

**REDWIRE CORPORATION**

**9,127,751 Shares of Common Stock**

This prospectus supplement updates and supplements the prospectus dated May 6, 2022 (as further supplemented, the “Prospectus”), which forms a part of our Registration Statement on Form S-1 (Registration No. 333-264442). This prospectus supplement is being filed to update and supplement the information in the Prospectus with the information contained in our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 11, 2023.

The Prospectus relates to the offer and resale of up to 9,127,751 shares of our common stock, \$0.0001 per share (the “Common Stock”), by B. Riley Principal Capital, LLC (the “Selling Stockholder”). The shares included in this prospectus consist of shares of Common Stock that we have issued or that we may, in our discretion, elect to issue and sell to the Selling Stockholder, from time to time after the date of this prospectus, pursuant to a Common Stock Purchase Agreement we entered into with the Selling Stockholder on April 14, 2022 (the “Purchase Agreement”), in which the Selling Stockholder has committed to purchase from us, at our direction, up to \$80,000,000 of our Common Stock, subject to terms and conditions specified in the Purchase Agreement.

This prospectus supplement should be read in conjunction with the Prospectus. This prospectus supplement updates and supplements the information in the Prospectus. If there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Investing in our Common Stock involves risks that are described in the “Risk Factors” section beginning on page 14 of the Prospectus, as well as sections captioned “Risk Factors” in our reports filed with the Securities and Exchange Commission which are incorporated by reference herein and in any amendments or supplements to this Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 11, 2023.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from to

Commission file number 001-39733



**Redwire Corporation**

(Exact name of registrant as specified in its charter)

Delaware

98-1550429

(State or other jurisdiction of incorporation or organization)

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

**8226 Philips Highway, Suite 101  
Jacksonville, Florida**

32256

(Address of Principal Executive Offices)

(Zip Code)

**(650) 701-7722**

Registrant's telephone number, including area code

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	RDW	New York Stock Exchange
Warrants, each to purchase one share of Common Stock	RDW WS	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, a 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 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 Act). Yes ☐ No ☐

The registrant had outstanding 64,280,631 shares of common stock as of May 5, 2023.

**REDWIRE CORPORATION**  
**QUARTERLY REPORT ON FORM 10-Q**  
**MARCH 31, 2023**  
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## **PART I. FINANCIAL INFORMATION**

Each of the terms the “Company,” “Redwire,” “we,” “our,” “us” and similar terms used herein refer collectively to Redwire Corporation, a Delaware corporation, and its consolidated subsidiaries, unless otherwise stated.

### **Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains statements that constitute “forward-looking statements,” within the meaning of the Private Securities Litigation Reform Act of 1995, concerning us and other matters. These statements generally may be identified by words such as “anticipate,” “forecast,” “believe,” “outlook,” “trends,” “goals,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would” and similar expressions, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include, among other things, statements relating to our future financial condition, results of operations and/or cash flows, and our projects and related timelines. Forward-looking statements are based upon assumptions, expectations, plans and projections that we believe to be reasonable when made, but which may change over time. These statements are not guarantees of future performance and inherently involve a wide range of risks and uncertainties that are difficult to predict.

Redwire believes it is important to communicate its expectations to its security holders. However, there may be events in the future that Redwire’s management is not able to predict accurately or over which Redwire has no control. The risk factors and cautionary language contained in this Report, and other reports and documents filed by Redwire with the Securities and Exchange Commission (the “SEC”), provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described in such forward-looking statements, including among other things:

- our limited operating history makes it difficult to evaluate our future prospects and the risks and challenges we may encounter;
- our ability to grow our business depends on the successful development and continued refinement of many of our proprietary technologies, products, and service offerings;
- competition with existing or new companies could cause downward pressure on prices, fewer customer orders, reduced margins, the inability to take advantage of new business opportunities, and the loss of market share;
- our projections of future financial results are based on a number of assumptions by our management, some or all of which may prove to be incorrect, and actual results may differ materially and adversely from such projections;
- if we are unable to successfully integrate recently completed and future acquisitions, including the recent acquisition of QinetiQ Space NV, or successfully select or execute future acquisitions into the business, our operations and financial condition could be materially and adversely affected;
- the issuance and sale of shares of our Series A Convertible Preferred Stock has reduced the relative voting power of holders of our common stock and diluted the ownership of holders of our capital stock;
- AE Industrial Partners and Bain Capital have significant influence over us, which could limit other investors’ ability to influence the outcome of key transactions;
- provisions in the Certificate of Designation related to our Series A Convertible Preferred Stock may delay or prevent our acquisition by a third party, which could also reduce the market price of our capital stock;
- our Series A Convertible Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of holders of our other outstanding capital stock;
- there may be additional issuances or sales of a substantial amount of our common stock by our current stockholders, and these sales could cause the price of our common stock to fall;
- the issuance of the Series A Convertible Preferred Stock may impact the price and market for our common stock;
- we have been and may continue to be adversely affected by macroeconomic, business, and/or competitive factors, including inflationary and supply chain pressures as well as rising interest rates and market volatility;
- the COVID-19 pandemic could continue to adversely affect our business;
- unsatisfactory performance of our products and services could have a material adverse effect on our business, financial condition and results of operations;
- the market for in-space infrastructure services has not been established with precision, is still emerging and may not achieve the growth potential that we expect or may grow more slowly than expected;
- we may in the future invest significant resources in developing new offerings and exploring the application of our technologies for other uses and those opportunities may never materialize;
- we may not be able to convert our orders in backlog into revenue;

- a portion of our business model is related to the in-space manufacture and robotic assembly of space structures, a technology that is still in development and has not been fully validated through in-space deployment and testing;
- we are reliant on third-party launch vehicles to launch our spacecraft and customer payloads into space;
- protecting and defending against intellectual property claims could have a material adverse effect on our business;
- data breaches or incidents involving our technology could damage our business, reputation and brand and substantially harm our business and results of operations;
- we are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy;
- we will incur significant expenses and capital expenditures in the future to execute our business plan and we may be unable to adequately control our expenses;
- our ability to successfully implement our business plan will depend on a number of factors outside of our control;
- we may not be able to successfully develop our technology and services;
- we may not be able to adapt to and satisfy customer demands in a timely and cost-effective manner;
- we may not be able to respond to commercial industry cycles in terms of cost structure, manufacturing capacity, and/or personnel needs;
- any delays in the development, design, engineering and manufacturing of our products and services may adversely affect our business, financial condition and results of operations;
- the benefits of our merger with Genesis Park Acquisition Corp. (the “Merger”) may not be realized to the extent currently anticipated by us, or at all. The ability to recognize any such benefits from the Merger may be affected by, among other things, competition, our ability to grow and manage growth profitably, maintain relationships with customers and suppliers and retain our management and key employees;
- the costs related to the Merger could be significantly higher than currently anticipated;
- we are subject to the requirements of the National Industrial Security Program Operating Manual (“NISPOM”) for our facility security clearance, which is a prerequisite to our ability to perform on classified contracts for the U.S. government;
- the U.S. government’s budget deficit and the national debt, as well as any inability of the U.S. government to complete its budget process for any government fiscal year and consequently having to shut down or operate on funding levels equivalent to its prior fiscal year pursuant to a “continuing resolution,” could have an adverse impact on our business, financial condition, results of operations and cash flows;
- we depend significantly on U.S. government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited;
- we are subject to stringent U.S. economic sanctions, and trade control laws and regulations;
- we have government customers, which subjects us to risks including early contract termination, audits, investigations, sanctions and penalties;
- if we fail to adequately protect our intellectual property rights, our competitive position could be impaired and our intellectual property applications for registration may not be issued or be registered;
- our management team has limited experience managing a public company;
- we have identified material weaknesses in our internal control over financial reporting that, if not remediated, may not allow us to report our financial condition or results of operations accurately or timely. Additionally, if we were to identify additional material weaknesses or other deficiencies, or otherwise fail to maintain effective internal control over financial reporting, we may not be able to accurately and timely report our financial results, in which case our business may be harmed and investors may lose confidence in the accuracy and completeness of our financial reports;
- we may be unable to meet or maintain stock exchange listing standards;
- we may require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all;
- our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance that we may provide; and
- adverse publicity stemming from any incident involving Redwire or our competitors could have a material adverse effect on our business, financial condition and results of operations.

Undue reliance should not be placed on these forward-looking statements. The forward-looking statements contained in this Report are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

**Item 1. Financial Statements and Supplementary Data**

**REDWIRE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

*(In thousands of U.S. dollars, except share data)*

	March 31, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,273	\$ 28,316
Accounts receivable, net	23,481	26,726
Contract assets	40,741	31,041
Inventory	1,452	1,469
Income tax receivable	688	688
Prepaid insurance	1,413	2,240
Prepaid expenses and other current assets	5,704	5,687
<b>Total current assets</b>	<b>84,752</b>	<b>96,167</b>
Property, plant and equipment, net	12,915	12,761
Right-of-use assets	12,956	13,103
Intangible assets, net	65,333	66,871
Goodwill	64,910	64,618
Equity method investments	3,259	3,269
Other non-current assets	953	909
<b>Total assets</b>	<b>\$ 245,078</b>	<b>\$ 257,698</b>
<b>Liabilities, Convertible Preferred Stock and Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 14,063	\$ 17,584
Notes payable to sellers	—	1,000
Short-term debt, including current portion of long-term debt	1,679	2,578
Short-term operating lease liabilities	3,345	3,214
Short-term finance lease liabilities	356	299
Accrued expenses	36,275	36,581
Deferred revenue	24,999	29,817
Other current liabilities	3,506	3,666
<b>Total current liabilities</b>	<b>84,223</b>	<b>94,739</b>
Long-term debt	75,019	74,745
Long-term operating lease liabilities	12,415	12,670
Long-term finance lease liabilities	759	579
Warrant liabilities	4,098	1,314
Deferred tax liabilities	3,172	3,255
Other non-current liabilities	384	506
<b>Total liabilities</b>	<b>\$ 180,070</b>	<b>\$ 187,808</b>
<b>Commitments and contingencies (Note J – Commitments and Contingencies)</b>		

**REDWIRE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**  
*(In thousands of U.S. dollars, except share data)*

	March 31, 2023	December 31, 2022
Convertible preferred stock, \$0.0001 par value, 88,000 shares authorized; 81,250 and 81,250 issued and outstanding as of March 31, 2023 and December 31, 2022, respectively. Liquidation preference of \$162,500 and \$162,500 as of March 31, 2023 and December 31, 2022, respectively <sup>(1)</sup> .	\$ 76,365	\$ 76,365
<b>Shareholders' Equity (Deficit):</b>		
Preferred stock, \$0.0001 par value, 99,912,000 shares authorized; none issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.0001 par value, 500,000,000 shares authorized; 64,280,631 and 64,280,631 issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	6	6
Treasury stock, 141,811 and 141,811 shares, at cost, as of March 31, 2023 and December 31, 2022, respectively	(381)	(381)
Additional paid-in capital	200,084	198,126
Accumulated deficit	(213,786)	(206,528)
Accumulated other comprehensive income (loss)	2,492	2,076
<b>Total shareholders' equity (deficit)</b>	<b>(11,585)</b>	<b>(6,701)</b>
Noncontrolling interests	228	226
<b>Total equity (deficit)</b>	<b>(11,357)</b>	<b>(6,475)</b>
<b>Total liabilities, convertible preferred stock and equity (deficit)</b>	<b>\$ 245,078</b>	<b>\$ 257,698</b>

<sup>(1)</sup> Please refer to Note K – Convertible Preferred Stock for additional information.

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



**REDWIRE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**(Unaudited)**

*(In thousands of U.S. dollars, except share and per share data)*

	Three Months Ended	
	March 31, 2023	March 31, 2022
Revenues	\$ 57,605	\$ 32,867
Cost of sales	43,388	27,696
<b>Gross margin</b>	<b>14,217</b>	<b>5,171</b>
Operating expenses:		
Selling, general and administrative expenses	16,038	20,951
Transaction expenses	9	46
Research and development	388	1,724
<b>Operating income (loss)</b>	<b>(2,218)</b>	<b>(17,550)</b>
Interest expense, net	2,644	1,452
Other (income) expense, net	2,427	1,180
<b>Income (loss) before income taxes</b>	<b>(7,289)</b>	<b>(20,182)</b>
Income tax expense (benefit)	(31)	(2,889)
<b>Net income (loss)</b>	<b>(7,258)</b>	<b>(17,293)</b>
Net income (loss) attributable to noncontrolling interests	—	—
<b>Net income (loss) attributable to Redwire Corporation</b>	<b>\$ (7,258)</b>	<b>\$ (17,293)</b>
<b>Net income (loss) per common share<sup>(1)</sup>:</b>		
Basic and diluted	\$ (0.18)	\$ (0.28)
<b>Comprehensive income (loss):</b>		
Net income (loss) attributable to Redwire Corporation	\$ (7,258)	\$ (17,293)
Foreign currency translation gain (loss), net of tax	418	(128)
Total other comprehensive income (loss), net of tax	418	(128)
<b>Total comprehensive income (loss)</b>	<b>\$ (6,840)</b>	<b>\$ (17,421)</b>

<sup>(1)</sup> Please refer to Note O – Net Income (Loss) per Common Share for additional information.

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

**REDWIRE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
**(Unaudited)**  
*(In thousands of U.S. dollars, except share and unit data)*

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
	Shares	Amount				
<b>Balance as of December 31, 2021</b>	<b>62,690,869</b>	<b>\$ 6</b>	<b>\$ 183,024</b>	<b>\$ (75,911)</b>	<b>\$ 103</b>	<b>\$ 107,222</b>
Equity-based compensation expense	—	—	4,411	—	—	4,411
Foreign currency translation, net of tax	—	—	—	—	(128)	(128)
Net loss	—	—	—	(17,293)	—	(17,293)
<b>Balance as of March 31, 2022</b>	<b>62,690,869</b>	<b>\$ 6</b>	<b>\$ 187,435</b>	<b>\$ (93,204)</b>	<b>\$ (25)</b>	<b>\$ 94,212</b>

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)	Noncontrolling Interests	Total Equity (Deficit)
	Shares	Amount	Shares	Amount						
<b>Balance as of December 31, 2022</b>	<b>64,280,631</b>	<b>\$ 6</b>	<b>141,811</b>	<b>\$ (381)</b>	<b>\$ 198,126</b>	<b>\$ (206,528)</b>	<b>\$ 2,076</b>	<b>\$ (6,701)</b>	<b>\$ 226</b>	<b>\$ (6,475)</b>
Equity-based compensation expense	—	—	—	—	1,958	—	—	1,958	—	1,958
Foreign currency translation, net of tax	—	—	—	—	—	—	416	416	2	418
Net loss	—	—	—	—	—	(7,258)	—	(7,258)	—	(7,258)
<b>Balance as of period end March 31, 2023</b>	<b>64,280,631</b>	<b>\$ 6</b>	<b>141,811</b>	<b>\$ (381)</b>	<b>\$ 200,084</b>	<b>\$ (213,786)</b>	<b>\$ 2,492</b>	<b>\$ (11,585)</b>	<b>\$ 228</b>	<b>\$ (11,357)</b>

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

**REDWIRE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
*(In thousands of U.S. dollars)*

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Cash flows from operating activities:</b>		
<b>Net income (loss) attributable to Redwire Corporation</b>	<b>\$ (7,258)</b>	<b>\$ (17,293)</b>
Net income (loss) attributable to noncontrolling interests	—	—
<b>Net income (loss)</b>	<b>(7,258)</b>	<b>(17,293)</b>
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	2,466	3,658
Amortization of debt issuance costs and discount	146	79
Equity-based compensation expense	1,958	4,411
(Gain) loss on change in fair value of committed equity facility	(106)	—
(Gain) loss on change in fair value of warrants	2,784	1,238
Deferred provision (benefit) for income taxes	(131)	(2,889)
Non-cash lease expense	26	116
Non-cash interest expense	384	—
Other	94	(5)
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in accounts receivable	3,394	4,274
(Increase) decrease in contract assets	(9,423)	(5,748)
(Increase) decrease in inventory	18	(337)
(Increase) decrease in prepaid insurance	827	1,067
(Increase) decrease in prepaid expenses and other assets	(183)	(1,322)
Increase (decrease) in accounts payable and accrued expenses	(3,627)	3,141
Increase (decrease) in deferred revenue	(4,844)	(1,801)
Increase (decrease) in operating lease liabilities	(39)	—
Increase (decrease) in other liabilities	23	(35)
Increase (decrease) in notes payable to seller	(557)	—
Net cash provided by (used in) by operating activities	(14,048)	(11,446)
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment, net	(787)	(892)
Purchase of intangible assets	(12)	(122)
Net cash provided by (used in) investing activities	(799)	(1,014)
<b>Cash flows from financing activities:</b>		
Repayments of debt	(1,094)	(1,337)
Payment of debt issuance fees to third parties	—	(770)
Repayment of finance leases	(77)	—
Payment of committed equity facility transaction costs	(571)	—
Payments of issuance costs related to convertible preferred stock	(52)	—
Payment of contingent earnout	(443)	—
Net cash provided by (used in) financing activities	(2,237)	(2,107)
Effect of foreign currency rate changes on cash and cash equivalents	41	(18)
Net increase (decrease) in cash and cash equivalents	(17,043)	(14,585)
Cash and cash equivalents at beginning of period	28,316	20,523
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11,273</b>	<b>\$ 5,938</b>

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

**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

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**Note A – Description of the Business**

Redwire Corporation develops and manufactures mission critical space solutions and high reliability components for the next generation space economy. With decades of flight heritage combined with the agile and innovative culture of a commercial space platform, Redwire Corporation is uniquely positioned to assist our customers in solving the complex challenges of future space missions.

AE Industrial Partners Fund II, LP (“AEI”), a private equity firm specializing in aerospace, defense, and government services, formed a series of acquisition vehicles on February 10, 2020, which included Cosmos Parent, LLC, Cosmos Intermediate, LLC, Cosmos Finance, LLC and Cosmos Acquisition, LLC, with Cosmos Parent, LLC being the top holding company. Cosmos Parent, LLC owned 100% of the equity in Cosmos Intermediate, LLC; Cosmos Intermediate, LLC owned 100% of the equity in Cosmos Finance, LLC; Cosmos Finance, LLC owned 100% of the equity in Cosmos Acquisition, LLC. Upon the formation of these acquisition vehicles, Cosmos Intermediate, LLC (“Successor”) effected a number of acquisitions through its wholly owned subsidiary, Cosmos Acquisition, LLC. Following the acquisitions, the Successor became a wholly owned subsidiary of AE Red Holdings, LLC formerly known as Redwire, LLC (“Holdings”).

Strategic acquisitions are a key part of our growth strategy that augment our technology and product offerings. From March 2020 through March 31, 2023, the Company has completed nine acquisitions, which collectively have provided a wide variety of complementary technologies and solutions to serve the Company’s target markets and customers. During the year ended December 31, 2022, the Company completed the acquisition of Redwire Space NV (f/k/a Qinetiq Space NV) (“Space NV”) as described in Note C – Business Combinations.

The Company’s wholly-owned subsidiary, Space NV, participates in a joint venture operation with SES Techcom S.A. for the purpose of performing maintenance and operations services (“M&O Services”) to the European Space Agency, among others. Pursuant to a shareholders agreement dated June 28, 2007, this joint venture was created under the form of two companies: Redu Space Service SA/NV (“RSS”) and Redu Operations Services SA/NV (“ROS”), both of which are organized under Belgian law. Please refer to Note P – Joint Venture for additional information.

**Impact of Macroeconomic Environment**

Adverse macroeconomic conditions including, among others, heightened inflation, rising interest rates, volatility in capital markets, supply chain disruptions, labor shortages, the COVID-19 pandemic and regulatory challenges have affected the Company’s cost of capital, financial condition and results of operations. Decreases in the availability, cost and delivery of supplies have caused shortages and delays for the procurement of raw materials, components and other supplies required to fulfill the Company’s performance obligations. The long-term impacts of macroeconomic conditions and COVID-19 pandemic are difficult to predict and could continue to adversely affect the Company’s operations and financial results.

**Note B – Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”) for interim financial statement information and the rules of the SEC. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. The unaudited condensed consolidated balance sheet as of December 31, 2022 was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. In the opinion of management, the condensed consolidated financial statements include all adjustments, consisting of adjustments associated with acquisition accounting and normal recurring adjustments, necessary for the fair statement of such financial statements. All intercompany balances and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements should be read in conjunction with the information contained in the Company’s 2022 Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 31, 2023. Interim results are not necessarily indicative of the results that may be expected for a full year.

The Company uses a fiscal year ending on December 31<sup>st</sup> of each year. The Company consolidates all entities that are controlled by ownership of a majority voting interest. Additionally, there are situations in which consolidation is required even though the usual condition of consolidation does not apply. Generally, this occurs when an entity holds an interest in another business entity that was achieved through arrangements that do not involve voting interests, which results in a disproportionate relationship between such entity’s voting interests in, and its exposure to the economic risks and potential rewards of, the other business entity. This

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disproportionate relationship results in what is known as a variable interest, and the entity in which the Company has the variable interest is referred to as a Variable Interest Entity (“VIE”). An entity must consolidate a VIE if it is determined to be the primary beneficiary of the VIE. The primary beneficiary has both (1) the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and (2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Please refer to Note P – Joint Venture for additional information.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Management has prepared the estimates using the most current and best available information that are considered reasonable under the circumstances. However, actual results could differ materially from those estimates. Accounting policies subject to estimates include, but are not limited to, valuation of goodwill and intangible assets, contingent consideration, revenue recognition, income taxes, and warrant liabilities.

#### ***Segment Information***

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources and in assessing performance. The Company’s CODM is its Chief Executive Officer. The Company has concluded that it operates in one operating segment and one reportable segment, space infrastructure, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

#### ***Business Combinations***

The Company utilizes the acquisition method of accounting in Accounting Standards Codification (“ASC”) 805, *Business Combinations* (“ASC 805”), for all transactions and events in which it obtains control over one or more other businesses (even if less than 100% ownership is acquired), to recognize the fair value of all assets acquired and liabilities assumed and to establish the acquisition date fair value as of the measurement date.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business combination date, the estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the business combination date, the Company records adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. For changes in the valuation of intangible assets between the preliminary and final purchase price allocation, the related amortization is adjusted in the period it occurs. Subsequent to the measurement period, any adjustment to assets acquired or liabilities assumed is included in operating results in the period in which the adjustment is identified. Transaction costs that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred.

Contingent consideration is classified as a liability or as equity on the basis of the definitions of a financial liability and an equity instrument; contingent consideration payable in cash is classified as a liability. The Company recognizes the fair value of any contingent consideration that is transferred to the seller in a business combination on the date at which control of the acquiree is obtained. Contingent consideration payments related to acquisitions are measured at fair value each reporting period using Level 3 unobservable inputs (as defined in the Fair Value of Financial Instruments policy below). When reported, any changes in the fair value of these contingent consideration payments are included in contingent earnout expense on the condensed consolidated statements of operations and comprehensive income (loss).

Please refer to Note C – Business Combinations for additional information related to the Company’s business combinations.

#### ***Fair Value of Financial Instruments***

The Company measures certain financial assets and liabilities, including, but not limited to, contingent consideration, at fair value. ASC 820 *Fair Value Measurement and Disclosures* (“ASC 820”), specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. These two types of inputs have created the following

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fair-value hierarchy:

- Level 1:** Quoted prices for identical instruments in active markets;
- Level 2:** Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3:** Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

***Foreign Currency Translation***

The Company's condensed consolidated financial statements are presented in United States dollars ("USD"), which is the functional currency of the Company. The local currency of our operations in Luxembourg and Belgium, the Euro, is considered to be the functional currency of those operations. Assets and liabilities of the Company's foreign subsidiaries, where the functional currency is the local currency, are translated into USD at exchange rates effective as of the balance sheet date. Revenues and expenses are translated using average exchange rates in effect for the periods presented.

Balance sheet translation adjustments are reported in accumulated other comprehensive income (loss). Realized gains and losses on foreign currency transactions are included in other (income) expense, net on the condensed consolidated statements of operations and comprehensive income (loss).

***Cash and Cash Equivalents***

Cash and cash equivalents includes cash on hand, cash balances with banks and similar institutions and all highly liquid investments with an original maturity of three months or less.

The table below presents supplemental cash flow information during the following periods:

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b><u>Supplemental cash flow information:</u></b>		
<b><u>Cash paid (received) during the period for:</u></b>		
Interest	\$ 2,069	\$ 1,409
<b><u>Non-Cash Investing and Financing Activities:</u></b>		
Capital expenditures not yet paid	\$ 928	\$ 1,213

***Concentration of Credit Risk***

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, certificates of deposit, and accounts receivable. The Company places its cash and cash equivalents with financial institutions of high-credit quality. At times, such amounts may exceed federally insured limits. Cash and cash equivalents on deposit or invested with financial and lending institutions was \$11.3 million and \$28.3 million, as of March 31, 2023 and December 31, 2022, respectively.

The Company provides credit to customers in the normal course of business. The carrying amount of current accounts receivable is stated at cost, net of an allowance for expected credit losses. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. The Company maintains an allowance for credit losses to provide for the estimated amount of accounts receivable that will not be fully collected. The allowance is based on a pooled approach to estimate expected credit losses for receivables with similar risk characteristics including, but not limited to, customer credit worthiness, age of accounts receivable, geographic location of the customer, and sources of funding from the ultimate customer. Loss rates are calculated for each pool based on historical payment experience and any applicable collateral, then adjusted for any changes in current and future economic conditions.

***Inventory***

Inventory is stated at the lower of cost or net realizable value. Cost is calculated on a first-in, first-out ("FIFO") basis. Inventory may consist of raw materials, work-in-process, and finished goods. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense. Inventory is impaired when it is probable that inventory values

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exceed their net realizable value. Changes in these estimates are included in cost of sales in the condensed consolidated statements of operations and comprehensive income (loss).

**Property, Plant and Equipment**

Property, plant and equipment are the long-lived, physical assets of the Company, acquired for use in the Company's normal business operations and not intended for resale by the Company. These assets are recorded at cost. Renewals and betterments that increase the useful lives of the assets are capitalized. Repair and maintenance expenditures that increase the efficiency of the assets are expensed as incurred. The Company occasionally designs and builds its own machinery. The cost of these projects, including direct material and labor, and other indirect costs attributable to the construction, are capitalized as construction in progress. No provision for depreciation is made on construction in progress until the related assets are completed and placed in service.

Depreciation is based on the estimated useful lives of the assets using the straight-line method and is included in selling, general and administrative expenses or cost of sales based upon the asset; depreciation and amortization expense includes the amortization of assets under finance leases.

Expected useful lives for property, plant and equipment are reviewed at least annually. Estimated useful lives are as follows:

	<b>Estimated useful life in years</b>
Computer equipment	3
Furniture and fixtures	7
Laboratory equipment	3-10
Leasehold improvements	shorter of 5 or lease term
Assets subject to finance lease	lease term

As assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in other (income) expense, net in the condensed consolidated statements of operations and comprehensive income (loss).

The Company regularly evaluates its property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable, in accordance with ASC 360, Property, Plant, and Equipment ("ASC 360"). If the Company determines that the carrying amount of an asset or asset group is not recoverable based upon the undiscounted expected future cash flows of the asset or asset group, the Company records an impairment loss equal to the excess of carrying amount over the estimated fair value of the asset or asset group.

**Leases**

The Company is obligated under certain operating and finance leases for its facilities, vehicles and office equipment. The Company assesses whether an arrangement is a lease or contains a lease at inception of the arrangement. For arrangements considered leases, the Company assesses the lease for finance or operating classification and records a right-of-use (ROU) asset and lease liability as of the commencement date. The Company uses the date of initial possession as the lease commencement date, which is generally when the underlying asset becomes available for the Company's specific use. The Company's operating leases are included in right-of-use assets, short-term operating lease liabilities and long-term operating lease liabilities on the condensed consolidated balance sheets. The Company's finance leases consist primarily of vehicles and are included in property, plant and equipment, net, short-term finance lease liabilities and long-term finance lease liabilities on the condensed consolidated balance sheets.

ROU assets represent the Company's right to use the underlying asset for the lease term and are depreciated over the shorter of the useful life of the asset and the lease term. Lease liabilities represent the present value of the Company's obligations to make payments arising over the lease term. The present value of the lease payments is calculated using the incremental borrowing rate as of the lease commencement date, which reflects the fixed rate the Company would have to pay to borrow an amount equal to the future minimum lease payments over a similar term. Operating lease expense includes the sum of imputed interest expense and depreciation. For finance leases, interest is recognized and presented separately in Interest expense, net on the condensed consolidated statements of operations and comprehensive income (loss). The lease term includes renewal options which are reasonably certain to be exercised.

Lease and non-lease related components, such as common area maintenance costs, obligations to return the underlying asset to its original condition, or costs to dismantle and remove the underlying asset at the end of the term, are accounted for separately. Certain

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leasing arrangements contain predetermined fixed escalation of minimum rents and/or require variable payments, such as insurance and tax payments. Variable lease payments which depend on an index or other rate are initially measured using the index or rate at the commencement date and included in the measurement of the ROU asset and lease liability. The subsequent change in lease payments as a result of a change in the index or other rate are recognized as expense in the period in which the payment occurs.

The Company does not have any material restrictions or covenants in its lease agreements, sale leaseback transactions or residual value guarantees. Leases with an initial term of twelve months or less are not recorded on the Company's condensed consolidated balance sheets and are recognized as lease expense on a straight-line basis in the condensed consolidated statements of operations and comprehensive income (loss).

***Intangible Assets, including Goodwill***

The assets and liabilities of acquired businesses are recorded under the acquisition method of accounting at their estimated fair values at the date of acquisition.

Intangible assets include those acquired from the Company's various business combinations as well as licensed software for internal-use. Licensed software is acquired solely to meet the Company's internal needs which provides the right to take possession of the software and is hosted on the Company's specific hardware components as well as the capitalization of qualifying costs during the application development stage. Indefinite-lived intangible assets include tradenames and in-process research and development ("IPR&D"). Finite-lived intangible assets include customer relationships, technology, trademarks, and internal-use software. Finite-lived intangible assets are reported at cost, net of accumulated amortization, and are either amortized on a straight-line basis over their estimated useful lives or over the period the economic benefits of the intangible assets are consumed. IPR&D is recognized as an indefinite-lived intangible asset until completion or abandonment of the related project, then reclassified as a finite-lived intangible asset and amortized over the remaining useful life.

Acquired intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment testing or more frequently if events or a change in circumstance indicate that it is more likely than not that the asset is impaired. This testing compares carrying value to fair value and, when appropriate, the carrying value of these assets is reduced to fair value. The Company performs an impairment test of finite-lived intangibles whenever events or changes in circumstances indicate their carrying value may be impaired, consistent with the methodologies previously disclosed for Property, plant and equipment.

Goodwill is the amount by which the purchase price exceeded the fair value of the net identifiable assets acquired and liabilities assumed in a business combination on the date of acquisition. The Company's goodwill has been allocated to and is tested for impairment at a level referred to as the reporting unit. The Company has four reporting units, Mission Solutions, Space Components, Engineering Services and Redwire Europe, which were determined based on similar economic characteristics, financial metrics and product and servicing offerings.

The Company tests goodwill for impairment annually as of October 1st or when events and circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Company first assesses goodwill for impairment on a qualitative basis to determine if a quantitative assessment is necessary. In circumstances where the qualitative analysis (Step 0) indicates that it is more likely than not that the fair value of a reporting unit does not exceed its carrying value, the Company would perform a quantitative analysis (Step 1) and the goodwill impairment loss, if any, is measured as the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. In general, the Company performs a quantitative test for most reporting units at least once every three years, or more frequently if deemed necessary by Management.

For Step 1, the Company compares the fair value of a reporting unit to its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired. If the carrying value of the reporting unit, including goodwill, exceeds its fair value, a goodwill impairment loss is recognized in an amount equal to that excess. In general, the Company estimates the fair value of each reporting unit using a combination of a discounted cash flow (DCF) analysis and market-based valuation methodologies such as comparable public company trading values and values observed in recent business acquisitions. Determining fair value requires the exercise of significant judgments, including the amount and timing of expected future cash flows, long-term growth rates, discount rates and relevant comparable public company earnings multiples and transaction multiples. The cash flows employed in the DCF analysis are based on the Company best estimate of future revenues, gross margins, operating expenses, and cash flows with consideration for other factors, such as general market conditions, U.S. and foreign Government budgets, existing contracted and uncontracted backlog, subcontractor agreements, changes in working capital, long-term business plans and historical operating performance. The discount rates utilized in the DCF analysis are based on the respective reporting unit's weighted average cost of capital, which takes into account the relative weights of debt and equity components within the Company's existing capital



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structure and represents the expected cost of new capital, adjusted as appropriate to consider the risk inherent in future cash flows of the respective reporting unit. The carrying value of each reporting unit includes the assets and liabilities employed in its operations, goodwill and allocations of certain assets and liabilities held at the corporate level.

***Equity Method Investments***

Investments where the Company has the ability to exercise significant influence, but does not have control of the investee, are accounted for under the equity method of accounting and presented as equity method investments on the condensed consolidated balance sheets. Significant influence typically exists if the Company has a 20% to 50% ownership interest in the investee. Under this method of accounting, the Company's share of the net earnings or losses of the investee is included in other income, net on the condensed consolidated statements of operations and comprehensive income (loss) since the activities of the investee are not closely aligned with the operations of the business.

The Company evaluates its equity method investment for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. Please refer to Note P – Joint Venture for additional information.

***Derivative Financial Instruments***

The Company evaluates its convertible instruments, options, warrants and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC 815, *Derivatives and Hedging*. The classification of derivative instruments, including whether such instruments should be recorded as assets, liabilities, or equity, is reassessed at the end of each reporting period. For equity-linked financial instruments, the Company must determine whether the underlying instrument is indexed to its own common stock in order to classify the derivative instrument as equity. Otherwise, the derivative asset or liability, including embedded derivatives discussed below, is recognized at fair value with subsequent changes in fair value recognized in the condensed consolidated statements of operations and comprehensive income (loss).

For hybrid instruments issued in the form of a share, ASC 815-15 requires bifurcation of embedded features if (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. The nature of the host instrument is therefore evaluated to determine if it is more akin to a debt-like or equity-like host. In this assessment, the Company considers the stated and implied substantive features of the contract as well as the economic characteristics and risks of the hybrid instrument. Each term and feature is then weighed based on the relevant facts and circumstances to determine the nature of the host contract. Terms and features of the hybrid instrument (i.e. embedded derivatives) are then assessed to determine if they must be bifurcated and separately accounted for as freestanding derivatives. Examples of embedded derivatives include, among others, conversion options, redemption features, make-whole provisions, contingent increases in dividend rates and participation rights.

***Convertible Preferred Stock***

Accounting for convertible instruments and contracts in the Company's own equity, requires an evaluation of the hybrid security to determine if liability classification is required under ASC 480-10. Liability classification is required for freestanding financial instruments that are not debt in legal form and are: (1) subject to an unconditional obligation requiring the issuer to redeem the instrument by transferring assets (i.e. mandatorily redeemable), (2) instruments other than equity shares that embody an obligation of the issuer to repurchase its equity shares, or (3) certain types of instruments that obligate the issuer to issue a variable number of equity shares. Securities classified in temporary equity are initially measured at the proceeds received, net of issuance costs and excluding the fair value of bifurcated embedded derivatives (if any). Subsequent measurement of the carrying value is not required until such time that the contingencies are resolved and reclassification as a liability is required.

***Revenue Recognition***

Based on the specific analysis of its contracts, the Company has determined that its contracts are subject to revenue recognition in accordance with ASC 606 *Revenue from Contracts with Customers* ("ASC 606"). Recognition under the ASC 606 five-step model involves (i) identification of the contract, (ii) identification of performance obligations in the contract, (iii) determination of the transaction price, (iv) allocation of the transaction price to the previously identified performance obligations, and (v) revenue recognition as the performance obligations are satisfied.

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During step one of the five step model, the Company considers whether contracts should be combined or separated, and based on this assessment, the Company combines closely related contracts when all the applicable criteria are met. The combination of two or more contracts requires judgment in determining whether the intent of entering into the contracts was effectively to enter into a single contract, which should be combined to reflect an overall profit rate. Similarly, the Company may separate an arrangement, which may consist of a single contract or group of contracts, with varying rates of profitability, only if the applicable criteria are met. Judgment is involved in determining whether a group of contracts may be combined or separated based on how the arrangement and the related performance criteria were negotiated. The conclusion to combine a group of contracts or separate a contract could change the amount of revenue and gross profit recorded in a given period.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied. The Company's contracts with customers generally do not include a right of return relative to delivered products. In certain cases, contracts are modified to account for changes in the contract specifications or requirements. In most instances, contract modifications are accounted for as part of the existing contract. Certain contracts with customers have options for the customer to acquire additional goods or services. In most cases, the pricing of these options are reflective of the standalone selling price of the good or service. These options do not provide the customer with a material right and are accounted for only when the customer exercises the option to purchase the additional goods or services. If the option on the customer contract was not indicative of the standalone selling price of the good or service, the material right would be accounted for as a separate performance obligation.

The Company's revenues are derived from the design and sales of components for spacecraft and satellites and the performance of engineering, modeling and simulation services related to spacecraft design and mission execution. Each promised good or service within a contract is accounted for separately under the guidance of ASC 606, if they are distinct. Promised goods or services not meeting the criteria for being a distinct performance obligation are bundled into a single performance obligation with other goods or services that together meet the criteria for being distinct. The appropriate allocation of the transaction price and recognition of revenue is then applied for the bundled performance obligation. The Company has concluded that its service contracts generally contain a single performance obligation given the interrelated nature of the activities which are significantly customized and not distinct within the context of the contract.

Once the Company identifies the performance obligations, the Company determines the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. The Company's contracts generally do not contain penalties, credits, price concessions, or other types of potential variable consideration. Prices are fixed at contract inception and are not contingent on performance or any other criteria.

The Company engages in long-term contracts for production and service activities and recognizes revenue for performance obligations over time. These long-term contracts involve the design, development, manufacture, or modification of components for spacecraft and satellites. Revenue is recognized over time (versus point in time recognition), as the Company's performance creates an asset with no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date, and the customer receives the benefit as the Company builds the asset. The Company considers the nature of these contracts and the types of products and services provided when determining the proper accounting for a particular contract. These contracts include both fixed-price and cost reimbursable contracts. The Company's cost reimbursable contracts typically include cost-plus fixed fee and time and material ("T&M") contracts.

For long-term contracts, the Company typically recognizes revenue using the input method, using a cost-to-cost measure of progress. The Company believes that this method represents the most faithful depiction of the Company's performance because it directly measures value transferred to the customer. Contract estimates are based on various assumptions to project the outcome of future events that may span several years. These assumptions include, but are not limited to, the amount of time to complete the contract, including the assessment of the nature and complexity of the work to be performed; the cost and availability of materials; the availability of subcontractor services and materials; and the availability and timing of funding from the customer. The Company bears the risk of changes in estimates to complete on a fixed-price contract, which may cause profit levels to vary from period to period. For cost reimbursable contracts, the Company is reimbursed periodically for allowable costs and is paid a portion of the fee based on contract progress. In the limited instances where the Company enters into T&M contracts, revenue recognized reflects the number of direct labor hours expended in the performance of a contract multiplied by the contract billing rate, as well as reimbursement of other direct billable costs. For T&M contracts, the Company recognizes revenue in the amount for which the Company has a right to invoice the customer based on the control transferred to the customer. For long-term contracts, the Company recognizes anticipated contract losses as soon as they become known and estimable.

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Accounting for long-term contracts requires significant judgment relative to estimating total contract revenues and costs, in particular, assumptions relative to the amount of time to complete the contract, including the assessment of the nature and complexity of the work to be performed. The Company's estimates are based upon the professional knowledge and experience of its engineers, program managers and other personnel, who review each long-term contract monthly to assess the contract's schedule, performance, technical matters and estimated cost at completion. Changes in estimates are applied retrospectively and when adjustments in estimated contract costs are identified, such revisions may result in current period adjustments to earnings applicable to performance in prior periods.

On long-term contracts, the portion of the payments retained by the customer is not considered a significant financing component. At contract inception, the Company also expects that the lag period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will not constitute a significant financing component. Many of the Company's long-term contracts have milestone payments, which align the payment schedule with the progress towards completion on the performance obligation. On some contracts, the Company may be entitled to receive an advance payment, which is not considered a significant financing component because it is used to facilitate inventory demands at the onset of a contract and to safeguard the Company from the failure of the other party to abide by some or all of their obligations under the contract.

#### *Contract Balances*

Contract balances result from the timing of revenue recognized, billings and cash collections, and the generation of contract assets and liabilities.

Contract assets represent revenue recognized in excess of amounts invoiced to the customer and the right to payment is not solely subject to the passage of time. Contract liabilities are presented as deferred revenue on the Company's condensed consolidated balance sheets and consist of deferred product revenue, billings in excess of revenues, deferred service revenue, and customer advances. Deferred product revenue represents amounts that have been invoiced to customers but are not yet recognizable as revenue because the Company has not satisfied its performance obligations under the contract. Billings in excess of revenues represent milestone billing contracts where the billings of the contract exceed recognized revenues.

#### *Remaining Performance Obligations*

The Company includes in its computation of remaining performance obligations customer orders for which it has accepted signed sales orders. The definition of remaining performance obligations excludes T&M contracts accounted for under the "right to invoice" practical expedient.

#### *Research and Development Costs*

Research and development costs are primarily made up of labor charges, prototype material, and development expenses. Research and development costs are expensed in the period incurred.

#### *Post-retirement Benefit Plans*

As a result of the Space NV acquisition, the Company sponsors various post-retirement benefit plans for certain non-U.S. employees including two cash balance plans which are defined benefit plans that provide for post-retirement benefits based on employee and employer contributions and prescribed rates of return in accordance with Belgium Regulation. Based on the Company's policy to cover 100% of all benefit obligations associated with supplementary pensions, bonus pensions, and other post-retirement benefits (i.e., death and disability) through group insurance policies, these post-retirement benefit plans are accounted for as insurance contracts in accordance with ASC 715. Accordingly, the Company recognizes the net funded status on a plan-by-plan basis as either an asset recorded within other non-current assets or a liability recorded within other non-current liabilities within the condensed consolidated balance sheets. The net funded status is measured on a plan-by-plan basis as the difference between the fair value of each plan's assets and the benefit obligation.

The net funded status is measured on December 31st (the "Measurement Date"), consistent with the Company's fiscal year end, or more frequently, upon the occurrence of certain events such as a significant plan amendment, settlement, or curtailment. Fair value is determined on a plan-by-plan basis and reflects key assumptions in effect as of the Measurement Date. Obligations recorded in connection with the Company's post-retirement benefit plans are computed based on service and contributions to date, using actuarial valuations that are based in part on certain key economic assumptions, including the discount rates and the expected long-term rate of return on plan assets as of the Measurement Date. The assumptions made in this analysis affect both the calculation of the benefit obligations as of the Measurement Date and the calculation of net periodic benefit costs in subsequent periods. The fair value of plan assets includes amounts contributed by the employee and employer and amounts earned from investing the contributions, less benefits paid.

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Differences between the actual return and expected return on plan assets during the year and changes in the benefit obligation for the Company's defined benefit pension plans due to changes in the annual valuation assumptions generate actuarial gains or losses. The Company has elected to immediately recognize actuarial gains and losses as a component of net periodic pension cost for both plan assets and obligations. Additionally, the benefit obligation for the Company's defined benefit pension plans may increase or decrease as a result of plan amendments that affect the benefits to plan participants related to service for periods prior to the effective date of the amendment, which generates prior service costs or credits. Net periodic benefit cost is estimated at the beginning of the year, based on beginning-of-the-year (or end-of-prior-year) plan balances and assumptions. Service costs are presented within cost of sales and selling, general and administrative expenses, while other components of net periodic benefit cost are presented within other (income) expense, net, outside of operating expenses.

Please refer to Note M – Employee Benefit Plans for additional information related to the Company's defined benefit plans.

***Equity-based Compensation***

The Company's equity-based compensation plans are classified as equity plans and compensation expense is generally recognized over the vesting period of stock awards. The Company issues stock awards in the form of incentive units, non-qualified stock options and restricted stock units. The fair value of incentive units and stock options are calculated on the grant date using the Black-Scholes Option Pricing Model ("OPM"). Given the absence of adequate historical data, the Company uses the Simplified Method to estimate the term of stock options granted to employees. The fair value of the restricted stock units are calculated based on the closing market price of the Company's common stock on the grant date.

The vesting of the incentive units is contingent on service-based, performance-based, and market conditions and, as such, the recognition of compensation expense is deferred until it is probable the performance conditions will be satisfied. Once it is probable that the performance conditions will be satisfied, unrecognized compensation expense is recognized based on the portion of the requisite service period that has been rendered. If the requisite period is complete, compensation expense is recognized regardless of market conditions being met and recognizes forfeitures as they occur.

For non-qualified stock options and restricted stock units, the Company recognizes the grant date fair value as compensation expense on a straight-line method over the vesting period (typically three years) and recognizes forfeitures as they occur.

***Income Taxes***

The Company accounts for income taxes under ASC 740, *Income Taxes* ("ASC 740"). The Company computes its provision for income taxes using the asset and liability method, under which deferred tax assets and liabilities are calculated based on the basis difference for financial reporting and tax basis of assets and liabilities using enacted tax rates for the year in which the differences are expected to reverse. All deferred income taxes are classified as non-current in the Company's condensed consolidated balance sheets. The Company records a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company recognizes a tax benefit only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

***Emerging Growth Company***

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement declared effective under the Securities Act of 1933, as amended, or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

This may make comparison of the Company's financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

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**Recently Adopted Accounting Pronouncements**

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, an amendment of the FASB ASC. Subsequent to the issuance of ASU 2016-13, there were various updates that amended and clarified the impact of ASU 2016-13. ASU 2016-13 broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The amendments in ASU 2016-13 will require an entity to record an allowance for credit losses for certain financial instruments and financial assets, including accounts receivable, based on expected losses rather than incurred losses. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The use of forecasted information incorporates more timely information in the estimate of expected credit losses. Effective January 1, 2023, the Company adopted ASU 2016-13 using a modified retrospective transition method with a cumulative effect adjustment in the period of adoption. Adoption of this guidance did not have a material impact on the Company's condensed consolidated financial statements or related disclosures.

**Recently Issued Accounting Pronouncements**

In January 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. Subsequent to the issuance of ASU 2020-04, there were various updates that amended and clarified the impact of ASU 2020-04, including an update in December 2022, which deferred the sunset date in Topic 848 from December 31, 2022 to December 31, 2024. ASU 2020-04 provides temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate. Entities can elect not to apply certain modification accounting requirements to contracts affected by "reference rate reform" if certain criteria are met. An entity that makes this election would not have to remeasure the contracts at modification date or reassess a previous accounting determination. The amendments in this ASU apply to all entities (subject to meeting certain criteria) that have contracts, hedging relationships, or other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Company is currently evaluating the impact of adoption which is not expected to have a material impact on the Company's condensed consolidated financial statements or related disclosures.

**Note C – Business Combinations**

*QinetiQ Space NV Acquisition*

On October 31, 2022, the Company acquired 100% of the equity interests in QinetiQ Space NV ("Space NV") for \$36.9 million (€37 million) in cash. The acquisition supports the Company's growth in its offering of satellite technologies, berthing and docking equipment, space instruments and advanced payloads, as well as expanded its global footprint.

The following table summarizes the fair value of the consideration transferred and the estimated fair values of the major classes of assets acquired and liabilities assumed as of the acquisition date.

	October 31, 2022
Cash paid	\$ 36,930
Less: Note receivable from seller	501
Purchase consideration	\$ 36,429
Assets:	
Cash	\$ 3,700
Accounts receivable and other receivable	3,606
Contract assets	18,830
Prepaid expenses and other current assets	3,100
Property, plant and equipment	5,656
Right-of-use assets	1,166
Intangible assets	13,935
Equity method investments	3,000
Total assets	52,993

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	October 31, 2022
<b>Liabilities:</b>	
Accounts payable	4,201
Short-term operating lease liabilities	199
Short-term finance lease liabilities	279
Accrued expenses	18,636
Deferred revenue	5,513
Other current liabilities	399
Long-term operating lease liabilities	908
Long-term finance lease liabilities	563
Deferred tax liabilities	2,727
Other non-current liabilities	281
<b>Total liabilities</b>	<b>33,706</b>
Fair value of net identifiable assets acquired	19,287
Less: Fair value of noncontrolling interests in ROS	215
<b>Goodwill</b>	<b>\$ 17,357</b>

The following table summarizes the intangible assets acquired by class:

	October 31, 2022	Weighted average useful life in years
Technology	\$ 4,700	7
Customer relationships	7,400	30
Software	235	2
IPR&D	1,600	
<b>Total intangible assets</b>	<b>\$ 13,935</b>	

The amounts above represent the current preliminary fair value estimates. During the three months ended March 31, 2023, the Company recorded an immaterial measurement period adjustment to various assets and liabilities, which increased the balance of goodwill to \$17.4 million as of March 31, 2023. Finalization of the valuation during the measurement period could result in a change in the amounts recorded for the acquisition date fair value of the assets and liabilities. The completion of the valuation will occur no later than one year from the acquisition date.

The fair value of the acquired technology and IPR&D was estimated using the relief from royalty (“RFR”) method. The fair value of the acquired customer relationships was estimated using the excess earnings method. The fair value of the acquired noncontrolling interests in RSS was estimated using the guideline public company method.

The acquisition was accounted for as a business combination, whereby the excess of the consideration paid over the fair value of identifiable net assets was allocated to goodwill. The goodwill reflects the potential synergies and expansion of the Company’s offerings across product lines and markets complementary to its existing products and markets. For tax purposes, the goodwill is not deductible.

*Pro Forma Financial Data (Unaudited)*

The table below presents the pro forma combined results of operations for the business combinations for the three months ended March 31, 2023 as though the acquisition of Space NV had been completed as of January 1, 2021.

	Three Months Ended March 31, 2022
Revenues	\$ 45,778
Net income (loss) attributable to Redwire Corporation	(16,985)

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The amounts included in the pro forma information are based on the historical results and do not necessarily represent what would have occurred if the Space NV acquisition had taken place as of January 1, 2021, nor do they represent the results that may occur in the future. Accordingly, the pro forma financial information should not be relied upon as being indicative of the results that would have been realized had the business combination occurred as of the date indicated or that may be achieved in the future.

The Company incurred nominal costs related to completed acquisitions during the three months ended March 31, 2023 and March 31, 2022, respectively. Costs related to completed acquisitions were primarily attributable to the Techshot and Roccoor acquisitions for each period. These expenses are included in transaction expenses on the condensed consolidated statements of operations and comprehensive income (loss) and are also reflected in the pro forma results for the periods presented in the table above.

**Note D – Fair Value of Financial Instruments**

Cash and cash equivalents, accounts receivable, inventories, prepaid expenses and other current assets, accounts payable, salaries and benefits payable, accrued interest, other accrued expenses and current liabilities are reflected on the condensed consolidated balance sheets at amounts that approximate fair value because of the short-term nature of these financial assets and liabilities.

The fair value of the Company's debt approximates its carrying value and is classified as Level 2 within the fair value hierarchy as it is based on discounted cash flows using a current borrowing rate.

*Contingent Consideration*

As of December 31, 2022, contingent consideration consisted of estimated future payments related to the Company's acquisition of Roccoor in October 2020. As certain inputs are not observable in the market, contingent consideration payments are classified as Level 3 instruments and included in notes payable to seller on the condensed consolidated balance sheets. Significant changes in the significant unobservable inputs used in the Black-Scholes OPM to determine the fair value of contingent consideration would result in a significantly lower or higher fair value measurement. The Company adjusts the previous fair value estimate of contingent consideration at each reporting period based on changes in forecasted financial performance and overall risk as well as the period of time elapsed.

The purchase agreement with the sellers of Roccoor awarded such sellers with a contingent right to an earnout payment from the Company upon the achievement of certain revenue milestones for the year ended December 31, 2021. The earnout amount is determined based on one of the following: (i) \$0 if Roccoor revenue for the year ended December 31, 2021 is less than \$30.0 million, (ii) \$1.0 million if Roccoor revenue for the year ended December 31, 2021 is equal to or greater than \$30.0 million but less than \$40.0 million, (iii) \$2.0 million if Roccoor revenue for the year ended December 31, 2021 is equal to or greater than \$40.0 million.

During the three months ended March 31, 2023, the Company paid the contingent earnout to the Roccoor sellers in the amount of \$1.0 million in accordance with the purchase agreement.

*Committed Equity Facility*

On April 14, 2022, the Company entered into the Purchase Agreement and a Registration Rights Agreement with B. Riley. Pursuant to the Purchase Agreement, the Company has the right, but not the obligation, to direct B. Riley to purchase a specified amount of shares (each, a "Purchase") over the 24-month period from Commencement (as defined in the Purchase Agreement). Shares issued to B. Riley under the Purchase Agreement cannot exceed 19.99% of the shares outstanding prior to the execution of the Purchase Agreement. In addition, the number of shares eligible to be purchased by B. Riley in a single Purchase may not exceed the lesser of (i) 50% of the Purchase Volume Reference Amount, defined as the total aggregate volume of the Company's shares traded on the NYSE during ten consecutive trading days prior to the Purchase date divided by ten, and (ii) 20% of the total number of the Company's shares traded on the NYSE during the intraday purchase period, which is determined by the trading day on which B. Riley receives a valid purchase notice from the Company.

Pursuant to a Registration Rights Agreement entered into with B. Riley, the Company filed a registration statement on Form S-1 with the SEC on April 22, 2022, which registered an initial 9,000,000 shares of common stock to permit the subsequent resale of shares purchased under the committed equity facility.

The Company controls the timing and amount of any sales to B. Riley, which depend on a variety of factors including, among other things, market conditions, the trading price of the Company's common stock, and determinations by the Company as to appropriate sources of funding for its business and operations. However, B. Riley's obligation to purchase shares is subject to certain conditions. In all instances, the Company may not sell shares of its common stock under the Purchase Agreement if it would result in B. Riley



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beneficially owning more than 4.99% of its common stock at any one point in time.

During the second quarter of 2022, the Company evaluated the Purchase Agreement with B. Riley and determined that the committed equity facility was not indexed to the Company's own common stock and, therefore, should be accounted for in accordance with ASC 815. Accordingly, the Company measured the derivative asset at fair value based on the consideration transferred to B. Riley in exchange for its irrevocable commitment to purchase up to \$80.0 million in shares of the Company's common stock. Subsequent changes in the fair value of the derivative asset are dependent upon, among other things, changes in the closing share price of the Company's common stock, the quantity and purchase price of shares purchased by B. Riley during the reporting period, the unused capacity under the committed equity facility as of the balance sheet date and the cost of raising other forms of capital. The Company adjusts the previous fair value estimate of the committed equity facility at each reporting period based on changes in the weighted average purchase price of shares purchased by B. Riley during the period, the unused capacity available under the committed equity facility, expected stock price volatility and other macroeconomic factors which impact the cost of raising comparable forms of capital.

Pursuant to the Purchase Agreement, the purchase price for each share of common stock is equal to 97% of the volume weighted average price ("VWAP") on the applicable purchase date, which results in a 3% fee on the purchase of the Company's common stock. The Company did not sell shares to B. Riley during the three months ended March 31, 2023.

Based on the March 31, 2023 closing price of \$3.03 per share and registered shares available for purchase under the committed equity facility of 8,090,331, the Company had \$24.5 million of unused capacity under the committed equity facility as of March 31, 2023.

#### *Private Warrants*

As part of the Merger, the private warrants were established as a liability and the public warrants were established as equity. Classification of the private warrants as liability instruments and public warrants as equity instruments was based on management's analysis of the guidance in ASC 815 and in a statement issued by the Staff of the SEC regarding the accounting and reporting considerations for warrants issued by special purpose acquisition companies entitled "Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies." Management determined that while the public warrants meet the definition of a derivative, they meet the equity scope exception in ASC 815-10-15-74(a) to be classified in stockholders' equity and are not subject to remeasurement provided that the Company continues to meet the criteria for equity classification. Management considered whether the private warrants display the three characteristics of a derivative under ASC 815, and concluded that the private warrants meet the definition of a derivative. However, the private warrants fail to meet the equity scope exception in ASC 815-10-15-74(a) and thus are classified as a liability measured at fair value, subject to remeasurement at each reporting period.

The private warrants were valued using a modified Black-Scholes OPM, which is classified as Level 3 within the fair value hierarchy. The following table presents the fair value per warrant and the valuation assumptions under the Black-Scholes OPM as of March 31, 2023 and December 31, 2022:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Fair value per share	\$ 0.53	\$ 0.17
Warrants outstanding	7,732,168	7,732,168
Exercise price	\$ 11.50	\$ 11.50
Common stock price	\$ 3.03	\$ 1.98
Expected option term (years)	3.42 years	3.67 years
Expected volatility	66.90 %	60.70 %
Risk-free rate of return	3.70 %	4.10 %
Expected annual dividend yield	— %	— %



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The following table presents information about the Company's financial instruments measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2022 were as follows:

		March 31, 2023			
	Balance Sheet Location	Level 1	Level 2	Level 3	Total
<b>Assets:</b>					
Committed equity facility	Other non-current assets	\$ —	\$ —	\$ 322	\$ 322
Total assets		\$ —	\$ —	\$ 322	\$ 322
<b>Liabilities:</b>					
Private warrants	Warrant liabilities	\$ —	\$ —	\$ 4,098	\$ 4,098
Contingent consideration	Notes payable to sellers	—	—	—	—
Total liabilities		\$ —	\$ —	\$ 4,098	\$ 4,098
		December 31, 2022			
	Balance Sheet Location	Level 1	Level 2	Level 3	Total
<b>Assets:</b>					
Committed equity facility	Other non-current assets	\$ —	\$ —	\$ 216	\$ 216
Total assets		\$ —	\$ —	\$ 216	\$ 216
<b>Liabilities:</b>					
Private warrants	Warrant liabilities	\$ —	\$ —	\$ 1,314	\$ 1,314
Contingent consideration	Notes payable to sellers	—	—	1,000	1,000
Total liabilities		\$ —	\$ —	\$ 2,314	\$ 2,314

Changes in the fair value of Level 3 financial assets and liabilities were as follows:

<u>Assets:</u>		Committed Equity Facility	Total Level 3	
December 31, 2022		\$ 216	\$ 216	
Changes in fair value		106	106	
March 31, 2023		<u>\$ 322</u>	<u>\$ 322</u>	
<u>Liabilities:</u>		Contingent Consideration	Private Warrants	Total Level 3
December 31, 2022		\$ 1,000	\$ 1,314	\$ 2,314
Changes in fair value		—	2,784	2,784
Settlements		(1,000)	—	(1,000)
March 31, 2023		<u>\$ —</u>	<u>\$ 4,098</u>	<u>\$ 4,098</u>

**Note E – Accounts Receivable, net**

The accounts receivable, net balance was as follows:

	March 31, 2023	December 31, 2022
Billed receivables	\$ 22,547	\$ 25,518
Unbilled receivables	934	1,208
Total accounts receivable, net	\$ 23,481	\$ 26,726

Accounts receivable are recorded for amounts to which the Company is entitled and has invoiced to the customer. Unbilled receivables, presented in the table above, consist of unbilled amounts under T&M contracts where billing and payment is subject solely to the passage of time.

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Substantially all accounts receivable as of March 31, 2023 are expected to be collected in 2023. The Company does not believe there is a significant exposure to credit risk as the majority of the Company's accounts receivable are due from U.S. and foreign governments or large prime contractors of such government entities. As a result, the change in the allowance for credit losses was not material during the three months ended March 31, 2023.

**Note F – Inventory**

The inventory balance was as follows:

	March 31, 2023	December 31, 2022
Raw materials	\$ 1,226	\$ 995
Work in process	226	474
Inventory	<u>\$ 1,452</u>	<u>\$ 1,469</u>

**Note G – Debt**

The table below presents details of the Company's debt as of the following periods including the effective interest rate as of March 31, 2023:

	Effective interest rate	March 31, 2023	December 31, 2022
Adams Street Term Loan	11.55 %	\$ 30,702	\$ 30,626
Adams Street Delayed Draw Term Loan	11.54	14,856	14,819
Adams Street Incremental Term Loan	11.49	31,773	31,695
D&O Financing Loans	1.92	899	1,798
Total debt		<u>78,230</u>	<u>78,938</u>
Less: unamortized discounts and issuance costs		1,532	1,615
Total debt, net		<u>76,698</u>	<u>77,323</u>
Less: Short-term debt, including current portion of long-term debt		1,679	2,578
Total long-term debt, net		<u>\$ 75,019</u>	<u>\$ 74,745</u>

*Adams Street Capital Credit Agreement*

On October 28, 2020, the Company entered into a credit agreement with Adams Street Capital (the "Adams Street Credit Agreement") the terms of which were subsequently modified through various amendments during 2021 and 2022. As amended, the Adams Street Credit Agreement includes (i) a \$31.0 million term loan commitment, (ii) a \$15.0 million delayed draw term loan, (iii) a \$32.0 million incremental term loan, and (iv) a \$25.0 million revolving credit facility commitment, all of which mature on October 28, 2026. As of March 31, 2023, available borrowings from the Company's revolving credit facility was \$25.0 million.

As of March 31, 2023, outstanding principal on the Adams Street Credit Agreement incurs cash interest in accordance with the prime rate plus the applicable rates as set forth in the table below:

	Eurocurrency Rate	Base Rate
Term loans	6.00 %	5.00 %
<b>Revolving credit facility:</b>		
Aggregate principal of \$5.0 million or less	6.00	5.00
Aggregate principal in excess of \$5.0 million	7.50	6.50

As amended in August 2022, the outstanding principal on the term loans and revolving loans incurs additional interest to be paid-in-kind ("PIK") of 2.00% per annum, which is accrued and added to the outstanding principal balance until the Company is in compliance with the consolidated total net leverage ratio. The requirement to comply with the consolidated total net leverage ratio was suspended through September 30, 2023, and such compliance resumes with the fiscal quarter ending December 31, 2023. In addition, the Company is required to maintain a minimum liquidity covenant of \$5.0 million measured on the last day of each fiscal month commencing with the month ending September 30, 2022 through September 30, 2023.

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The Adams Street Capital Credit Agreement, as amended, contains certain customary representations and warranties, affirmative and other covenants and events of default, including among other things, payment defaults, breach of representations and warranties, and covenant defaults.

As of March 31, 2023 and December 31, 2022, the Company was in compliance with its covenant requirements, as amended.

*D&O Financing Loan*

On September 3, 2021, the Company entered into a \$3.0 million loan (the “2021 D&O Financing Loan”) with BankDirect Capital Finance to finance the Company’s directors and officers insurance premium. The 2021 D&O Financing Loan has an interest rate of 1.74% per annum and a maturity date of May 3, 2022. In May 2022, the Company repaid the full outstanding principal and interest on the 2021 D&O Financing Loan.

On September 3, 2022, the Company entered into a \$2.7 million loan with AFCO Credit Corporation (the “2022 D&O Financing Loan”) to finance the Company’s directors and officers insurance premium. The 2022 D&O Financing Loan has an interest rate of 4.59% per annum and a maturity date of June 3, 2023.

**Note H – Leases**

The Company has entered into and acquired long-term leasing arrangements for the right to use various classes of underlying assets including facilities, vehicles and office equipment.

*Total Lease Costs*

The following table summarizes total lease costs for the period:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Finance lease cost:		
Amortization of ROU assets	\$ 85	\$ —
Interest on lease liabilities	20	—
Operating lease costs	955	723
Short-term lease costs	81	94
Total lease costs	\$ 1,141	\$ 817

Total lease costs are included in selling, general and administrative expenses and cost of sales on the condensed consolidated statements of operations and comprehensive income (loss).

*Other Supplemental Information*

The following table presents other supplemental information related to the Company’s leases:

	Three Months Ended			
	March 31, 2023		March 31, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Cash paid for lease liabilities	\$ 973	\$ 100	\$ 607	\$ —
Right-of-use assets obtained in exchange for new lease liabilities	577	300	3,629	—
Weighted average remaining lease term (in years)	4.6	3.4	3.2	0.0
Weighted average discount rate	5.6 %	8.9 %	4.2 %	— %

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**Note I – Income Taxes**

The table below presents the Company's effective income tax rate on pre-tax income from continuing operations for the following periods:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Effective tax rate	0.4 %	14.3 %

The effective tax rate for the three months ended March 31, 2023 differs from the U.S. federal income tax rate of 21.0% primarily due to the valuation allowance on the realization of the deferred tax assets. The effective tax rate for the three months ended March 31, 2022 differs from the U.S. federal income tax rate of 21.0% primarily due to nondeductible compensation costs on the Class P Unit Incentive plan, contingent earnout payments from the MIS acquisition, and state income tax expense.

The Company assesses the deferred tax assets for recoverability on a quarterly basis. In assessing the realizability of deferred income tax assets, the Company considers whether it is more-likely-than-not that some or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the net operating loss ("NOL") carryforwards are available. For the three months ended March 31, 2023, the Company concluded that it is more-likely-than-not that substantially all of its deferred tax assets will not be realized and established a full valuation allowance, whereas the Company concluded that substantially all of the deferred tax assets are more-likely-than-not realizable for the three months ended March 31, 2022. The change from the three months ended March 31, 2022 to the three months ended March 31, 2023 was driven by the additional amount of deferred tax assets expected to be generated on taxable losses, which resulted in an increase to the valuation allowance.

The effective tax rate was 0.4% compared to 14.3% for the three months ended March 31, 2023 and March 31, 2022, respectively. The difference in effective tax rate between periods was primarily related to an increase in the valuation allowance during the three months ended March 31, 2023.

**Note J – Commitments and Contingencies***Contingencies in the Normal Course of Business*

Under certain contracts with the U.S. government and certain governmental entities, contract costs, including indirect costs, are subject to audit by and adjustment through negotiation with governmental representatives. Revenue is recorded in amounts expected to be realized on final settlement of any such audits.

*Legal Proceedings*

The Company is subject to litigation, claims, investigations and audits arising from time to time in the ordinary course of business. Although legal proceedings are inherently unpredictable, the Company believes that it has valid defenses with respect to any matters currently pending against the Company and intends to defend itself vigorously. Excluding pending matters disclosed below, the outcome of these matters, individually and in the aggregate, is not expected to have a material impact on the Company's condensed consolidated financial statements.

On November 5, 2021, the Company was notified of potential accounting issues with a business unit by an employee in connection with his resignation. Management promptly informed the independent Audit Committee and its independent registered public accounting firm. The Audit Committee promptly engaged independent, external legal and accounting firms to complete an independent investigation. After completing its investigation, the Audit Committee concluded that the potential issues raised by the former employee did not require a restatement or adjustment of the Company's previously issued consolidated financial statements relating to any prior periods. However, the results of the investigation confirmed the existence of previously identified internal control deficiencies as well as identified certain additional internal control deficiencies. The Company self-reported this matter to the SEC on November 8, 2021 and continues to cooperate with any requests from the SEC.

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*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

On December 17, 2021, the Company, our CEO, Peter Cannito, and our former CFO, William Read, were named as defendants in a putative class action complaint filed in the United States District Court for the Middle District of Florida. That litigation is captioned *Lemen v. Redwire Corp. et al.*, Case No. 3:21-cv-01254-TJC-PDB (M.D. Fla.). On March 7, 2022, the Court appointed a lead plaintiff. On June 17, 2022, the lead plaintiff filed an amended complaint. In the amended complaint, the lead plaintiff alleges that the Company and certain of its directors and officers made misleading statements and/or failed to disclose material facts about the Company's business, operations, and prospects, allegedly in violation of Section 10(b) (and Rule 10b-5 promulgated thereunder) and Section 20(a) of the Exchange Act. As relief, the plaintiffs are seeking, among other things, compensatory damages. The defendants believe the allegations are without merit and intend to defend the suit vigorously. On August 16, 2022, the defendants moved to dismiss the complaint in its entirety, and such motion was denied by the Court on March 22, 2023. Given the early stage of the proceedings, a reasonable estimate of the amount of any possible loss or range of loss cannot be made at this time.

On May 25, 2022, a plaintiff commenced derivative litigation in the United States District Court for the District of Delaware on behalf of the Company against Peter Cannito, Les Daniels, Reggie Brothers, Joanne Isham, Kirk Konert, Jonathan Baliff, and John S. Bolton. That litigation is captioned *Yingling v. Cannito, et al.*, Case No. 1:22-cv-00684-MN (D. Del.). The complaint's allegations are similar to those of the class action lawsuit filed in December 2021, namely, that statements about Redwire's business and operations were misleading due to alleged material weaknesses in the Company's financial reporting internal controls. The plaintiff alleges the defendants violated Section 10(b) (and Rule 10b-5 promulgated thereunder) and Section 20(a) of the Exchange Act, breached their fiduciary duty by allowing misleading disclosures to be made, and caused the Company to overpay compensation and bonuses tied to the Company's financial performance. As relief, the plaintiffs are seeking, among other things, compensatory and punitive damages. This litigation has been stayed until the earlier of: (i) fifteen (15) days following the issuance of a decision resolving a motion for summary judgment in or public disclosure of a potential settlement of the class action lawsuit filed in December 21, 2021, or (ii) twenty (20) days following notice by either party of another pending derivative action and where the continuance of such stay may or will prejudice the noticing party's rights. The defendants believe the allegations are without merit and intend to defend the lawsuit vigorously. However, given the early stage of the proceedings, a reasonable estimate of the amount of any possible loss or range of loss cannot be made at this time.

On January 23, 2023, the Company received a Civil Investigative Demand from the antitrust division of the U.S. Department of Justice ("DOJ") regarding potential violations of Section 1 of the Sherman Act and Section 8 of the Clayton Act. No suit has been filed, and we intend to fully cooperate with the DOJ. Although a reasonable estimate of the amount of any possible loss or range of loss cannot be made at this early stage, we do not believe that any of our practices violated the Sherman Act or the Clayton Act.

#### *Business Combinations*

The Company has acquired and plans to continue to acquire businesses with prior operating histories. These acquisitions may have unknown or contingent liabilities, which the Company may become responsible for and could have a material impact on the Company's future operating results and cash flows. In addition, the Company may incur acquisition costs, regardless of whether or not the acquisition is ultimately completed, which may be material to future periods.

#### **Note K – Convertible Preferred Stock**

The table below presents details of the Company's Convertible Preferred Stock during the three months ended March 31, 2023.

	Shares	Amount
<b>Balance as of December 31, 2022</b>	<b>81,250</b>	<b>\$ 76,365</b>
Convertible preferred stock issued	—	—
Issuance costs related to convertible preferred stock	—	—
<b>Balance as of March 31, 2023</b>	<b>81,250</b>	<b>\$ 76,365</b>

On October 28, 2022, the Company filed a Certificate of Designation describing the terms and conditions of newly issued Series A convertible preferred stock of the Company, par value \$0.0001 (the "Convertible Preferred Stock"), with 88,000 total shares constituting the series. On or around the same date, the Company entered into investment agreements with (i) AE Industrial Partners Fund II, LP ("AEI Fund II") and AE Industrial Partners Structured Solutions I, LP ("AEI Structured Solutions", and together with AEI Fund II, ("AEI"), (ii) BCC Redwire Aggregator, LP ("Bain Capital") and (ii) various investors (collectively, the "Additional Investors," and together with AEI and Bain Capital, the "Investors"). Pursuant to the investment agreements, the Company sold an aggregate of 81,250 shares of Convertible Preferred Stock for an aggregate purchase price of \$81.25 million, or \$76.4 million net of issuance costs.

**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

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The Investment Agreements and the Additional Investment Agreements contain customary representations, warranties and covenants of the Company and Investors.

*Bain Capital Director and Nominees*

For so long as Bain Capital has record and beneficial ownership of at least 50% of the Purchased Shares issued to it at the time of the Bain Capital Closing, Bain Capital will have the right to designate one member to the Board of Directors of the Company.

*Convertible Preferred Stock Features*

No holder of Convertible Preferred Stock may transfer any of their shares to any unaffiliated person for twelve (12) months following the closing date of the applicable investment agreement, except for certain exceptions, including that Bain Capital and AEI may transfer shares to each other. Bain Capital and AEI have been provided customary preemptive rights with respect to the Convertible Preferred Stock and, after the seventh anniversary of their respective closing dates, for so long as each holder has record and beneficial ownership of at least 50% of the Purchased Shares initially issued to them, may cause the Company to retain an investment banker to identify and conduct a potential sale of the Company.

The Convertible Preferred Stock is convertible into shares of Common Stock at an initial conversion price of \$3.05 per share, subject to customary anti-dilution and price protective adjustments.

As of March 31, 2023, the 81,250 outstanding shares of Convertible Preferred Stock were convertible into approximately 28,070,892 shares of the Company's Common Stock, subject to the 19.99% Limitation (as defined below). The holders of Convertible Preferred Stock are entitled to vote with the holders of Common Stock, on an as-converted basis, subject to the 19.99% Limitation. In addition, holders of Convertible Preferred Stock have the right, at their option and at any time, to convert their shares into shares of the Common Stock. Each share of Convertible Preferred Stock will mandatorily convert upon achieving thresholds related to the Company's market capitalization and profitability metrics and the Company is required to make an offer to repurchase the outstanding Convertible Preferred Stock upon a fundamental change.

The Company previously obtained the requisite shareholder approval for the conversion of the Convertible Preferred Stock into Common Stock above the 19.99% Limitation. However, unless and until the Company files with the SEC a Schedule 14C information statement pursuant to Section 14(c) of the Exchange Act, in connection with the requisite shareholder approval, (i) the Convertible Preferred Stock may not be converted into shares of Common Stock in excess of 19.99% of the 63,852,690 shares outstanding as of October 28, 2022 immediately after giving effect to such conversion (the "Conversion Cap") and (ii) the aggregate number of votes to which all holders of outstanding shares of Convertible Preferred Stock are entitled to vote may not exceed 19.99% of the aggregate number of votes to which all shareholders of the Company were entitled to vote as of October 28, 2022 (including the holders of shares of Preferred Stock) (the "Voting Cap" and, together with the Conversion Cap, the "19.99% Limitation").

Dividends on the Convertible Preferred Stock can be paid in either cash or in kind in the form of additional shares of Convertible Preferred Stock (such payment in kind, "PIK"), at the option of the Company, subject to certain exceptions. If paid in cash, such dividends will be paid at a rate of 13% per annum, subject to certain adjustments and exceptions or, if the Company issues PIK dividends, at a rate of 15% per annum, subject to certain adjustments and exceptions. Each holder of Convertible Preferred Stock has been given certain registration rights pursuant to the Registration Rights Agreement, dated October 28, 2022. As of March 31, 2023, the accumulated but not declared or paid dividends on the Convertible Preferred Stock were \$4.4 million.

Based on an evaluation of the Investment Agreements, the Company determined that the Convertible Preferred Stock is contingently or optionally redeemable and, therefore, does not require liability classification under ASC 480, *Distinguishing Liabilities from Equity*. However, due to the Convertible Preferred Stock being redeemable at the option of the holder or upon a fundamental change, which includes events that are not fully within the Company's control, it was determined that the Convertible Preferred Stock should be classified as one line item in temporary (mezzanine) equity on the Company's condensed consolidated balance sheets.

**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

**Liquidation Preference**

The Convertible Preferred Stock ranks senior to the Company's common stock. In the event of any liquidation or winding up of the Company, the holders of the Convertible Preferred Stock shall be entitled to receive in preference to the holders of the Company's Common Stock the greater of (a) the greater of (i) two times the Initial Value, defined as \$1,000 per share and (ii) the Initial Value plus accrued and unpaid dividends, whether or not declared, and (b) the amount that would have been received based on the if-converted Accrued Value, defined as Initial Value plus accrued and unpaid dividends, whether or not declared. As of March 31, 2023, and December 31, 2022, respectively, the liquidation preference of the Convertible Preferred Stock was \$162.5 million and \$162.5 million.

**Note L – Revenues**

The table below presents revenues by customer grouping for the following periods:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Civil space	\$ 26,055	\$ 16,164
National security	10,582	7,578
Commercial and other	20,968	9,125
Total revenues	<u>\$ 57,605</u>	<u>\$ 32,867</u>

**Contract Balances**

The table below presents the contract assets and contract liabilities included on the condensed consolidated balance sheets for the following periods:

	March 31, 2023	December 31, 2022
Contract assets	<u>\$ 40,741</u>	<u>\$ 31,041</u>
Contract liabilities	<u>\$ 24,999</u>	<u>\$ 29,817</u>

The increase in contract assets was primarily driven by revenue growth and the timing of billable milestones occurring during the three months ended March 31, 2023.

The change in contract liabilities was primarily driven by the timing of billable milestones occurring during the three months ended March 31, 2023. Revenue recognized in the three months ended March 31, 2023 that was included in the contract liability balance as of December 31, 2022 was \$18.7 million. Revenue recognized in the three months ended March 31, 2022 that was included in the contract liability balance as of December 31, 2021 was \$7.8 million.

The Company evaluates the contract value and cost estimates at completion ("EAC") for performance obligations at least quarterly and more frequently when circumstances significantly change. Due to the nature of the work required to be performed on many of the Company's performance obligations, the estimate of total revenue and cost at completion is complex, subject to many variables and requires significant judgment by management on a contract by contract basis. As part of this process, management reviews information including, but not limited to, labor productivity, the nature and technical complexity of the work to be performed, availability and cost volatility of materials, subcontractor and vendor performance, volume assumptions, inflationary trends, and schedule and performance delays. Management's judgment related to these considerations has become increasingly more significant given the current macroeconomic environment.

When the Company's estimate of total costs to be incurred to satisfy a performance obligation exceeds the expected revenue, the Company recognizes the loss immediately. When the Company determines that a change in estimate has an impact on the associated profit of a performance obligation, the Company records the cumulative positive or negative adjustment to the statement of operations and comprehensive income (loss). Changes in estimates and assumptions related to the status of certain long-term contracts may have a material effect on the Company's operating results.

**REDWIRE CORPORATION**  
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The following table summarizes the favorable (unfavorable) impact of the net EAC adjustments for the periods presented:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Net EAC adjustments, before income taxes	\$ (1,610)	\$ (1,764)
Net EAC adjustments, net of income taxes	(1,604)	(1,511)
Net EAC adjustments, net of income taxes, per diluted share	(0.02)	(0.02)

The change in net EAC adjustments in both 2023 and 2022 were primarily due to increased production costs and labor market constraints driven the macroeconomic factors, including inflation.

**Remaining Performance Obligations**

As of March 31, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was \$266.7 million. The Company expects to recognize approximately 70% of its remaining performance obligations as revenue within the next 12 months and the balance thereafter.

**Geographic Information and Significant Customers**

The table below presents revenues based on the geographic location of the Company's customers for the following periods:

	Three Months Ended	
	March 31, 2023	March 31, 2022
U.S.	\$ 43,783	\$ 31,351
Europe	13,822	1,334
Other	—	182
Total revenues	\$ 57,605	\$ 32,867

The majority of the Company's revenues are derived from government contracts. Customers comprising 10% or more of revenues were as follows for the periods presented:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Customer A <sup>(1)</sup>	\$ 9,036	\$ —
Customer B <sup>(1)</sup>	6,681	—
Customer C	5,903	8,439
Total	\$ 21,620	\$ 8,439

<sup>(1)</sup> While revenue may have been generated during each of the periods presented, amounts are only disclosed for the periods in which revenues represented 10% or more of total revenue.

**Note M – Employee Benefit Plans**

**Post-Retirement Benefit Plans**

As a result of the Space NV acquisition, the Company sponsors various post-retirement benefit plans for certain non-U.S. employees including two cash balance plans: (i) a defined benefit pension plan with risk-based coverage for death and disability benefits (collectively, the "Base Plan") and (ii) a supplementary pension bonus plan that provides variable remuneration linked to employees' performance (the "Performance Plan"). The Company has taken actions to mitigate the risk related to its post-retirement benefit plans through pension risk transfer transactions whereby the Company subscribes to group insurance policies, which are funded by employee and employer premiums determined at the beginning of each plan year. The Company has determined that the unit of account is the insurance contract and therefore, on a plan-by-plan basis, recognizes the net funded status as either a net liability, to the extent that the benefit obligation exceeds the fair value of plan assets, or a net asset, to the extent that the fair value of plan assets exceeds the benefit obligation.

As of March 31, 2023 and December 31, 2022, the Company maintained two dormant pension accounts for former ROS employees who have chosen not to transfer their contributions to a new employer as of the respective dates. The Company's obligations under these plans were not significant individually or in the aggregate and, as such, are not included in the following tables. Prior to the acquisition of Space NV on October 31, 2022, the Company did not participate in any defined benefit plans. Therefore, there were no corresponding amounts reflected in the Company's consolidated financial statements prior to that date.



**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

**Income Statement Information**

The following table provides the components of net periodic benefit cost and other amounts recognized in the consolidated statements of operations during the periods presented:

	Three Months Ended March 31, 2023	
	Base Plan	Performance Plan
<b>Net periodic benefit cost:</b>		
Service cost	\$ 81	\$ 388
Interest cost	57	24
Expected return on plan assets	(57)	(22)
<b>Net periodic benefit cost</b>	<b>\$ 81</b>	<b>\$ 390</b>

**Contributions**

The required funding of our qualified defined benefit pension plans is determined in accordance with Belgium Regulation. The following table presents contributions made by the employee and employer for the period presented as well as the following year:

	Three Months Ended March 31, 2023	
	Base Plan	Performance Plan
<b>Contributions by:</b>		
Employee	\$ 59	\$ —
Employer	99	386

**Note N – Equity-Based Compensation**

**Class P Unit Incentive Plan**

Holdings, the Company's former parent, adopted a written compensatory benefit plan (the "Class P Unit Incentive Plan") to provide incentives to existing or new employees, officers, managers, directors, or other service providers of the Company or its subsidiaries in the form of Holdings' Class P Units ("Incentive Units"). As amended, the Tranche I and the Tranche III Incentive Units became fully vested, upon the closing of the Merger. Holdings also amended the Class P Unit Incentive Plan so that the Tranche II Incentive Units would vest on any liquidation event, as defined in the Class P Unit Incentive Plan, rather than only upon consummation of the sale of Holdings, subject to the market-based condition stipulated in the Class P Unit Incentive Plan prior to its amendment. All compensation expense related to Incentive Units was recognized during 2021 and 2022. As of March 31, 2023, Tranches I and III were fully vested, while Tranche II is still subject to the market-based vesting condition.

**2021 Omnibus Incentive Plan**

**Stock Options**

The Company's 2021 Omnibus Incentive Plan (the "Plan") authorizes the grant of stock options (incentive and non-qualified) to purchase shares of the Company's common stock with a contractual term of 10 years. The options vest over a three-year term as follows: 33.3% on the first anniversary of the grant date, 33.3% on the second anniversary of the grant date, and 33.4% on the third anniversary of the grant date. Vesting is contingent upon continued employment or service to the Company; both the vested and unvested portion of an option will be immediately forfeited and canceled if employment or service ceases to the Company. The Company recognizes equity-based compensation expense for the options equal to the fair value of the awards on a straight-line basis over the service based vesting period and recognizes forfeitures as they occur.

**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

A summary of stock options activity under the Plan as of March 31, 2023 and changes during three months ended March 31, 2023 is presented as follows:

	Shares	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2022	2,153,591	\$ 2.70	\$ 7.22	8.60
Forfeited	(37,999)	2.81	7.74	
Outstanding at March 31, 2023	2,115,592	\$ 2.70	\$ 7.21	8.30

As of March 31, 2023, the total unrecognized compensation cost related to unvested stock options granted under the Plan was \$2.8 million and there were 480,472 stock options that were vested and exercisable.

*Restricted Stock Units*

Restricted stock units awarded under the Plan follow the same contractual terms and vesting conditions as the options described above and are generally subject to forfeiture in the event of termination of employment prior to vesting dates. The Company recognizes equity-based compensation expense for the restricted stock units equal to the fair value of the awards on a straight-line basis over the service based vesting period and recognizes forfeitures as they occur.

A summary of restricted stock units activity under the Plan as of March 31, 2023 and changes during the three months ended March 31, 2023 is presented as follows:

	Restricted Shares	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Unvested at December 31, 2022	2,282,778	\$ 6.30	1.3	\$ 4,520
Forfeited	(96,944)	7.19		
Unvested at March 31, 2023	2,185,834	\$ 6.26	1.1	\$ 6,623

As of March 31, 2023, total unrecognized compensation cost related to unvested restricted stock units granted under the Plan was \$10.1 million and is expected to be recognized over a weighted-average period of 1.8 years.

The table below presents the equity-based compensation expense recorded during the following periods:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Cost of Sales		
Incentive Units	\$ —	\$ 181
Stock Options	46	12
Restricted Stock Units	673	627
Total cost of sales	\$ 719	\$ 820
Selling, general and administrative expenses		
Incentive Units	—	2,171
Stock Options	361	409
Restricted Stock Units	878	1,011
Total selling, general and administrative expenses	\$ 1,239	\$ 3,591
Total equity-based compensation expense	\$ 1,958	\$ 4,411

**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

**Note O – Net Income (Loss) per Common Share**

A reconciliation of the basic and diluted net income (loss) per share were computed for the periods presented is as follows:

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Numerator:</b>		
Net income (loss) attributable to Redwire Corporation	\$ (7,258)	\$ (17,293)
Less: dividends on Convertible Preferred Stock	4,366	—
Net income (loss) available to common shareholders	(11,624)	(17,293)
<b>Denominator:</b>		
Weighted-average common shares outstanding:		
Basic	64,280,631	62,690,869
Diluted	64,280,631	62,690,869
<b>Net income (loss) per common share:</b>		
Basic and diluted	\$ (0.18)	\$ (0.28)

Basic and diluted net income (loss) per common share are calculated by dividing net income (loss) available to common shareholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Net income (loss) available to common shareholders (the numerator) is calculated by deducting both dividends declared and accumulated, regardless of the form of payment, during the period from Net income (loss) attributable to Redwire Corporation as presented on the condensed consolidated statements of operations and comprehensive income (loss).

Basic net income (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares and common equivalent shares outstanding for the periods presented using the treasury-stock method or, for participating securities, the if-converted method or two-class method, whichever is more dilutive. Common equivalent shares outstanding includes the dilutive effects from the assumed issuance, exercise or conversion of warrants, equity-based awards, and the Convertible Preferred Stock, except when antidilutive.

Because the Company had a net loss for all periods presented, the Company did not have any dilutive securities and/or other contracts that could, potentially, be exercised or converted into shares of common stock and then share in the earnings of the Company. As a result, diluted net income (loss) per common share is the same as basic net income (loss) per common share for the periods presented. Please refer to Note D – Fair Value of Financial Instruments, Note K – Convertible Preferred Stock, and Note N – Equity-Based Compensation for additional information on the Company's warrants, Convertible Preferred Stock, and equity-based compensation awards, respectively.

**Note P – Joint Venture**

Through the acquisition of Space NV, the Company participates in a joint venture operation with SES Techcom S.A. ("Techcom") for the purpose of performing M&O Services to the European Space Agency, among others. Pursuant to a shareholders agreement dated June 28, 2007, this joint venture was created under the form of two companies: RSS and ROS, both of which are organized under Belgian law. Total authorized share capital for RSS and ROS was €250 thousand. The Company has an ownership interest in RSS and ROS of 48% and 52%, respectively, while Techcom has ownership interests in RSS and ROS of 52% and 48%, respectively. Voting rights, board representation and distribution of residual returns is proportionate to these equity interests.

M&O Services provided under the joint venture include development, operation and maintenance of satellite communication systems and ground facilities as well as in-orbit testing and educational support services on delivered infrastructure. These services are jointly performed with ROS serving as a subcontractor to RSS. Pursuant to an agreement dated April 1, 2022 (the "Transfer Agreement"), all M&O activities were transferred from ROS to RSS, including personnel, and the subcontractor relationship between ROS and RSS was terminated on the same date. Subsequent to this transfer, ROS continues to exhibit a significant influence over the joint venture operations and receives a management fee in exchange for administrative services.

In accordance with ASC 810, *Consolidation*, both RSS and ROS are accounted for under the variable interest entity (“VIE”) model due to insufficient equity investment at risk to finance operations without subordinated financial support. Additional information with regard to these entities is provided below.

### *Consolidated Variable Interest Entity*

ROS was formed with an initial issued share capital of €0.1 million representing 1,000 shares of €100 par value each. The shares were fully paid upon incorporation with Space NV and Techcom owning 52% and 48%, respectively. ROS's board of directors is composed of five members elected for renewable terms of 2 years. As previously noted, board representation under the joint venture is proportionate to equity ownership with Space NV holding a majority as of March 31, 2023 and December 31, 2022.

The Company evaluated its interests in the joint venture and determined that Space NV had a variable interest in ROS as of March 31, 2023 and December 31, 2022. Due to their power to direct activities of the VIE that most significantly impact its economic performance, Space NV was determined to be the primary beneficiary and, therefore, consolidated ROS as of December 31, 2022 and March 31, 2023. Total assets and total liabilities for ROS as of March 31, 2023 and December 31, 2022 were \$0.7 million and \$0.3 million, respectively and \$1.6 million and \$1.1 million, respectively. As a result of the Transfer Agreement, net income from ROS for the three months ended March 31, 2023 was de minimis for disclosure.

### *Nonconsolidated Variable Interest Entity*

RSS was also formed with an initial issued share capital of €0.1 million representing 1,000 shares of €100 par value each. The shares were fully paid upon incorporation with Techcom and Space NV owning 52% and 48%, respectively. RSS's board of directors is composed of five members elected for renewable terms of 2 years. As previously noted, board representation under the joint venture is proportionate to equity ownership with Techcom holding a majority as of December 31, 2022 and March 31, 2023.

The Company determined that Space NV was not the primary beneficiary of RSS due to Techcom having the power to direct the activities of the VIE that most significantly impact its economic performance. As a result of having greater than 20% ownership but less than 50% and holding two of five board seats, Space NV has the ability to exercise significant influence over the entity. Accordingly, RSS is accounted for as an equity method investment.

During the three months ended March 31, 2023, the Company recognized income (loss) from RSS of \$(0.1) million which is included in other (income) expense, net on the condensed consolidated statements of operations and comprehensive income (loss). The carrying value of the equity method investment was \$3.3 million and \$3.3 million as of March 31, 2023 and December 31, 2022, respectively.

## Note O – Related Parties

The table below presents details of the Company's related party transactions included on the condensed consolidated balance sheets and the condensed consolidated statements of operations and comprehensive income (loss) for the following periods:

[illegible]

**REDWIRE CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
*(Tabular amounts in thousands of U.S. dollars, except percentages, unit, share, and warrant amounts)*

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A customer of the Company, Related Party A, was a related party for the periods presented in the table above as Peter Cannito, the Company's Chairman and Chief Executive Officer, and Kirk Konert, a member of the Company's board of directors, also serve on the board of directors for the customer effective during the second quarter of 2022.

A customer of the Company, Related Party B, was a related party for the periods presented in the table above as AEI acquired a majority interest in the customer during the fourth quarter of 2022.

In the normal course of business, the Company participates in related party transactions with certain vendors and customers where AEI maintains a significant ownership interest and/or can exhibit significant influence on the operations of such parties. For the three months ended March 31, 2023 and March 31, 2022, transactions with other companies in AEI's investment portfolio, not separately disclosed, did not have a material impact on the Company's condensed consolidated financial statements.

Please refer to Note K – Convertible Preferred Stock, for related party transactions associated with the Company's Convertible Preferred Stock.

**Note R – Subsequent Events**

On May 1, 2023, in accordance with the Convertible Preferred Stock Certificate of Designation, the Company issued 6,039.66 shares of Series A Convertible Preferred Stock to holders of record as of April 15, 2023 as paid-in-kind Dividends on the Convertible Preferred Stock. As such, the 87,289.66 outstanding shares of Convertible Preferred Stock were convertible into approximately 28,619,562 shares of the Company's Common Stock as of May 1, 2023, subject to the 19.99% Limitation.

In accordance with the provisions of the Adams Street Credit Agreement, as amended, the Company met certain requirements to end the incremental 2.00% per annum PIK interest, effective May 1, 2023. The previously suspended requirement to comply with the consolidated total net leverage ratio remains in effect with such requirement to comply resuming with the first fiscal quarter test period ending December 31, 2023.

The Company has evaluated subsequent events after the condensed consolidated balance sheet as of March 31, 2023 through the condensed consolidated financial statements issuance date and there were no additional subsequent events that required disclosure.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and accompanying notes included in this Quarterly Report on Form 10-Q. Certain information contained in this discussion and analysis includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to "Item 1A. Risk Factors" and the "Cautionary Note Regarding Forward-Looking Statements" sections of this Quarterly Report on Form 10-Q. Unless the context otherwise requires, all references in this section to the "Company," "Redwire," "we," "us" or "our" refer to Redwire Corporation and its consolidated subsidiaries.*

### **Business Overview**

Redwire is a global leader in space infrastructure - we provide the foundational building blocks that are enabling the most complex space missions. With decades of flight heritage combined with the agile and innovative culture of a commercial space platform, we are uniquely positioned to assist our customers in solving the complex challenges of future space missions.

With decades of proven flight heritage uniquely combined with innovative products and culture, Redwire is uniquely positioned to assist our customers in solving the complex challenges of future space missions and industries. Redwire has three primary areas of focus that form our business: (1) enabling space mission providers, such as government agencies and large prime contractors, with a broad portfolio of space infrastructure, systems, subsystems, and components; (2) providing the infrastructure and technology needed for people to permanently explore, live and work in space; and (3) assisting international spacefaring allies in the development of organic space capabilities.

Redwire is a global leader in space infrastructure enabling space mission providers with the foundational building blocks needed for their complex space missions to succeed. Space infrastructure is critical to our terrestrial economy in areas such as telecommunications, navigation and timing, climate monitoring, weather forecasting, Earth observation, national security, and even planetary defense. Redwire does not offer full mission solutions for all these areas, but our government and marquee customers such as government agencies and large prime contractors do. We offer a broad array of products and services, many of which have been enabling space missions since the 1960s and have been flight-proven on over 200 spaceflight missions, including missions such as the GPS constellation, New Horizons and Perseverance. We are also a provider of innovative technologies with the potential to help transform the economics of space and create new markets for its exploration and commercialization. One example of this is our proprietary roll out solar array ("ROSA") systems. Other examples of our proprietary technologies include deployable structures, human-rated camera systems and digital engineering.

### **Recent Developments**

During the first quarter of 2023, the Company continued to deliver improved operations and financial performance year-over-year.

- Revenues increased 75.3% during the first quarter of 2023, as compared to the same period in 2022.
- Selling, general and administrative expenses decreased 23.4% during the first quarter of 2023, as compared to the same period in 2022.
- Net Loss decreased 58.0% during the first quarter of 2023, as compared to the same period in 2022.
- Net cash used in operating activities increased \$2.6 million during the first quarter of 2023, as compared to the same period in 2022.
- Contracted Backlog increased year-over-year to \$286.8 million as of March 31, 2023, as compared to \$137.3 million as of March 31, 2022.

### **Macroeconomic Environment**

We continue to evaluate the ongoing impact of adverse macroeconomic conditions including, among others, heightened inflation, rising interest rates, volatility in capital markets, supply chain disruptions, labor shortages, regulatory challenges have affected the Company's cost of capital, financial condition and results of operations. During 2022, inflation and supply chain pressures adversely impacted the schedule of various programs and increased production costs which impacted our revenues and gross margins. While the direct impact of COVID-19 was limited during the first quarter of 2023, the long-term impacts on the business remain uncertain, particularly as it relates to the macroeconomic factors described above.

## Results of Operations

### Results of operations for the three months ended March 31, 2023 compared to the three months ended March 31, 2022

The following table presents our results of operations for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 expressed in U.S. thousands of dollars, along with the percentage of revenues and the dollar and percent change compared to the prior period:

(in thousands, except percentages)	Three Months Ended				\$ Change from prior year period	% Change from prior year period
	March 31, 2023	% of revenues	March 31, 2022	% of revenues		
Revenues	\$ 57,605	100 %	\$ 32,867	100 %	\$ 24,738	75 %
Cost of sales	43,388	75	27,696	84	15,692	57
Gross margin	14,217	25	5,171	16	9,046	175
Operating expenses:						
Selling, general and administrative expenses	16,038	28	20,951	64	(4,913)	(23)
Transaction expenses	9	—	46	—	(37)	(80)
Research and development	388	1	1,724	5	(1,336)	(77)
Operating income (loss)	(2,218)	(4)	(17,550)	(53)	15,332	(87)
Interest expense, net	2,644	5	1,452	4	1,192	82
Other (income) expense, net	2,427	4	1,180	4	1,247	106
Income (loss) before income taxes	(7,289)	(13)	(20,182)	(61)	12,893	(64)
Income tax expense (benefit)	(31)	—	(2,889)	(9)	2,858	(99)
Net income (loss)	(7,258)	(13)	(17,293)	(53)	10,035	(58)
Net income (loss) attributable to noncontrolling interests	—	—	—	—	—	—
Net income (loss) attributable to Redwire Corporation	\$ (7,258)	(13) %	\$ (17,293)	(53) %	\$ 10,035	(58) %

For purposes of the following discussion and analysis, the financial impact related to the 2022 acquisition of Redwire Space NV (f/k/a QinetiQ Space NV) (“Space NV”) is referred to as the “Space NV Acquisition.”

#### *Revenues*

Revenues increased by \$24.7 million, or 75%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The year-over-year increase in revenues was driven by \$12.3 million of contributed revenue from the Space NV Acquisition as well as growth in the deployables and engineering services space. The growth is primarily due to changes in contract mix and an increase in average contract size compared to the same period in 2022.

#### *Cost of Sales*

Cost of sales increased \$15.7 million, or 57%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The year-over-year increase in cost of sales was primarily driven by increased costs associated with revenue growth for the period, \$10.0 million of contributed cost of sales from the Space NV Acquisition, as well as a continued impact from the macroeconomic factors, including inflation and supply chain pressures, which increased production costs and changed the timing of subcontracted work.

#### *Gross Margin*

Gross margin increased \$9.0 million, or 175%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. As a percentage of sales, gross margin was 25% and 16% for the three months ended March 31, 2023 and March 31, 2022, respectively. The year-over-year increase in gross margin was primarily driven by focused cost reduction activities, an increase in large fixed-price contract awards as a percentage of revenues and completion of low gross margin contracts to improve the overall contract portfolio gross margin.

#### *Selling, General and Administrative Expenses (SG&A)*

SG&A expenses as a percentage of revenues was 28% for the three months ended March 31, 2023 compared to 64% for the three months ended March 31, 2022. The year-over-year decrease in SG&A was primarily driven by a decrease in share-based

compensation and legal expenses of \$2.4 million and \$2.2 million, respectively. This decrease also reflects the Company's continued focus on cost discipline and streamlining corporate overhead costs to enhance operating leverage. These cost savings were partially offset by \$3.6 million of contributed SG&A from the Space NV Acquisition.

#### *Transaction Expenses*

Transaction expenses for the three months ended March 31, 2023 were relatively consistent with the comparable period in 2022.

#### *Research and Development*

Research and development expenses decreased \$1.3 million, or 77%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The decrease was primarily driven by the redirection of resources to direct billing projects as well as investment planning to limit research and development costs to future technologies that are aligned with end-market needs and support long-term profitability and a sustainable competitive advantage.

#### *Interest Expense, net*

Interest expense, net increased \$1.2 million, or 82.1%, for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022. This increase was primarily related to an increase in our cost of capital due to unfavorable changes in variable interest rates on the Company's debt obligations. This includes the incremental impact of accrued interest to be paid-in-kind ("PIK") during the three months ended March 31, 2023, for which there was no comparable cost during the same period in 2022. Please refer to Note G – Debt of the accompanying notes to the condensed consolidated financial statements for additional information related to the Company's debt obligations.

#### *Other (Income) Expense, net*

Other (income) expense, net increased \$1.2 million, or 106%, for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. This year-over-year increase was primarily due to a \$2.8 million loss as a result of an increase in the fair value of the Company's private warrant liability for the three months ended March 31, 2023 as compared to \$1.2 million for the comparable period in 2022. Please refer to Note D – Fair Value of Financial Instruments of the accompanying notes to the condensed consolidated financial statements for additional information related to the private warrants.

#### *Income Tax Expense (Benefit)*

The table below provides information regarding our income tax expense (benefit) for the following periods:

	Three Months Ended	
	March 31, 2023	March 31, 2022
(in thousands, except percent)		
Income tax expense (benefit)	\$ (31)	\$ (2,889)
Effective tax rate	0.4 %	14.3 %

The decrease in our effective tax rate for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is primarily due to an increase in the valuation allowance during the three months ended March 31, 2023. Please refer to Note I – Income Taxes of the accompanying notes to the condensed consolidated financial statements for additional information.

#### *Net Income (Loss) Attributable to Noncontrolling Interests*

The net income (loss) attributable to noncontrolling interests for the three months ended March 31, 2023 was de minimis for disclosure. There was no such comparable amounts during the prior year. Please refer to Note P – Joint Venture of the accompanying notes to the condensed consolidated financial statements for additional information.

#### **Supplemental Non-GAAP Information**

We use Adjusted EBITDA and Pro Forma Adjusted EBITDA to evaluate our operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses and the allocation of internal resources which are not calculated in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and are considered to be Non-GAAP financial performance measures. These Non-GAAP financial performance measures are used to supplement the financial information presented on a U.S. GAAP basis and should not be considered in isolation or as a substitute for the relevant U.S. GAAP measures and should be read in conjunction with information presented on a U.S. GAAP basis. Because not all companies use identical calculations, our presentation of Non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Adjusted EBITDA is defined as net income (loss) adjusted for interest expense, net, income tax (benefit) expense, depreciation and amortization, impairment expense, acquisition deal costs, acquisition integration costs, acquisition earnout costs, purchase accounting



fair value adjustment related to deferred revenue, severance costs, capital market and advisory fees, litigation-related expenses, write-off of long-lived assets, equity-based compensation, committed equity facility transaction costs, debt financing costs, and warrant liability fair value adjustments. Pro Forma Adjusted EBITDA is defined as Adjusted EBITDA further adjusted for the incremental Adjusted EBITDA that acquired businesses would have contributed for the periods presented if such acquisitions had occurred on January 1 of the year in which they occurred. Accordingly, historical financial information for the businesses acquired includes pro forma adjustments calculated in a manner consistent with the concepts of Article 8 of Regulation S-X, which are ultimately added back in the calculation of Adjusted EBITDA. From March 2020 through March 31, 2023, the Company has completed nine acquisitions, and as such, we believe Pro Forma Adjusted EBITDA provides meaningful insights into the impact of strategic acquisitions as well as an indicative run rate of the Company's future operating performance.

The table below presents a reconciliation of Adjusted EBITDA and Pro Forma Adjusted EBITDA to net income (loss), computed in accordance with U.S. GAAP for the following periods:

(in thousands)	Three Months Ended	
	March 31, 2023	March 31, 2022
Net income (loss)	\$ (7,258)	\$ (17,293)
Interest expense, net	2,644	1,452
Income tax expense (benefit)	(31)	(2,889)
Depreciation and amortization	2,466	3,658
Acquisition deal costs (i)	9	46
Acquisition integration costs (i)	306	458
Purchase accounting fair value adjustment related to deferred revenue (ii)	15	26
Severance costs (iii)	144	—
Capital market and advisory fees (iv)	1,388	1,958
Litigation-related expenses (v)	25	2,266
Equity-based compensation (vi)	1,958	4,411
Committed equity facility transaction costs (vii)	(106)	—
Warrant liability change in fair value adjustment (viii)	2,784	1,238
Adjusted EBITDA	4,344	(4,669)
Pro forma impact on Adjusted EBITDA (ix)	—	994
Pro Forma Adjusted EBITDA	\$ 4,344	\$ (3,675)

- i. Redwire incurred acquisition costs including due diligence, integration costs and additional expenses related to pre-acquisition activity.
- ii. Redwire incurred purchase accounting fair value adjustments to unwind deferred revenue for MIS.
- iii. Redwire incurred severance costs related to separation agreements entered into with former employees.
- iv. Redwire incurred capital market and advisory fees related to advisors assisting with transitional costs associated with becoming a public company and the internalization of corporate services.
- v. Redwire incurred expenses related to the Audit Committee investigation and securities litigation as further described in Note J of the accompanying notes to the consolidated financial statements.
- vi. Redwire incurred expenses related to equity-based compensation under Redwire's equity-based compensation plan.
- vii. Redwire adjusted the fair value of the associated derivative asset with changes in fair value recognized as a gain or loss during the respective periods.
- viii. Redwire adjusted the fair value of the private warrant liability with changes in fair value recognized as a gain or loss during the respective periods.
- ix. Pro forma impact is computed in a manner consistent with the concepts of Article 8 of Regulation S-X and represents the incremental results of a full period of operations assuming the entities acquired during the periods presented were acquired from January 1 of the year in which they occurred. For the three months ended March 31, 2022, the pro forma impact included the results of Space NV.

**Key Performance Indicators**

The following Key Performance Indicators (“KPIs”) are used by Management to assess the financial performance of the Company, monitor relevant trends and support financial, operational and strategic decision-making. Management frequently monitors and evaluates KPIs against internal targets, core business objectives as well as industry peers and may, on occasion, change the mix or calculation of KPIs to better align with the business, its operating environment and standard industry metrics. If the Company changes the method by which it calculates or presents a KPI, prior period disclosures are recast to conform to current presentation.

During the first quarter of 2023, we made the following changes with respect to our KPIs:

- Changed the book-to-bill calculation to present this metric on an LTM (“Last Twelve Months”) basis, whereas prior period disclosures were presented on a year-to-date basis. Book-to-bill LTM is calculated by aggregation of quarterly revenues and contracts awarded for the last four quarters.
- Changed the backlog calculation to present only contracted backlog, whereas prior period disclosures also presented uncontracted backlog. There was no change in the calculation of contracted backlog.

Management believes these presentation changes will provide meaningful insights into contract award trends and increase comparability of the Company’s performance metrics with industry peers.

**Book-to-Bill**

Our book-to-bill ratio was as follows for the periods presented:

(in thousands, except ratio)	Three Months Ended		Last Twelve Months	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Contracts awarded	\$ 29,665	\$ 30,426	\$ 326,273	\$ 118,262
Revenues	57,605	32,867	185,287	138,770
<b>Book-to-bill ratio</b>	<b>0.51</b>	<b>0.93</b>	<b>1.76</b>	<b>0.85</b>

Book-to-bill is the ratio of total contracts awarded to revenues recorded in the same period. The contracts awarded balance includes firm contract orders including time and material contracts which were awarded during the period and does not include unexercised contract options or potential orders under indefinite delivery/indefinite quantity contracts. Although the contracts awarded balance reflects firm contract orders, terminations, amendments, or contract cancellations may occur which could result in a reduction to the contracts awarded balance.

We view book-to-bill as an indicator of future revenue growth potential. To drive future revenue growth, our goal is for the level of contracts awarded in a given period to exceed the revenue recorded, thus yielding a book-to-bill ratio greater than 1.0.

Our book-to-bill ratio was 1.76 for the LTM ended March 31, 2023, as compared to 0.85 for the LTM ended March 31, 2022. For the LTM ended March 31, 2023 and March 31, 2022, contracts awarded includes additions from Space NV and Techshot, which were acquired in the fourth quarters of 2022 and 2021, respectively.

## Backlog

The following table presents our contracted backlog as of March 31, 2023 and December 31, 2022, and related activity for the three months ended March 31, 2023 as compared to the year ended December 31, 2022.

(in thousands)	March 31, 2023	December 31, 2022
Organic backlog, beginning balance	\$ 184,912	\$ 139,742
Organic additions during the period	23,465	194,539
Organic revenue recognized during the period	(45,337)	(148,891)
Foreign currency translation	13	(478)
Organic backlog, ending balance	163,053	184,912
Acquisition-related contract value, beginning balance	128,145	—
Acquisition-related contract value acquired during the period	—	109,765
Acquisition-related additions during the period	6,200	22,731
Acquisition-related revenue recognized during the period	(12,268)	(11,658)
Foreign currency translation	1,620	7,307
Acquisition-related backlog, ending balance	123,697	128,145
Contracted backlog, ending balance	<u>\$ 286,750</u>	<u>\$ 313,057</u>

We view growth in backlog as a key measure of our business growth. Contracted backlog represents the estimated dollar value of firm funded executed contracts for which work has not been performed (also known as the remaining performance obligations on a contract). Our contracted backlog includes \$20.0 million and \$37.4 million in remaining contract value from time and materials contracts as of March 31, 2023 and as of December 31, 2022, respectively.

Organic contracted backlog change excludes backlog activity from acquisitions for the first four full quarters since the entities' acquisition date. Contracted backlog activity for the first four full quarters since the entities' acquisition date is included in acquisition-related contracted backlog change. After the completion of four fiscal quarters, acquired entities are treated as organic for current and comparable historical periods.

Organic contract value includes the remaining contract value as of January 1 not yet recognized as revenue and additional orders awarded during the period for those entities treated as organic. Acquisition-related contract value includes remaining contract value as of the acquisition date not yet recognized as revenue and additional orders awarded during the period for entities not treated as organic. The acquisition-related contract backlog activity presented in the table above includes only the contracted backlog of Space NV. Similarly, organic revenue includes revenue earned during the period presented for those entities treated as organic, while acquisition-related revenue includes the same for all other entities, excluding any pre-acquisition revenue earned during the period.

Although contracted backlog reflects business associated with contracts that are considered to be firm, terminations, amendments or contract cancellations may occur, which could result in a reduction in our total backlog. In addition, some of our multi-year contracts are subject to annual funding. Management fully expects all amounts reflected in contracted backlog to ultimately be fully funded. Contracted backlog from foreign operations in Luxembourg and Belgium was \$124.7 million and \$129.9 million as of March 31, 2023 and December 31, 2022, respectively. These amounts are subject to foreign exchange rate translations from Euros to U.S. dollars that could cause the remaining backlog balance to fluctuate with the foreign exchange rate at the time of measurement.

## Liquidity and Capital Resources

Since inception, we have funded our operations with cash flows provided by operating activities, access to existing credit facilities, proceeds from the issuance of common stock under the B. Riley committed equity facility and proceeds from the sale of Convertible Preferred Stock. As of March 31, 2023, we had \$11.3 million in cash and cash equivalents, \$25.0 million in available borrowings from our existing credit facilities and \$24.5 million of unused capacity under the B. Riley committed equity facility, subject to limitations.

Our primary requirements for liquidity and capital are for the company's material cash requirements, including working capital needs, satisfaction of contractual commitments, investment in expanding our breadth and footprint through acquisitions as well as investment in facilities, equipment, technologies, and research and development for our growth initiatives and general corporate needs.

Our ability to fund our cash needs is dependent upon the successful execution of our business strategy and future operating results. Our future operating results are subject to, among others, general economic conditions, including as a result of heightened inflation, rising interest rates and supply chain pressures, competitive dynamics in our target markets as well as legislative and regulatory factors that may be outside of our control. As part of our business and debt management strategy, we continuously evaluate opportunities to

further strengthen our financial and liquidity position, including the issuance of additional equity or debt securities, refinance or otherwise restructure our existing credit facilities, or enter into new financing arrangements. There can be no assurance that any of these actions will be sufficient to allow us to service our debt obligations, meet our debt covenants, or that such actions will not result in an adverse impact on our business. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all.

We believe that our existing sources of liquidity will be sufficient to meet our working capital needs and comply with our debt covenants for at least the next twelve months from the date on which our condensed consolidated financial statements were issued.

### ***Indebtedness***

The table below summarizes our outstanding debt as of the following periods:

(in thousands)	March 31, 2023	December 31, 2022
Adams Street Term Loan	\$ 30,702	\$ 30,626
Adams Street Revolving Credit Facility	—	—
Adams Street Delayed Draw Term Loan	14,856	14,819
Adams Street Incremental Term Loan	31,773	31,695
D&O Financing Loans	899	1,798
Total debt	78,230	78,938
Less: unamortized discounts and issuance costs	1,532	1,615
Total debt, net	76,698	77,323
Less: Short-term debt, including current portion of long-term debt	1,679	2,578
Total long-term debt, net	\$ 75,019	\$ 74,745

Please refer to Note G – Debt for additional information related to the Company’s debt obligations.

### ***Contractual Obligations***

During the three months ended March 31, 2023, there were no material changes to our contractual obligations as presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 31, 2023, that were outside the ordinary course of our business.

### ***Cash Flows***

The table below summarizes certain information from the condensed consolidated statements of cash flows for the following periods:

(in thousands)	Three Months Ended	
	March 31, 2023	March 31, 2022
Cash and cash equivalents at beginning of year	\$ 28,316	\$ 20,523
Operating activities:		
Net income (loss)	(7,258)	(17,293)
Non-cash adjustments	7,621	6,608
Changes in working capital	(14,411)	(761)
Net cash provided by (used in) operating activities	(14,048)	(11,446)
Net cash provided by (used in) investing activities	(799)	(1,014)
Net cash provided by (used in) financing activities	(2,237)	(2,107)
Effect of foreign currency rate changes on cash and cash equivalents	41	(18)
Net increase (decrease) in cash and cash equivalents	(17,043)	(14,585)
Cash and cash equivalents at end of period	\$ 11,273	\$ 5,938

#### *Operating activities*

Net cash used by operating activities for the three months ended March 31, 2023 increased \$2.6 million compared to the same period in 2022. The increase was primarily due to an increase in contract assets of \$9.4 million and a decrease in deferred revenue of \$4.8 million, partially offset by a decrease in net loss in comparison to the same period in 2022. The increase in contract assets was primarily driven by large fixed-price contracts awarded during the second quarter of 2022 and the timing of billable milestones during the three months ended March 31, 2023 compared to the same period in 2022.

#### *Investing activities & Financing activities*

Net cash used by investing and financing activities for the three months ended March 31, 2023 remained materially consistent with the comparable period in 2022.

#### ***Foreign Currency Exposures***

Our operations in Belgium and Luxembourg conduct transactions that are primarily denominated in Euros, which limits our foreign currency exposure. However, changes in exchange rates, and in particular a strengthening of Euros, will negatively affect the Company's net sales and gross margins as expressed in U.S. dollars.

#### **Critical Accounting Estimates**

There have been no material changes to our critical accounting policies and estimates as disclosed in our audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 31, 2023.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company is a smaller reporting company and is not required to provide the information required under this Item 3.

#### **Item 4. Controls and Procedures**

##### *Evaluation of Disclosure Controls and Procedures*

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures, which are designed to ensure that the information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to management (including the principal executive officer and principal financial officer) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and our principal financial officer have concluded that such disclosure controls and procedures were not effective as of March 31, 2023 due to the material weaknesses in internal control over financial reporting described below.

##### *Material Weaknesses in Internal Control over Financial Reporting*

A material weakness is a deficiency, or 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 consolidated financial statements will not be prevented or detected on a timely basis.

We did not maintain an effective control environment, as certain members of senior management failed to consistently message and set certain aspects of an appropriate tone at the top. Specifically, certain members of senior management failed to reinforce the need for compliance with certain of the Company's accounting and finance policies and procedures, including reinforcement of appropriate communication. We also identified that we had an insufficient complement of resources with an appropriate level of accounting knowledge, experience and training commensurate with our structure and financial reporting requirements to appropriately analyze, record and disclose accounting matters timely and accurately, and establish effective processes and internal controls. The limited personnel resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions. These material weaknesses contributed to the following additional material weaknesses:

- 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 the consolidated 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 to financial reporting.

- We did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the preparation and review of business performance reviews, account reconciliations, journal entries and contract estimates used in determining the recognition of revenue.
- We did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of U.S. GAAP to such transactions. Specifically, we did not design and maintain effective controls to account for purchase business combinations and the valuation of goodwill and long-lived assets, including the appropriate review of the assumptions, data and models used in the forecasted cash flows, used to determine the fair value.

The material weaknesses above did not result in a misstatement to the consolidated financial statements as of December 31, 2022.

In addition, we did not design and maintain effective information technology (“IT”) general controls for information systems that are relevant to the preparation of the consolidated financial statements. Specifically, we did not design and maintain:

- program change management controls to ensure that information technology program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized, and implemented appropriately;
- 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;
- computer operations controls to ensure that critical batch jobs are monitored and data backups are authorized and monitored; and
- testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

The IT deficiencies noted above did not result in a misstatement to the consolidated financial statements; however, the deficiencies, when aggregated, could impact maintaining 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 not be prevented or detected.

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

#### *Remediation Plans*

We are in the process of implementing measures designed to improve our internal control over financial reporting and remediate the deficiencies that led to the material weaknesses, including tone at the top and other communications training, hiring additional finance and accounting personnel, designing and implementing new control activities, and enhancing existing control activities.

- We reviewed the personnel structure and identified new positions to enhance our accounting and financial reporting team. Some of these individuals were onboarded during the years ended December 31, 2021 and 2022, while others are expected to be onboarded during 2023. We have and expect to continue to align our personnel to specific areas and responsibilities to alleviate the numerous competing responsibilities currently faced.
- We engaged a third-party global consulting firm to accelerate the development and formalization of a risk assessment process across the organization to identify risks and design new controls or enhance existing controls responsive to such risks to ensure timely and accurate financial reporting.
- We are in the process of designing and implementing additional review and communications training procedures within our accounting, finance and program management functions to provide more robust knowledge and understanding of internal control over financial reporting.
- We are in the process of implementing a comprehensive financial closing process checklist with additional layers of reviews as well as controls around non-routine, unusual or complex transactions, including controls over the accounting for purchase business combinations and the valuation of goodwill and long-lived assets.
- We will continue to conduct training, document our processes and procedures, including accounting policies, across the Company to ensure consistent application including controls over the preparation and review of business performance reviews, account reconciliations, journal entries and contract estimates used in determining the recognition of revenue.

- We are in the process of performing an assessment of all information technology systems which provide data for financial reporting purposes and consolidating systems where appropriate. As part of this assessment, we will be designing, implementing and documenting IT general controls.

We are working to remediate the material weaknesses as efficiently and effectively as possible and expect full remediation will likely go beyond December 31, 2023. At this time, we cannot provide an estimate of costs expected to be incurred in connection with implementing this remediation plan; however, these remediation measures will be time consuming, will result in the Company incurring additional costs, and will place additional demands on our financial and operational resources.

If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected; investors may lose confidence in our financial reporting; we could become subject to litigation or investigations by the New York Stock Exchange (“NYSE”), the SEC or other regulatory authorities.

#### *Changes in Internal Control over Financial Reporting*

There have been no changes in internal control over financial reporting during the three months ended March 31, 2023 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**

We are subject to litigation, claims, investigations and audits arising from time to time in the ordinary course of business. Although legal proceedings are inherently unpredictable, we believe that we have valid defenses with respect to any matters currently pending against Redwire and we intend to defend ourselves vigorously. Excluding pending matters referenced below, the outcome of these matters, individually and in the aggregate, is not expected to have a material impact on our condensed consolidated financial statements.

For additional information on pending matters, please refer to Note J – Commitments and Contingencies of the accompanying notes to the condensed consolidated financial statements. For additional information on the risks associated with the existing and future investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, please refer to Item 1A. “Risk Factors”.

### **ITEM 1A. RISK FACTORS**

As of March 31, 2023, there have been no material changes from the risk factors previously disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on March 31, 2023.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

The following is a list of all exhibits filed or furnished as part of this report:

<b>Exhibit Number</b>	<b>Description</b>
10.1+	<a href="#">Employment Agreement, dated as of June 22, 2020, by and between Cosmos Acquisition, LLC, and Nathan O’Konek.</a>
31.1	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase 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	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\*The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

+Management or compensatory agreement or arrangement.



**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.

Redwire Corporation			
Date:	May 11, 2023	By:	<u>/s/ Peter Cannito</u>
		Name:	Peter Cannito
		Title:	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>
Date:	May 11, 2023	By:	<u>/s/ Jonathan Baliff</u>
		Name:	Jonathan Baliff
		Title:	Chief Financial Officer and Director <i>(Principal Financial Officer)</i>
Date:	May 11, 2023	By:	<u>/s/ Chris Edmunds</u>
		Name:	Chris Edmunds
		Title:	Senior Vice President and Chief Accounting Officer <i>(Principal Accounting Officer)</i>

Execution Version

**EMPLOYMENT AGREEMENT**

**THIS EMPLOYMENT AGREEMENT** (this “Agreement”) dated as of June 22, 2020, between Cosmos Acquisition, LLC, a Delaware limited liability company (the “Company”), and Nathan O’Konek (the “Executive”).

**W I T N E S S E T H**

**WHEREAS**, the Company desires to employ the Executive as Executive Vice President and General Counsel of the Company; and

**WHEREAS**, the Company and the Executive desire to enter into this Agreement as to the terms of the Executive’s employment with the Company.

**NOW, THEREFORE**, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**1. POSITION AND DUTIES.**

(a) During the Employment Term (as defined in Section 2 hereof), the Executive shall serve as Executive Vice President and General Counsel of the Company. In this capacity, the Executive shall report directly to, and have the duties, authorities and responsibilities determined from time to time by, the Company’s Chief Operating Officer (the “COO”).

(b) During the Employment Term, the Executive shall devote all of the Executive’s business time, energy, business judgment, knowledge and skill and the Executive’s best efforts to the performance of the Executive’s duties with Cosmos Parent, LLC (“Parent”), the Company, and each of their direct and indirect subsidiaries and affiliates (collectively, the “Company Group”), as applicable, provided that the foregoing shall not prevent the Executive from (i) serving on the boards of directors of charitable, civic, social and religious organizations, (ii) participating in charitable, civic, social, religious, educational, professional, community or industry affairs, and (iii) managing the Executive’s personal investments, in each case so long as such activities in the aggregate do not interfere or conflict with the Executive’s duties hereunder, create a potential business or fiduciary conflict or otherwise result in a breach of this Agreement.

**2. EMPLOYMENT TERM.** The Company agrees to employ the Executive pursuant to the terms of this Agreement, and the Executive agrees to be so employed, for a term commencing as of the date hereof (the “Effective Date”) and ending upon the termination of the Executive’s employment in accordance with Section 6 hereof, subject to Section 7 hereof. The period of time between the Effective Date and the termination of the Executive’s employment hereunder shall be referred to herein as the “Employment Term.”

**3. BASE SALARY.** The Company agrees to pay the Executive a base salary at an annual rate of not less than \$200,000, payable in accordance with the regular payroll practices of the Company. The Executive’s base salary shall be subject to annual review by the Company’s

Chief Executive Officer (the "CEO"), and may be adjusted from time to time by the CEO; provided, however, the Executive's base salary shall not be subject to any decrease, except as part

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of across-the-board decreases of not more than 10% for the senior executives of the Company. The base salary as determined herein and adjusted from time to time shall constitute "Base Salary" for purposes of this Agreement.

4. **ANNUAL BONUS.** During the Employment Term, the Executive shall be eligible to receive an annual discretionary incentive payment under the Company's annual bonus plan as may be in effect from time to time (the "Annual Bonus") based on a target bonus opportunity equal to 37.5% of the Executive's Base Salary, in each case upon the attainment of one or more pre-established performance goals established by the CEO in consultation with the Executive; provided that, for fiscal year 2020, the performance goals shall be those set forth in the Company's bonus plan in effect as of the Effective Date. The Executive's target bonus opportunity shall be subject to annual review by the CEO, and may be adjusted from time to time by the CEO; provided, however, the Executive's target bonus opportunity shall not be subject to any decrease. The target bonus opportunity as determined herein and adjusted from time to time shall constitute "Target Bonus" for purposes of this Agreement. The Executive's right to payment of any Annual Bonus hereunder shall be contingent on the Executive's continued employment with the Company through the date of payment of such Annual Bonus.

5. **EMPLOYEE BENEFITS.**

(a) **INCENTIVE UNIT AWARD.** As soon as practicable following the Effective Date, but in any event within 30 days of the Effective Date, the Executive shall be granted Class P Common Units (the "Incentive Units") in Parent. The Incentive Units shall be subject to the terms and conditions of the Incentive Unit Grant Agreement attached as Exhibit A hereto and the terms of Parent's LLC Agreement (as amended from time to time).

(b) **BENEFIT PLANS.** During the Employment Term, the Executive shall be entitled to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to for the benefit of its executives generally, including medical, dental and vision plans, subject to satisfying the applicable eligibility requirements, except to the extent that such plans are duplicative of the benefits otherwise provided for hereunder. The Executive's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time.

(c) **BUSINESS EXPENSES.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy, for all reasonable out-of-pocket business expenses incurred and paid by the Executive during the Employment Term and in connection with the performance of the Executive's duties hereunder, in accordance with the Company's policies with regard thereto, which policies, shall provide for and permit business-class travel and accommodations for all business-related travel by the Executive.

(d) **VACATIONS.** During the Employment Term, the Executive shall be entitled paid vacation in accordance with the Company's vacation policies as in effect from time to time.



6. **TERMINATION.** The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DISABILITY.** Upon ten (10) days' prior written notice by the Company to the Executive of termination due to Disability. For purposes of this Agreement, "Disability" shall mean that the Executive, because of accident, disability, or physical or mental illness, is incapable of performing the Executive's duties to any member of the Company Group, as determined by the CEO. Notwithstanding the foregoing, the Executive will be deemed to have become incapable of performing the Executive's duties to any member of the Company Group if (i) the Executive is incapable of so doing for periods amounting in the aggregate to ninety (90) days within any one period of one hundred twenty (120) days and remains so incapable at the end of such aggregate period of one hundred twenty (120) days, (ii) the Executive qualifies to receive long-term disability payments under the long-term disability insurance program, as it may be amended from time to time, covering employees of any member of the Company Group to which the Executive provides services or (iii) the Executive is determined to be totally disabled by the Social Security Administration.

(b) **DEATH.** Automatically upon the date of death of the Executive.

(c) **BY THE COMPANY FOR CAUSE.** Immediately upon written notice by the Company to the Executive of a termination for Cause. For purposes of this Agreement, "Cause" shall mean (i) the Executive's indictment for, conviction of or plea of *nolo contendere* to a felony or a fraud, or other act involving dishonesty or disloyalty to any member of the Company Group, (ii) conduct by the Executive that brings or could reasonably be expected to bring any member of the Company Group into substantial public disgrace or disrepute or otherwise materially or demonstrably injures the integrity, character or reputation of any member of the Company Group, (iii) gross negligence or willful misconduct by the Executive in connection with Executive's duties, obligations or responsibilities to any member of the Company Group, (iv) the Executive's material non-performance of the duties reasonably assigned to him other than in connection with the Executive's Disability, (v) the Executive's breach of the provisions of Section 9 of this Agreement or any other applicable restrictive covenants with any member of the Company Group, (vi) the Executive's material breach of a material employment policy of any member of the Company Group (including, without limitation, sexual misconduct, discrimination and/or harassment) or (vii) any other material breach by the Executive of this Agreement or any other material agreement with any member of the Company Group. If the acts or omissions constituting the grounds for Cause are curable, the Executive's termination of employment will not be deemed to be for Cause unless the Company provides the Executive with written notice of the acts or omissions constituting the grounds for Cause within thirty (30) days of obtaining actual knowledge of the grounds for Cause and the Executive does not cure such condition within ten (10) days following the date the Executive receives such notice.

(d) **BY THE COMPANY WITHOUT CAUSE.** Immediately upon written notice by the Company to the Executive of an involuntary termination without Cause (other than for death or Disability).

(e) **BY THE EXECUTIVE VOLUNTARILY.** Upon thirty (30) days' prior written notice by the Executive to the Company of the Executive's voluntary termination of employment

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for any reason other than Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

(f) **BY THE EXECUTIVE FOR GOOD REASON.** Upon thirty (30) days' prior written notice by the Executive to the Company for Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date). "Good Reason" shall mean (i) a material diminution in Executive's title, job duties, authorities or responsibilities; (ii) a reduction in the Executive's Base Salary or target bonus opportunity (other than a reduction in compensation of not more than 10% that applies to the Executive and all other similarly positioned employees); (iii) a relocation of Executive's principal place of employment by more than thirty (30) miles; or (iv) a material breach of this Agreement by the Company. Executive's resignation will not be deemed to be for Good Reason unless Executive provides the Company with written notice of the acts or omissions constituting the grounds for Good Reason within thirty (30) days of the initial existence of the grounds for Good Reason, the Company does not cure such condition within thirty (30) days following the date the Company receives such notice and the Executive actually terminates employment within ninety (90) days of the initial existence of the grounds for Good Reason.

## 7. CONSEQUENCES OF TERMINATION.

(a) **DEATH/DISABILITY.** In the event that the Executive's employment and the Employment Term ends on account of (x) the Executive's death or (y) the Executive's Disability, the Executive or the Executive's estate, as the case may be, shall be entitled to the following (with the amounts due under Sections 7(a)(i) through 7(a)(iv) hereof to be paid within thirty (30) days following termination of employment, or such earlier or later date as may be required by applicable law):

- (i) any unpaid Base Salary through the date of termination;
- (ii) reimbursement for any unreimbursed business expenses incurred through the date of termination;
- (iii) any accrued but unused vacation time in accordance with Company policy; and
- (iv) all other payments, benefits or fringe benefits to which the Executive shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement (collectively, Sections 7(a)(i) through 7(a)(iv) hereof shall be hereafter referred to as the "Accrued Benefits"); and
- (v) subject to the Executive's continued compliance with the obligations in Sections 8, 9 and 10 hereof (or, if applicable, the Executive's estate's compliance with the obligation in Section 8), any unpaid Annual Bonus for the completed fiscal year ending immediately prior to termination.

(b) **TERMINATION FOR CAUSE OR BY THE EXECUTIVE WITHOUT GOOD REASON.** If the Executive's employment is terminated (x) by the Company for Cause or



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(y) by the Executive for any reason other than Good Reason, the Company shall pay to the Executive the Accrued Benefits.

(c) **TERMINATION WITHOUT CAUSE OR GOOD REASON.** If the Executive's employment by the Company is terminated by the Company other than for Cause or by the Executive for Good Reason, the Company shall pay or provide the Executive with the following, subject to the provisions of Section 23 hereof:

(i) the Accrued Benefits;

(ii) subject to the Executive's continued compliance with the obligations in Sections 8, 9 and 10 hereof, any unpaid Annual Bonus for the completed fiscal year ending immediately prior to termination;

(iii) subject to the Executive's continued compliance with the obligations in Sections 8, 9 and 10 hereof, an amount equal to the Executive's monthly Base Salary rate as in effect on the date of termination, paid monthly for a period of six (6) months following such termination (the "Severance Period"), provided that any such payment scheduled to occur during the first thirty (30) days (or sixty (60) days, if the Executive is entitled to more than thirty (30) days to consider the release required in Section 8 hereof) following the termination of employment shall not be paid until the first regularly scheduled pay period following the thirtieth (30<sup>th</sup>) day (or sixtieth (60<sup>th</sup>) day, if the Executive is entitled to more than thirty (30) days to consider the release required in Section 8 hereof) following such termination and shall include payment of any amount that was otherwise scheduled to be paid prior thereto;

(iv) subject to the Executive's continued compliance with the obligations in Sections 8, 9 and 10 hereof, during the portion of the Severance Period during which the Executive and the Executive's eligible dependents are eligible for COBRA coverage, reimbursement for the Executive and the Executive's eligible dependents for their COBRA premiums for coverage under the Company's medical, dental, vision and prescription drug plans; provided that, in the event that the Executive obtains other employment that offers group health benefits, such reimbursement by the Company under this Section 7(c)(iv) shall immediately cease.

Payments and benefits provided in this Section 7(c) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of any member of the Company Group or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation.

(d) **OTHER OBLIGATIONS.** Upon any termination of the Executive's employment with the Company, the Executive shall promptly resign from any position as an officer, director or fiduciary of any member of the Company Group.

(e) **EXCLUSIVE REMEDY.** The amounts payable to the Executive following termination of employment and the Employment Term hereunder pursuant to Section 7 hereof shall be in full and complete satisfaction of the Executive's rights under this Agreement and any

other claims that the Executive may have in respect of the Executive's employment with any

member of the Company Group, and the Executive acknowledges that such amounts are fair and reasonable, and are the Executive's sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of the Executive's employment hereunder or any breach of this Agreement.

8. **RELEASE; NO MITIGATION.** Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits shall only be payable if the Executive delivers to the Company and does not revoke a general release of claims in favor of the Company Group in a form reasonably satisfactory to the CEO. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within thirty (30) days (or sixty (60) days, if the Executive is entitled to more than thirty (30) days to consider the release, as determined by the Company at the time of termination) following termination.

9. **RESTRICTIVE COVENANTS.**

(a) **CONFIDENTIALITY.** During the course of the Executive's employment with the Company Group, the Executive will have access to Confidential Information. For purposes of this Agreement, "Confidential Information" means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company Group, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's assigned duties and for the benefit of the Company Group, either during the period of the Executive's employment or at any time thereafter, any Confidential Information or other confidential or proprietary information received from third parties subject to a duty on the Company Group's part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by the Executive during the Executive's employment by any member of the Company Group (or any predecessor). The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret under either of the following conditions: (A) where the disclosure is made (I) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (II) solely for the purpose of reporting or investigating a



suspected violation of law; or (B) where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to preclude or limit such federal laws.

(b) **NON-COMPETITION.** The Executive acknowledges that (i) the Executive performs services of a unique nature for the Company Group that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company Group, (ii) the Executive has had and will continue to have access to trade secrets and other confidential information of the Company Group, which, if disclosed, would unfairly and inappropriately assist in competition against any member of the Company Group, (iii) in the course of the Executive's employment by a competitor, the Executive would inevitably use or disclose such trade secrets and confidential information, (iv) the Company Group has substantial relationships with its customers and the Executive has had and will continue to have access to these customers, (v) the Executive has received and will receive specialized training from the Company Group, and (vi) the Executive has generated and will continue to generate goodwill for the Company Group in the course of the Executive's employment. Accordingly, during the Executive's employment hereunder and for a period of one (1) year thereafter, the Executive agrees that the Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in competition with any member of the Company Group or in any other material business in which any member of the Company Group is engaged on the date of termination or in which they have demonstrably planned, on or prior to such date, to be engaged in on or after such date, in any locale of any country in which any member of the Company Group conducts business. Notwithstanding the foregoing, nothing herein shall prohibit the Executive from being a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with a member of the Company Group, so long as the Executive has no active participation in the business of such corporation.

(c) **NON-SOLICITATION; NONINTERFERENCE.**

(i) During the Executive's employment with the Company Group and for a period of one (1) year thereafter, the Executive agrees that the Executive shall not, except in the furtherance of the Executive's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, solicit, aid or induce any individual or entity that is, or was during the twelve-month period immediately prior to the termination of the Executive's employment for any reason, a customer or supplier of any member of the Company Group to purchase goods or services then sold by any member of the Company Group from another person, firm, corporation or other entity, or stop supplying or decrease the amount of goods or materials being supplied to any member of the Company Group, as applicable, or assist or aid any other persons or entity in identifying or soliciting any such customer or supplier for such purpose.

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(ii) During the Executive's employment with the Company Group and for a period of one (1) year thereafter, the Executive agrees that the Executive shall not, except in the furtherance of the Executive's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (A) solicit, aid or induce any employee, representative or agent of any member of the Company Group to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company Group or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between any member of the Company Group and any of its respective vendors, joint venturers or licensors. Any person described in this Section 9(c)(ii) shall be deemed covered by this Section 9(c)(ii) while so employed or retained and for a period of twelve (12) months thereafter.

(d) **NON-DISPARAGEMENT.** The Executive agrees not to make negative comments or otherwise disparage any member of the Company Group or any of their officers, directors, employees, direct or indirect equityholders, agents or products. The Company agrees to direct the senior executive officers and directors of the Company as of the date of termination to not make negative comments or otherwise disparage the Executive. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), and the foregoing limitation on the Company's senior executive officers and directors shall not be violated by statements that they in good faith believe are necessary or appropriate to make in connection with performing their duties and obligations to any member of the Company Group.

(e) **INVENTIONS.**

(i) The Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments or works of authorship ("Inventions"), whether patentable or unpatentable, (A) that relate to the Executive's work with the Company Group, made or conceived by the Executive, solely or jointly with others, during the Employment Term, or (B) suggested by any work that the Executive performs in connection with the Company Group, either while performing the Executive's duties with the Company Group or on the Executive's own time, shall belong exclusively to the Company Group (or its designee), whether or not patent applications are filed thereon. The Executive will keep full and complete written records (the "Records"), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and the Executive will surrender them upon the termination of the Employment Term, or upon the Company's request. The Executive hereby irrevocably conveys, transfers and assigns to the Company the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Executive's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the "Applications"). The Executive will, at any time during and subsequent to the Employment



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Term, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be requested from time to time by the Company with respect to the Inventions. The Executive will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to the Executive from the Company, but entirely at the Company's expense. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(ii) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and the Executive agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, the Executive hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Executive hereby waives any so-called "moral rights" with respect to the Inventions. To the extent that the Executive has any rights in the results and proceeds of the Executive's service to the Company Group that cannot be assigned in the manner described herein, the Executive agrees to unconditionally waive the enforcement of such rights. The Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Executive's benefit by virtue of the Executive being an employee of or other service provider to the Company Group.

(iii) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive represents and warrants that he does not possess or own any rights in or to any confidential, proprietary or non-public information or intellectual property related to the business of the Company Group. Executive shall comply with all relevant policies and guidelines of the Company regarding the protection of confidential information and intellectual property and potential conflicts of interest, provided same are



consistent with the terms of this Agreement. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version.

(f) **RETURN OF COMPANY PROPERTY.** On the date of the Executive's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Executive shall return all property belonging to the Company Group (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company).

(g) **REASONABLENESS OF COVENANTS.** In signing this Agreement, the Executive gives the Company assurance that the Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 9 hereof. The Executive agrees that these restraints are necessary for the reasonable and proper protection of the Company Group and its trade secrets and confidential information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive is bound by the restraints. The Executive agrees that, before providing services, whether as an employee or consultant, to any entity during the period of time that the Executive is subject to the constraints in Section 9(b) hereof, the Executive will provide a copy of this Agreement (including, without limitation, this Section 9) to such entity, and the Company shall be entitled to share a copy of this Agreement (including, without limitation, this Section 9) to such entity or any other entity to which the Executive performs services, and such entity shall acknowledge to the Company in writing that it has read this Agreement. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company Group and that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. The Executive further covenants that the Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 9, and that the Executive will reimburse the Company Group for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 9 if any member of the Company Group prevails on any material issue involved in such dispute or if the Executive challenges the reasonableness or enforceability of any of the provisions of this Section 9. It is also agreed that each member of the Company Group will have the right to enforce all of the Executive's obligations to that member under this Agreement and shall be third party beneficiaries hereunder, including without limitation pursuant to this Section 9.

(h) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 9 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by applicable law.

(i) **TOLLING.** In the event of any violation of the provisions of this Section 9, the Executive acknowledges and agrees that the post-termination restrictions contained in this Section 9 shall be extended by a period of time equal to the period of such violation, it being the intention



of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

(j) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 9 and 10 hereof shall survive the termination or expiration of the Employment Term and the Executive's employment with the Company and shall be fully enforceable thereafter.

10. **COOPERATION.** Upon the receipt of reasonable notice from the Company (including outside counsel), the Executive agrees that while employed by the Company and for one (1) year thereafter, the Executive will respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will provide reasonable assistance to the Company Group and its representatives in defense of any claims that may be made against any member of the Company Group, and will provide reasonable assistance to the Company Group in the prosecution of any claims that may be made by any member of the Company Group, to the extent that such claims may relate to the period of the Executive's employment with the Company (collectively, the "Claims"). The Company shall reimburse Executive for all reasonable, out-of-pocket expenses incurred by Executive in connection with any cooperation provided pursuant to this Section 10. The Executive agrees that while employed by the Company and thereafter to promptly inform the Company if the Executive becomes aware of any lawsuits involving Claims that may be filed or threatened against any member of the Company Group. The Executive also agrees to promptly inform the Company (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of any member of the Company Group (or its actions) or another party attempts to obtain information or documents from the Executive (other than in connection with any litigation or other proceeding in which the Executive is a party-in-opposition) with respect to matters the Executive believes in good faith to relate to any investigation of any member of the Company Group, in each case, regardless of whether a lawsuit or other proceeding has then been filed against the member with respect to such investigation, and shall not do so unless legally required. During the pendency of any litigation or other proceeding involving Claims, the Executive shall not communicate with anyone (other than the Executive's attorneys and tax and/or financial advisors and except to the extent that the Executive determines in good faith is necessary in connection with the performance of the Executive's duties hereunder) with respect to the facts or subject matter of any pending or potential litigation or regulatory or administrative proceeding involving any member of the Company Group without giving prior written notice to the Company or the Company's counsel.

11. **WHISTLEBLOWER PROTECTION.** Nothing in this Agreement prohibits the Executive from reporting possible violations of U.S. federal law or regulation to any governmental agency or entity, including the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, and any Inspector General of any U.S. federal agency, or making other disclosures that are protected under the whistleblower provisions of U.S. federal, state, or local law or regulation, provided that the Executive shall use the Executive's reasonable efforts to (a) disclose only information that is reasonably related to such possible violations or that is requested by such agency or entity, and (b) request that such agency or entity treat such information as confidential. The Executive does not need prior authorization from the Company to make any such reports or disclosures and is not required to notify the Company that the Executive has made such reports or disclosures. This Agreement does not limit the Executive's



right to receive an award for information provided to the U.S. Securities and Exchange Commission.

12. **EQUITABLE RELIEF AND OTHER REMEDIES.** The Executive acknowledges and agrees that the Company Group's remedies at law for a breach or threatened breach of any of the provisions of Section 9 or Section 10 hereof would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, any member of the Company Group, without posting any bond, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages or the posting of a bond or other security. In the event of a violation by the Executive of Section 9 or Section 10 hereof, any severance being paid to the Executive pursuant to this Agreement or otherwise shall immediately cease, and any severance previously paid to the Executive shall be immediately repaid to the Company.

13. **NO ASSIGNMENTS.** This Agreement is personal to each of the parties hereto. Except as provided in this Section 13 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company and any successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

14. **NOTICE.** For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At the address (or to the facsimile number) shown  
in the books and records of the Company.

with a mandatory copy to (which shall not constitute notice to the Executive):

Gibson, Dunn & Crutcher LLP  
200 Park Avenue  
New York, NY 10166  
Attention: William B. Sorabella  
Email: [wsorabella@gibsondunn.com](mailto:wsorabella@gibsondunn.com)



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and

Gibson, Dunn & Crutcher LLP  
555 Mission Street, Suite 3000  
San Francisco, CA 94123  
Attention: Abtin Jalali  
Email: [ajalali@gibsondunn.com](mailto:ajalali@gibsondunn.com)

If to the Company:

Cosmos Acquisition, LLC  
2500 N. Military Trail, Suite 470  
Boca Raton, FL 32431  
Attention: Peter Cannito  
Email: [pcannito@aeroequity.com](mailto:pcannito@aeroequity.com)

with a mandatory copy to (which shall not constitute notice to the Company):

AE Industrial Partners, LLC  
2500 N. Military Trail, Suite 470  
Boca Raton, FL 33431  
Attention: Kirk Konert and Jeffrey Hart  
Facsimile: (561) 392-6908  
Email: [kkonert@aeroequity.com](mailto:kkonert@aeroequity.com), [jhart@aeroequity.com](mailto:jhart@aeroequity.com)

and:

Kirkland & Ellis LLP  
300 N LaSalle Street  
Chicago, IL 60654  
Attention: Jeremy S. Liss, P.C., Matthew S. Arenson, P.C. and Dan Hoppe  
Facsimile: (312) 862-2200  
Email: [jeremy.liss@kirkland.com](mailto:jeremy.liss@kirkland.com), [matthew.arenson@kirkland.com](mailto:matthew.arenson@kirkland.com) and [dan.hoppe@kirkland.com](mailto:dan.hoppe@kirkland.com)

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. **SECTION HEADINGS; INCONSISTENCY.** The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.



16. **SEVERABILITY.** The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

17. **COUNTERPARTS.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf or similar attachment to electronic mail, shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

18. **GOVERNING LAW.** THE LAW OF THE STATE OF DELAWARE SHALL GOVERN ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEABILITY OF THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO, AND THE PERFORMANCE OF THE OBLIGATIONS IMPOSED BY THIS AGREEMENT, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE.

19. **ARBITRATION; WAIVER OF JURY TRIAL.**

(a) Any dispute, controversy, or claim arising under or relating to this Agreement or any breach or threatened breach hereof ("Arbitrable Dispute") shall be resolved by final and binding arbitration administered by American Arbitration Association ("AAA"); provided that nothing in this Section 19(a) shall prohibit a party from instituting litigation to enforce any Final Determination in any court of competent jurisdiction. Except as otherwise provided in this Section 19(a) or in the rules and procedures of AAA as in effect from time to time, the arbitration procedures and any Final Determination hereunder shall be governed by and shall be enforced pursuant to the Uniform Arbitration Act and applicable provisions of Delaware Law.

(b) In the event that any party asserts that there exists an Arbitrable Dispute, such party shall deliver a written notice to each other party involved therein specifying the nature of the asserted Arbitrable Dispute and requesting a meeting to attempt to resolve the same. If no such resolution is reached within thirty (30) days after such delivery of such notice, the party delivering such notice of Arbitrable Dispute (the "Disputing Person") may, within forty-five (45) days after delivery of such notice, commence arbitration hereunder by delivering to each other party involved therein a notice of arbitration (a "Notice of Arbitration") and by filing a copy of such Notice of Arbitration with the New York office of AAA. Such Notice of Arbitration shall specify the matters as to which arbitration is sought, the nature of any Arbitrable Dispute and the claims of each party to the arbitration and shall specify the amount and nature of any damages, if any, sought to be recovered as a result of any alleged claim, and any other matters required by the rules and procedures of AAA as in effect from time to time to be included therein, if any.

(c) Within twenty (20) days after receipt of the Notice of Arbitration, the parties shall use their best efforts to agree on an independent arbitrator expert in the subject matters of the

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Arbitrable Dispute (the “Arbitrator”). If the parties cannot agree on the identity of the Arbitrator, each of the parties to the Arbitrable Dispute shall select one independent arbitrator expert in the subject matter of the Arbitrable Dispute. In the event that any party fails to select an independent arbitrator as set forth herein within twenty (20) days after delivery of a Notice of Arbitration, then the matter shall be resolved by the arbitrator(s) selected by the other party(ies). The arbitrators selected by the parties to the Arbitrable Dispute shall select the Arbitrator, and the Arbitrator shall resolve the matter according to the procedures set forth in this Section 19.

(d) The Arbitrator selected pursuant to Section 19(c) shall award to the prevailing party, if any, the costs and attorneys’ fees reasonably incurred by the prevailing party in connection with the arbitration of any Arbitrable Dispute and the enforcement of its rights under this Agreement and, if the Arbitrator determines a party to be the prevailing party under circumstances where the prevailing party won on some but not all of the claims and counterclaims, the Arbitrator may award the prevailing party an appropriate percentage of the costs and attorneys’ fees reasonably incurred by the prevailing party in connection with the arbitration and the enforcement of its rights under this Agreement.

(e) The arbitration shall be conducted under the rules and procedures of AAA as in effect from time to time, except as otherwise set forth herein or as modified by the agreement of all of the parties. The arbitration shall be conducted in New York, New York. The Arbitrator shall conduct the arbitration so that a final result, determination, finding, judgment and/or award (the “Final Determination”) is made or rendered as soon as practicable, but in no event later than sixty (60) days after the delivery of the Notice of Arbitration nor later than ten (10) days following completion of the arbitration. The Final Determination must be agreed upon and signed by the Arbitrator. The Final Determination shall be final and binding on all parties hereto and there shall be no appeal from or reexamination of the Final Determination, except for fraud, perjury, evident partiality or misconduct by an arbitrator to correct manifest clerical errors.

(f) The parties hereto may enforce any Final Determination in any court of competent jurisdiction.

(g) Each party hereby irrevocably consents to the service of process by registered mail or personal service.

(h) If any party shall fail to pay the amount of any damages, if any, assessed against it within five (5) days after the delivery to such party of such Final Determination, the unpaid amount shall bear interest from the date of such delivery at the lesser of (i) twelve percent (12%) and (ii) the maximum rate permitted by applicable laws. Interest on any such unpaid amount shall be compounded monthly, computed on the basis of a 365-day year and shall be payable on demand. In addition, such party shall promptly reimburse the other party for any and all costs or expenses of any nature or kind whatsoever (including but not limited to all attorneys’ fees and expenses) incurred in seeking to collect such damages or to enforce any Final Determination.

(i) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY ACTION, SUIT OR PROCEEDING (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR

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INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE (INCLUDING, FOR THE AVOIDANCE OF DOUBT, ANY SEEKING EQUITABLE RELIEF).

20. **MISCELLANEOUS.** No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director of the Company as may be designated by the CEO. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Executive and any member of the Company Group with respect to the subject matter hereof, including, without limitation, the employment agreement with Made in Space, Inc. dated February 25, 2019 (the "Prior Agreement"); provided that the restrictive covenants set forth in Sections 9 and 10 and other obligations contained in this Agreement are independent of, supplemental to and do not modify, supersede or restrict (and shall not be modified, superseded by or restricted by) any non-competition, non-solicitation, non-hire, non-disparagement confidentiality or other similar covenants in any other current or future agreement unless express written reference is made to the specific provisions hereof which are intended to be superseded. For the sake of clarity, the Prior Agreement shall be terminated effective as of Effective Date and the Executive acknowledges and agrees that no member of the Company Group owes any payments and/or benefits to the Executive under such Prior Agreement and the Executive waives any right to receive any payments and/or benefits under such Prior Agreement. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement and any such other representations are hereby disclaimed. The CEO shall resolve, in its sole discretion, any ambiguity regarding the application of any provision of this Agreement in the manner it deems equitable, practicable and consistent with this Agreement and applicable law.

21. **REPRESENTATIONS.** The Executive represents and warrants to the Company that (a) the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, and (b) the Executive is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Executive's duties and obligations hereunder.

22. **ACKNOWLEDGEMENT OF VOLUNTARY AGREEMENT.** EXECUTIVE HAS ENTERED INTO THIS AGREEMENT FREELY AND WITHOUT COERCION, EXECUTIVE HAS BEEN ADVISED BY THE COMPANY TO CONSULT WITH COUNSEL OF EXECUTIVE'S CHOICE WITH REGARD TO THE EXECUTION OF THIS AGREEMENT AND EXECUTIVE'S COVENANTS HEREUNDER, EXECUTIVE HAS HAD AN ADEQUATE OPPORTUNITY TO CONSULT WITH SUCH COUNSEL AND EITHER SO CONSULTED OR FREELY DETERMINED IN EXECUTIVE'S OWN DISCRETION NOT TO SO CONSULT WITH SUCH COUNSEL. EXECUTIVE UNDERSTANDS THAT THE



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COMPANY HAS BEEN ADVISED BY COUNSEL, AND EXECUTIVE HAS READ THIS AGREEMENT AND FULLY AND COMPLETELY UNDERSTANDS THIS AGREEMENT AND EACH OF EXECUTIVE'S REPRESENTATIONS, WARRANTIES, COVENANTS AND OTHER AGREEMENTS HEREUNDER. KIRKLAND & ELLIS LLP ("K&E LLP") HAS NOT AND IS NOT REPRESENTING EXECUTIVE IN CONNECTION WITH THIS AGREEMENT, AND K&E LLP HAS NOT AND IS NOT PROVIDING ANY ADVICE OR COUNSEL (INCLUDING LEGAL ADVICE OR COUNSEL) TO EXECUTIVE IN CONNECTION WITH THIS AGREEMENT. THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED AS HAVING BEEN DRAFTED JOINTLY BY EXECUTIVE AND THE COMPANY AND NO PRESUMPTION OR BURDEN OF PROOF SHALL ARISE FAVORING OR DISFAVORING ANY PARTY HERETO BY VIRTUE OF THE AUTHORSHIP OF ANY OR ALL OF THE PROVISIONS OF THIS AGREEMENT.

**23. TAX MATTERS.**

(a) **WITHHOLDING.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation. In the event that the Company fails to withhold any taxes required to be withheld by applicable law or regulation, the Executive agrees to indemnify the Company for any amount paid with respect to any such taxes, together with any interest, penalty and/or expense related thereto.

(b) **SECTION 409A COMPLIANCE.**

(i) The intent of the parties is that payments and benefits under this Agreement comply with or be exempt from Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith or exempt therefrom. In no event whatsoever shall any member of the Company Group be liable for any additional tax, interest or penalty that may be imposed on the Executive by Section 409A or damages for failing to comply with Section 409A.

(i) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Executive, and (B) the date of the Executive's death, to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 23(b)(i) (whether they



would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(ii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute “nonqualified deferred compensation” for purposes of Section 409A, (A) all such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (B) any right to such reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iii) For purposes of Section 409A, the Executive’s right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(iv) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes “nonqualified deferred compensation” for purposes of Section 409A be subject to offset by any other amount unless otherwise permitted by Section 409A.

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**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first written above.

**COMPANY**

**COSMOS ACQUISITION, LLC**

By: /s/ Peter Cannito

Name: Peter Cannito

Title: Chief Executive Officer

**EXECUTIVE**

**MADE IN SPACE, INC.**

Nathan O'Konek

*For purposes of Section 20 only,*

By: /s/ Peter Cannito

Name: Peter Cannito

Title: Chief Executive Officer

*Signature Page to Employment Agreement*

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**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first written above.

**EXECUTIVE**

/s/ Nathan O'Konek  
Nathan O'Konek



[Signature Page to Employment Agreement]

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**CERTIFICATION 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**

I, Peter Cannito, Chief Executive Officer and Chairman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2023, of Redwire Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 11, 2023	By:	/s/ Peter Cannito
		Name:	Peter Cannito
		Title:	Chief Executive Officer and Chairman
			(Principal Executive Officer)

**CERTIFICATION 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**

I, Jonathan Baliff, Chief Financial Officer and Director, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2023, of Redwire Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	May 11, 2023	By:	/s/ Jonathan Baliff
		Name:	Jonathan Baliff
		Title:	Chief Financial Officer and Director (Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

**Certification Pursuant to Section 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Redwire Corporation (the “Company”) for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Peter Cannito, Chief Executive Officer and Chairman of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	May 11, 2023	By:	<u>/s/ Peter Cannito</u>
		Name:	Peter Cannito
		Title:	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

**Certification Pursuant to Section 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Redwire Corporation (the “Company”) for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jonathan Baliff, Chief Financial Officer and Director of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	May 11, 2023	By:	<u>/s/ Jonathan Baliff</u>
		Name:	Jonathan Baliff
		Title:	Chief Financial Officer and Director <i>(Principal Financial Officer)</i>