilities of $4.1 million. Non-cash items primarily included a $22.3 million loss on extinguishment of debt, $9.3 million of depreciation and amortization expense, $5.2 million of stock-based compensation, $2.7 million of debt issuance amortization expense, and a $1.1 million reduction of operating lease right-of-use assets, offset by $9.7 million change in fair value of warrant liability and a $9.3 million change in fair value of earnout consideration. Changes in operating assets and liabilities that increased net cash used in operating activities in the six months ended June 30, 2022 primarily included a $6.7 million increase in accounts receivable, a $2.8 million decrease in accounts payable, a $2.4 million increase in contract assets, a $1.7 million decrease in accrued wages and benefits, and a $0.6 million decrease in operating lease liabilities. This was partially offset by a $4.4 million increase in contract liabilities, a $3.2 million decrease in other current assets, a $1.8 million increase in other accrued expenses, and a $0.8 million decrease in other long-term assets.

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 for the six months ended June 30, 2023 was $10.1 million. This was driven by purchases of $25.8 million in short-term investments and $12.7 million of investment in property and equipment, partially offset by $28.4 million in maturities of short-term investments.

Net cash used in investing activities for the six months ended June 30, 2022 was $33.1 million. This was driven by $20.6 in short-term investments and $12.5 million of investment for property and 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 for the six months ended June 30, 2023 was $28.2 million. This was driven by $19.9 million of proceeds from long-term debt, $7.9 million of proceeds from issuance of common stock under the Equity Distribution Agreement, and $0.4 million of proceeds from our employee stock purchase plan. Long term debt proceeds were driven by the second tranche of the Blue Torch loan transaction.

Net cash provided by financing activities for the six months ended June 30, 2022 was $25.6 million. This was driven by $100.4 million of proceeds from long-term debt, $0.8 million of proceeds from exercise of stock options and $0.3 million of proceeds from our employee stock purchase plan, partially offset by $71.5 million of payments on long-term debt, and $4.3 million of payments of debt issuance costs. The long term debt and debt issuance cost items were driven by the Blue Torch loan transaction.

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 June 30, 2023 and 2022, we had a loss of $0.4 million and a loss of $2.6 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 June 30, 2023, pre-tax loss of approximately $0.7 million.

Interest Rate Sensitivity

As of June 30, 2023, we had cash and cash equivalents totaling $43.1 million, which were held primarily in demand deposit accounts, and investment in short-term marketable securities of $21.1 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 June 30, 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 Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the 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 June 30, 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 June 30, 2023 because of the material weaknesses in internal control over financial reporting described below.

Notwithstanding the material weaknesses described below, 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
In fiscal 2022 and continuing to date, 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. The positions hired include chief accounting officer, director of accounting and Americas controller, director of technical accounting, accounting manager, senior accountant, senior financial systems manager and staff accountant. 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. We are in the process of testing the controls designed over segregation of duties.

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. We have tested the controls designed for non-routine, unusual or complex transactions and are in the process of monitoring the controls for operating effectiveness.

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 44% of our revenues for the six months ended June 30, 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 74% of revenue for the six months ended June 30, 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 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

During the three months ended June 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in the SEC's rules).

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
10.1	Spire Global, Inc. Executive Officer Short-Term Incentive Plan.				
10.2	Spire Global, Inc. Outside Director Compensation Policy, as amended, effective June 13, 2023.				
10.3	First Amendment to Spire Global, Inc. 2021 Equity Incentive Plan.				
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 June 30, 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: August 9, 2023	By:	/s/ Peter Platzer Peter Platzer Chief Executive Officer (Principal Executive Officer)
Date: August 9, 2023	By:	/s/ Thomas Krywe Thomas Krywe Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

SPIRE GLOBAL, INC.
EXECUTIVE OFFICER SHORT-TERM INCENTIVE PLAN

In order to provide an additional incentive to eligible executive officers to contribute to the success of Spire Global, Inc. (the "*Company*"), the Company has adopted this Executive Officer Short-Term Incentive Plan (the "*Plan*") under which annual cash bonus awards (the "*Awards*") may be provided to eligible executive officers. As set forth in this Plan, the grant of Awards is within the discretion of the Compensation Committee (the "*Committee*") of the Company's Board of Directors (the "*Board*"), and the payment of these Awards is subject to several contingencies, including the attainment of performance goals approved by the Committee that are based on the performance measures described below.

1. <u>Eligibility</u>. Subject to designation by the Committee as described below, each "executive officer" or "officer" of the Company for purposes of the Securities Exchange Act of 1934, as determined by the rules thereunder and by the Board from time to time, is eligible to participate in the Plan and is a "Participant" for purposes of the Plan. The Committee will designate the Participants in the Plan for each calendar year performance period. Designation by the Committee as a Participant for a specific performance period does not confer on an executive officer the right to be a Participant in the Plan during any other performance periods.

2. <u>Grant of Performance Awards</u>. Awards may be granted to each Participant in such amounts and on such terms as may be determined by the Committee, consistent with the terms of the Plan. At the time an Award is made, the Committee will specify the terms and conditions that will govern the Award, which will include that the Award will be earned upon, and to the extent that, the performance goals based on the performance measures selected by the Committee have been attained over the course of the applicable performance period. Different terms and conditions may be established by the Committee for different Awards and for different Participants. The terms of individual Awards will be set forth in such written or electronic notices as the Committee may prescribe. Except to the extent different or additional terms or conditions are identified in an Award for a Participant, the terms of this Plan will control any Award.

3. <u>Performance Measures</u>. The performance measures upon which performance goals applicable to Awards under the Plan will be based will be one or more of the following Company-related metrics, in each case for the relevant performance period: (i) the Company's internal targets for annual recurring revenue (ARR); (ii) non-GAAP operating loss; (iii) U.S. dollars of revenue per full-time equivalent employee, measured by average total permanent employees; and (iv) other GAAP-related or adjusted (non-GAAP) metrics. Any performance goal based on one or more of the foregoing performance measures may be weighted equally or differently, as determined by the Committee for the applicable performance period, and may be expressed in absolute amounts, on a per share basis (basic or diluted), relative to one or more other performance measures, as a growth rate or change from preceding periods, or as a comparison to the performance of specified companies, indices or other external measures, and

may relate to one or any combination of the Company, subsidiary, affiliate, division, business unit or operational unit performance, but will not relate to individual performance.

4. Adjustments to Performance Measures or Goals. In connection with establishing or applying the performance goals applicable to any performance period, the Committee may adjust the performance goals or the performance measures on which they are based to equitably reflect, in the Committee's judgment, the impact of any of the following during the applicable performance period: (i) events that are unusual in nature or infrequently occurring (such as acquisitions, divestitures, restructuring activities or asset write-downs), (ii) changes in applicable tax laws or accounting principles, or (iii) equity restructurings, reorganizations or other changes in corporate capitalization.

5. Determination of Award Amounts Payable. Following the completion of each performance period, the Committee will determine the degree to which the applicable performance goals were attained and the corresponding Award amounts that would be payable to Participants based on such attainment. The Committee is authorized, in its sole and absolute discretion and based on such factors as it deems relevant, to increase or decrease (including to zero) the amount of an Award that would otherwise be payable to any Participant based on attainment of applicable performance goals.

6. Earning and Payment of Awards. The amount of any Award determined by the Committee to be payable to a Participant will be paid to the Participant in a lump sum cash payment (less applicable withholding taxes) between January 1 and March 31 of the calendar year immediately following the applicable performance period. As a condition to earning and receiving any payment of an Award under this Plan, a Participant must continue to be employed by the Company on the date of payment. Unless different terms are identified in a Participant's Award, if a Participant's employment with the Company terminates for any reason (whether voluntary, involuntary, as a result of death or disability, or with or without cause) at any time prior to the date of payment, no payment under the Plan will be earned by, or paid to, the Participant.

7. Recoupment. Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation, stock exchange listing requirement or recoupment policy adopted by the Company will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement or recoupment policy adopted by the Company (including a policy adopted by the Company in response to any such law, government regulation or stock exchange listing requirement, or otherwise).

8. Administration. The Committee shall have power to make Awards and to determine when and to whom Awards will be granted, and the form, amount and other terms and conditions of each Award, subject to the provisions of this Plan. The Committee shall have the authority to interpret this Plan and any Award made under this Plan, to establish, amend, waive and rescind any rules relating to the administration of this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any Award in the

manner and to the extent it shall deem desirable. The determinations of the Committee in the administration of this Plan shall be final, binding and conclusive.

9. Miscellaneous.

(a) Effective Date and Term. The Plan shall be effective beginning as of the start of the 2023 calendar year performance period (January 1, 2023), and shall remain in effect until it has been terminated pursuant to Section 9(d).

(b) No Right to Employment. Nothing in the Plan or any Award notice constitutes or implies (i) any obligation or undertaking to employ or retain a Participant for any period of time or in any position, or (ii) any limitation on the right of the Company to terminate a Participant's employment at any time with or without notice or cause.

(c) Tax and Other Withholding. Any payments under the Plan will be subject to withholding of all taxes and other amounts required by law to be withheld or paid to others. The Company may, in its discretion and to the full extent permitted by law, apply a payment otherwise payable to a Participant under the Plan to pay any amounts, debts or claims owed to the Company by such Participant, until all such amounts, debts and claims are paid in full.

(d) Amendment, Modification and Termination of the Plan. The Board or Committee may at any time terminate, suspend or modify the Plan and the terms and provisions of any Award to any Participant which has not yet been paid. No Award may be granted during any suspension of the Plan or after its termination.

(e) Unfunded Plan. The Plan shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by Awards under the Plan. No Participant shall, by virtue of this Plan, have any interest in any specific assets of the Company.

(f) Other Benefit Programs. Payments received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of the Participant's regular recurring compensation for purposes of the termination, indemnity or severance pay law of any state and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided by the Company unless expressly so provided by such other plan, contract or arrangement, or unless the Committee expressly determines otherwise.

(g) Governing Law. The Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Delaware without regard to its conflicts-of-law principles, and shall be construed accordingly.

(h) Severability. If any provision of the Plan, as outlined in this letter, is found to be invalid or unenforceable by a court of competent jurisdiction, such finding shall not affect any other provision of the Plan, and the remaining provisions of the Plan shall be construed and enforced as if such provision had not been included in the Plan.

(i) Non-Transferability. No Award may be sold, assigned, transferred, exchanged or encumbered by any Participant, voluntarily or involuntarily.

Exhibit 10.2

SPIRE GLOBAL, INC.

OUTSIDE DIRECTOR COMPENSATION POLICY

As Amended, Effective June 13, 2023

Spire Global, Inc. (the "**Company**") believes that the granting of equity and cash compensation to members of the Company's Board of Directors (the "**Board**," and members of the Board, "**Directors**") represents an effective tool to attract, retain and reward Directors who are not employees of the Company ("**Outside Directors**"). This Outside Director Compensation Policy (the "**Policy**") is intended to formalize the Company's policy regarding cash compensation and grants of equity awards to its Outside Directors. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given such term in the Company's 2021 Equity Incentive Plan, as amended from time to time, or if such plan no longer is in use at the time of the grant of an equity award, the meaning given such term or similar term in the equity plan then in place under which the equity award is granted (the "**Plan**"). Each Outside Director will be solely responsible for any tax obligations incurred by such Outside Director as a result of the equity awards and cash and other compensation such Outside Director receives under this Policy.

1.**Effective Date**. This Policy became effective upon the consummation of the transactions contemplated by that certain Business Combination Agreement entered into by and among NavSight Holdings, Inc., NavSight Merger Sub Inc., and the Company, dated February 28, 2021, as may be amended from time to time (such transactions, the "**Merger**," such date of consummation of the Merger, the "**Closing Date**," and the effective date of this Policy, the "**Effective Date**"). This Policy subsequently was amended on November 9, 2021 and effective June 13, 2023.

2.**Cash Compensation**.

2.1**Board Member Annual Cash Retainer**. Each Outside Director will be paid an annual cash retainer of $30,000 (the "**Annual Retainer**"). There are no per-meeting attendance fees for attending Board meetings or meetings of any committee of the Board.

2.2**Additional Annual Cash Retainers**. Each Outside Director who serves as the chair of a committee of the Board, will be eligible to earn an additional annual fee as follows:

Committee Chair	Annual Cash Fee
Audit	$25,000
Compensation	$15,000
Nominating and Corporate Governance	$ 10,000

Each Outside Director of the Company who serves as a member, but not the chair, of a committee will be eligible to earn an additional annual fee as follows:

Non-Chair Committee Members	Annual Cash Fee
Audit	$15,000
Compensation	$6,500

Nominating and Corporate Governance	$4,000

Further, each Outside Director who serves as the Chairperson of the Board or the Lead Director will be eligible to earn an additional annual fee of $20,000. The additional annual fees in this Section 2.2 are referred to herein as an **"Additional Retainer"**.

2.3**Payment Timing and Proration**. Each annual cash retainer under this Policy will be paid quarterly in arrears on a prorated basis to each Outside Director who has served in the relevant capacity at any time during the immediately preceding fiscal quarter of the Company ("**Fiscal Quarter**"), and such payment will be made no later than thirty (30) days following the end of such immediately preceding Fiscal Quarter. For clarity, an Outside Director who has served as an Outside Director, as a member of an applicable committee (or chair thereof), or as Chairperson of the Board or Lead Director during only a portion of the relevant Fiscal Quarter will receive a prorated payment of the quarterly installment of the applicable annual cash retainer(s), calculated based on the number of days during such Fiscal Quarter such Outside Director has served in the relevant capacities.

3.**Equity Compensation in Lieu of Cash**. Each Outside Director may elect to receive his or her Annual Retainer and any Additional Retainer (together, the "**Cash Retainers**") in the form of Awards of Restricted Stock Units under the Plan in lieu of cash payments of such Cash Retainers (such Awards in lieu of such cash payments, "**Retainer Awards**," and such election, a "**Retainer Election**"), with respect to Board services to be performed in the first Fiscal Year that begins after the calendar year in which the Retainer Election is made. Each Retainer Award will be fully vested as of the date of its grant.

3.1**Retainer Awards**. If an Outside Director has elected to convert his or her Cash Retainers into Retainer Awards for a given Fiscal Year, then such Outside Director automatically will be granted a Retainer Award on the first Trading Day immediately following each of the four (4) Fiscal Quarters of such Fiscal Year, provided that such Outside Director remains an Outside Director through the applicable grant date. The number of Shares subject to the Retainer Award to be granted on each such date will be determined by dividing (x) the amount of the Cash Retainer that otherwise would be paid to such Outside Director for Board services provided by such Outside Director during the Fiscal Quarter completed immediately prior to such grant, by (y) the Retainer Stock Price (as defined below) (with the number of Shares subject to the Retainer Award, if any fractional Share results, rounded down to the nearest whole Share). For purposes of this Policy, "**Retainer Stock Price**" means the closing sales price of a Share on the date of grant of the Retainer Award (or, if no closing sales price was reported on that date, on the last Trading Day such closing sales price was reported) as quoted on the established stock exchange or national market system on which the Shares are listed, as reported in *The Wall Street Journal* or such other source as the Board (or other Committee (as defined in Section 10), as applicable) deems reliable. Retainer Awards will be granted under and subject to the terms and conditions of the Plan and the applicable form of Award Agreement previously approved by the Board or its Committee (as defined below) for use thereunder.

3.2**Retainer Election**. Each Retainer Election must be delivered to the Company's Stock Administration Department (or other Company designee, as applicable) in the form and manner specified by the Board (or other Committee, as applicable). An Outside Director who fails to make a timely Retainer Election will not receive any Retainer Awards for the Fiscal Year to which such Retainer Election otherwise would have applied, and instead will receive the applicable Cash Retainers payable in accordance with Sections 2.1 and 2.2 above.

3.2.1**Annual Election**. In any calendar year beginning with 2021, each individual who otherwise is eligible to receive future Cash Retainers may make a Retainer Election with respect to the Cash Retainers payable to such individual for Board services to be performed in the first Fiscal Year that begins after the calendar year in which the Retainer Election is made (an "**Annual Election**"). The Annual Election must be delivered to the Company's Stock Administration Department (or other Company designee, as applicable) before 5:00 pm, Pacific Time, on December 31 of such calendar year or such earlier deadline as required by the applicable Annual Election form (the "**Annual Election Deadline**"), and such Annual Election will become irrevocable as of the Annual Election Deadline.

4.**Equity Compensation**. Outside Directors will be eligible to receive all types of Awards (except Incentive Stock Options) under the Plan, including discretionary Awards not covered under this Policy. All grants of Awards to Outside Directors pursuant to Sections 4.2 and 4.3 of this Policy will be automatic and nondiscretionary, except as otherwise provided herein, and will be made in accordance with the following provisions:

4.1**No Discretion**. No person will have any discretion to select which Outside Directors will be granted Awards under this Section 4 or to determine the number of Shares to be covered by such Awards (except as provided in Sections 4.4.3 and 10 below).

4.2**Initial Awards**. Each individual who first becomes an Outside Director following the Effective Date automatically will be granted an award of Restricted Stock Units (an "**Initial Award**"). The grant date of the Initial Award will be the first Trading Day on or after the date on which such individual first becomes an Outside Director (such first date as an Outside Director, the "**Initial Start Date**"), whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy. The Initial Award will have an aggregate grant date fair value (determined in accordance with U.S. Generally Accepted Accounting Principles) (the "**Value**") of $275,000 (with the number of Shares subject to the Initial Award, if any fractional Share results, rounded down to the nearest whole Share). If an individual was an Inside Director, becoming an Outside Director due to termination of the individual's status as an Employee will not entitle the Outside Director to an Initial Award. Each Initial Award will be scheduled to vest in three (3), equal installments on each of the one (1)-year, two (2)-year and three (3)-year anniversaries of the Initial Award's date of grant (or on the last day of the month, if there is no corresponding day in such month), subject to the Outside Director remaining a Service Provider through the applicable vesting date.

4.2.1**Election to Receive Nonstatutory Stock Option in Lieu of Restricted Stock Units.** Before 5:00 pm, Pacific Time, on the day immediately preceding an individual's Initial Start Date or such earlier deadline as may be established by the Board, the Committee, or their respective designee, as applicable, in its discretion (the "**Initial Election Deadline**"), such individual who may be granted an Initial Award may elect to receive such award in the form of a Nonstatutory Stock Option, instead of in the form of Restricted Stock Units, pursuant to Section 4.2 above. Any such election must be delivered to the Company's Stock Administration Department (or other Company designee, as applicable) in the form and manner specified by the Company's Stock Administration Department (or other Company designee, as applicable), and will become irrevocable effective as of the Initial Election Deadline. Any Initial Award granted to an Outside Director who has failed to make such election timely with respect to his or her Initial Award (if any) in accordance with the terms of this Section will be granted in the form of Restricted Stock Units.

4.3**Annual Award**. On the first Trading Day immediately following each Annual Meeting of the Company's stockholders (an "**Annual Meeting**") that occurs after the Effective Date, each Outside Director who has served as an Outside Director for at least six (6) months through the date of such Annual Meeting automatically will be granted an award of Restricted Stock Units (the "**Annual Award**") that will have a Value of $175,000 (with the number of Shares subject to the Annual Award, if any fractional Share results, rounded down to the nearest whole Share). The Annual Award will be scheduled to vest in full on the earlier of (i) the one-year anniversary of the grant date, or (ii) the date of the next Annual Meeting following the grant date, subject to the Outside Director remaining a Service Provider through the applicable vesting date.

4.3.1**Election to Receive Nonstatutory Stock Option in Lieu of Restricted Stock Units**. Before the Annual Election Deadline, each individual who otherwise is eligible to receive an Annual Award for the next calendar year may elect to receive the Annual Award to be granted to him or her in the immediately following calendar year in the form of a Nonstatutory Stock Option, instead of in the form of Restricted Stock Units, pursuant to Section 4.3 above (the "**Option Annual Election**"). Any such Option Annual Election must be delivered to the Company's Stock Administration Department (or other Company designee, as applicable) in the form and manner specified by the Company's Stock Administration Department (or other Company designee, as applicable), and will become irrevocable effective as of the Annual Election Deadline. Any Annual Award granted to an Outside Director who has failed to make such Option Annual Election timely in accordance with the terms of this Section will be granted in the form of Restricted Stock Units.

4.3.2**Election of Options for Retainer Election**. Any Outside Director who has both an Option Annual Election and a Retainer Election in effect with respect to a given Fiscal Year will receive any Retainer Award granted pursuant to Section 3.1 for such Fiscal Year in the form of a Nonstatutory Stock Option (a "**Retainer Option**"), instead of in the form of fully vested Restricted Stock Units. The number of Shares subject to any such Retainer Option will be such number of Shares, based on the Retainer Stock Price, that would result in the Value of the Retainer Option being equal to the amount of the Cash Retainer that otherwise would be paid to such Outside Director for Board services provided by such Outside Director during the Fiscal Quarter completed immediately prior to such grant (with the number of Shares subject to such Retainer Option, if any fractional Share would result, rounded down to the nearest whole Share).

4.4**Additional Terms of Awards**.

4.4.1The per Share exercise price of each Initial Award and Annual Award granted in the form of a Nonstatutory Stock Option and Retainer Option will be equal to one hundred percent (100%) of the Fair Market Value on such Award's grant date, and the maximum term to expiration of such Award will be ten (10) years, subject to earlier termination as provided in the Plan (or termination of service as provided in the applicable Award Agreement). Any such Initial Award or Annual Award that is a Nonstatutory Stock Option will be scheduled to vest and become exercisable in accordance with the schedule set forth in Section 4.2 or 4.3, respectively, in each case subject to the Outside Director remaining a Service Provider through the applicable vesting date. Any Retainer Option will be fully vested and exercisable upon grant.

4.4.2Each Initial Award, Annual Award, and Retainer Option will be granted under and subject to the terms and conditions of the Plan and the applicable form of Award Agreement previously approved by the Board or its Committee (as defined below), as applicable, for use thereunder.

4.4.3The Board or its Committee, as applicable and in its discretion, may change and otherwise revise the terms of Awards to be granted in the future pursuant to this Policy, including without limitation the number of Shares subject thereto and type of Award.

5.**Change in Control**. In the event of a Change in Control, each Outside Director will fully vest in his or her outstanding Company equity awards that were granted to him or her while an Outside Director, as of immediately prior to the Change in Control, including any Policy Award, provided that the Outside Director continues to be an Outside Director through the date of such Change in Control.

6.**Annual Compensation Limit**. No Outside Director may be granted, in any Fiscal Year, Awards with values (based on their grant date fair value determined in accordance with U.S. Generally Accepted Accounting Principles), and be provided any other compensation (including without limitation any cash retainers or fees) in amounts that, in any Fiscal Year, in the aggregate, exceed $750,000, provided that such amount is increased to $1,000,000 in the Fiscal Year of his or her initial service as an Outside Director. Any Awards or other compensation provided to an individual (a) for his or her services as an Employee, or for his or her services as a Consultant other than as an Outside Director, or (b) prior to the Closing Date, will be excluded for purposes of this Section 6.

7.**Travel Expenses**. Each Outside Director's reasonable, customary and properly documented travel expenses to meetings of the Board and any of its committees, as applicable, will be reimbursed by the Company.

8.**Adjustments**. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs (other than any ordinary dividends or other ordinary distributions), the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under this Policy, will adjust the number and class of shares of stock that may be delivered pursuant to Policy Awards and/or the number, class, and price of shares of stock covered by each outstanding Policy Award.

9.**Section 409A**. In no event will cash compensation or expense reimbursement payments under this Policy be paid after the later of (a) the fifteenth (15th) day of the third (3rd) month following the end of the Company's taxable year in which the compensation is earned or expenses are incurred, as applicable, or (b) the fifteenth (15th) day of the third (3rd) month following the end of the calendar year in which the compensation is earned or expenses are incurred, as applicable, in compliance with the "short-term deferral" exception under Section 409A. It is the intent of this Policy that this Policy and all payments hereunder be exempt from or otherwise comply with the requirements of Section 409A so that none of the compensation to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or comply. In no event will the Company or any of its Parents or Subsidiaries have any responsibility, liability, or obligation to reimburse, indemnify, or hold harmless an Outside Director (or any other person) for any taxes imposed, or other costs incurred, as a result of Section 409A.

10.**Revisions**. The Board or any committee of the Board that has been designated appropriate authority with respect to Outside Director compensation (or with respect to any applicable element or elements thereof, authority with respect to such element or elements) (the "**Committee**") may amend, alter, suspend or terminate this Policy at any time and for any reason. Further, the Board may provide for cash, equity, or other compensation to Outside Directors in addition to the compensation provided under this Policy. No amendment, alteration, suspension or termination of this Policy will materially impair the rights of an Outside Director with respect to compensation that already has been paid or awarded, unless otherwise mutually agreed between the Outside Director and the Company. Termination of this Policy will not affect the Board's or the Committee's ability to exercise the powers granted to it with respect to Awards granted under the Plan pursuant to this Policy before the date of such termination, including without limitation such applicable powers set forth in the Plan.

* * *

Exhibit 10.3

FIRST AMENDMENT TO

SPIRE GLOBAL, INC.
2021 EQUITY INCENTIVE PLAN

THIS FIRST AMENDMENT to the Spire Global, Inc. 2021 Equity Incentive Plan (the "Plan") is effective as of August 2, 2023.

Section 4.2 of the Plan is hereby amended by adding the following new subsection (m) after subsection (l), and re-numbering current subsection (m) as subsection (n):

> "(m) to delegate non-discretionary administrative responsibilities in connection with the Plan to such other persons as it deems advisable; and
>
> (n) to make all other determinations deemed necessary or advisable for administering the Plan."

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: August 9, 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: August 9, 2023	By:	/s/ Thomas Krywe
	Name:	**Thomas Krywe**
	Title:	**Chief Financial Officer**
		(Principal Financial Officer)

Exhibit 32.1

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 June 30, 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: August 9, 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 June 30, 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: August 9, 2023

By: /s/ Thomas Krywe
Name: **Thomas Krywe**
Title: **Chief Financial Officer**
(Principal Financial Officer)