

**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 June 30, 2023

OR

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

For the transition period from to

Commission file number 001-39733



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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 64,765,529 shares of common stock as of August 4, 2023.

REDWIRE CORPORATION
QUARTERLY REPORT ON FORM 10-Q
JUNE 30, 2023
TABLE OF CONTENTS

ITEM	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	6
<u>Financial Statements (Unaudited)</u>	6
<u>Condensed Consolidated Balance Sheets</u>	6
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	8
<u>Condensed Consolidated Statements of Changes in Equity (Deficit)</u>	9
<u>Condensed Consolidated Statements of Cash Flows</u>	11
<u>Notes to Condensed Consolidated Financial Statements</u>	12
<u>Note A – Description of the Business</u>	12
<u>Note B – Summary of Significant Accounting Policies</u>	12
<u>Note C – Business Combinations</u>	14
<u>Note D – Fair Value of Financial Instruments</u>	16
<u>Note E – Accounts Receivable, net</u>	18
<u>Note F – Inventory</u>	19
<u>Note G – Debt</u>	19
<u>Note H – Leases</u>	20
<u>Note I – Income Taxes</u>	21
<u>Note J – Commitments and Contingencies</u>	22
<u>Note K – Convertible Preferred Stock</u>	23
<u>Note L – Revenues</u>	24
<u>Note M – Employee Benefit Plans</u>	26
<u>Note N – Equity-Based Compensation</u>	27
<u>Note O – Impairment Expense</u>	28
<u>Note P – Net Income (Loss) per Common Share</u>	30
<u>Note Q – Joint Venture</u>	30
<u>Note R – Related Parties</u>	31
<u>Note S – Subsequent Events</u>	32
<u>Item 2.</u>	33
<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	
<u>Item 3.</u>	42
<u>Quantitative and Qualitative Disclosures Regarding Market Risk</u>	
<u>Item 4.</u>	42
<u>Controls and Procedures</u>	
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1.</u>	44
<u>Legal Proceedings</u>	
<u>Item 1A.</u>	44
<u>Risk Factors</u>	
<u>Item 2.</u>	44
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	
<u>Item 3.</u>	44
<u>Defaults Upon Senior Securities</u>	
<u>Item 4.</u>	44
<u>Mine Safety Disclosures</u>	
<u>Item 5.</u>	44
<u>Other Information</u>	
<u>Item 6.</u>	44
<u>Exhibits</u>	
<u>Signatures</u>	46

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 and/or strategic decisions;
- 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;
- 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;
- cybersecurity or other data breaches or incidents involving technology or information systems could damage our business, reputation and brand and substantially harm our financial condition 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;
- 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. and European government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited;
- we are subject to stringent U.S. trade control laws and regulations as well as economic sanction laws and regulations;
- we have government customers, which subjects us to risks including early contract termination, audits, investigations, sanctions and penalties;
- we are exposed to additional risks as a result of our international business, including risks related to global security, geopolitical circumstances and economic factors, misconduct, suppliers, laws and regulations;
- 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 level of debt places significant demands on our cash resources and the failure of financial institutions or transactional counterparties could adversely affect our current and projected business operations and our financial condition and results of operations;

- 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)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,231	\$ 28,316
Accounts receivable, net	25,492	26,726
Contract assets	43,290	31,041
Inventory	1,281	1,469
Income tax receivable	688	688
Prepaid insurance	636	2,240
Prepaid expenses and other current assets	6,545	5,687
Total current assets	89,163	96,167
Property, plant and equipment, net of accumulated depreciation of \$4,605 and \$3,032, respectively	13,874	12,761
Right-of-use assets	14,892	13,103
Intangible assets, net of accumulated amortization of \$14,786 and \$11,247, respectively	64,409	66,871
Goodwill	64,994	64,618
Equity method investments	3,495	3,269
Other non-current assets	570	909
Total assets	\$ 251,397	\$ 257,698
Liabilities, Convertible Preferred Stock and Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 16,890	\$ 17,584
Notes payable to sellers	—	1,000
Short-term debt, including current portion of long-term debt	780	2,578
Short-term operating lease liabilities	3,614	3,214
Short-term finance lease liabilities	382	299
Accrued expenses	34,307	36,581
Deferred revenue	33,905	29,817
Other current liabilities	3,344	3,666
Total current liabilities	93,222	94,739
Long-term debt	75,046	74,745
Long-term operating lease liabilities	14,049	12,670
Long-term finance lease liabilities	806	579
Warrant liabilities	3,325	1,314
Deferred tax liabilities	2,985	3,255
Other non-current liabilities	375	506
Total liabilities	\$ 189,808	\$ 187,808
Commitments and contingencies (Note J – Commitments and Contingencies)		

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

	June 30, 2023	December 31, 2022
Convertible preferred stock, \$0.0001 par value, 88,000.00 shares authorized; 87,289.66 and 81,250.00 issued and outstanding as of June 30, 2023 and December 31, 2022, respectively. Liquidation preference of \$176,476 and \$162,500 as of June 30, 2023 and December 31, 2022, respectively ⁽¹⁾ .	\$ 85,395	\$ 76,365
Shareholders' Equity (Deficit):		
Preferred stock, \$0.0001 par value, 99,912,000 shares authorized; none issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.0001 par value, 500,000,000 shares authorized; 64,445,106 and 64,280,631 issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	6	6
Treasury stock, 141,811 and 141,811 shares, at cost, as of June 30, 2023 and December 31, 2022, respectively	(381)	(381)
Additional paid-in capital	192,962	198,126
Accumulated deficit	(219,250)	(206,528)
Accumulated other comprehensive income (loss)	2,629	2,076
Total shareholders' equity (deficit)	(24,034)	(6,701)
Noncontrolling interests	228	226
Total equity (deficit)	(23,806)	(6,475)
Total liabilities, convertible preferred stock and equity (deficit)	\$ 251,397	\$ 257,698

⁽¹⁾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		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues	\$ 60,098	\$ 36,728	\$ 117,703	\$ 69,595
Cost of sales	44,194	29,746	87,582	57,442
Gross margin	15,904	6,982	30,121	12,153
Operating expenses:				
Selling, general and administrative expenses	17,686	17,562	33,724	38,513
Transaction expenses	4	48	13	94
Impairment expense ⁽¹⁾	—	80,462	—	80,462
Research and development	2,070	1,708	2,458	3,432
Operating income (loss)	(3,856)	(92,798)	(6,074)	(110,348)
Interest expense, net	2,664	1,670	5,308	3,122
Other (income) expense, net	(970)	(15,515)	1,457	(14,335)
Income (loss) before income taxes	(5,550)	(78,953)	(12,839)	(99,135)
Income tax expense (benefit)	(85)	(1,925)	(116)	(4,814)
Net income (loss)	(5,465)	(77,028)	(12,723)	(94,321)
Net income (loss) attributable to noncontrolling interests	(1)	—	(1)	—
Net income (loss) attributable to Redwire Corporation	(5,464)	(77,028)	(12,722)	(94,321)
Less: dividends on Convertible Preferred Stock	4,800	—	9,166	—
Net income (loss) available to common shareholders	\$ (10,264)	\$ (77,028)	\$ (21,888)	\$ (94,321)
Net income (loss) per common share:				
Basic and diluted	\$ (0.16)	\$ (1.22)	\$ (0.34)	\$ (1.50)
Weighted-average shares outstanding:				
Basic and diluted	64,345,698	62,992,454	64,313,344	62,842,495
Comprehensive income (loss):				
Net income (loss) attributable to Redwire Corporation	\$ (5,464)	\$ (77,028)	\$ (12,722)	\$ (94,321)
Foreign currency translation gain (loss), net of tax	138	(358)	556	(486)
Total other comprehensive income (loss), net of tax	138	(358)	556	(486)
Total comprehensive income (loss)	\$ (5,326)	\$ (77,386)	\$ (12,166)	\$ (94,807)

⁽¹⁾Please refer to Note O – Impairment Expense for additional information.

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

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

Three Months Ended June 30, 2023	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						
Balance as of March 31, 2023	64,280,631	\$ 6	141,811	\$ (381)	\$ 200,084	\$ (213,786)	\$ 2,492	\$ (11,585)	\$ 228	\$ (11,357)
Equity-based compensation expense	—	—	—	—	1,908	—	—	1,908	—	1,908
Common stock issued for shares vested	164,475	—	—	—	—	—	—	—	—	—
Convertible preferred stock paid-in-kind dividend	—	—	—	—	(9,030)	—	—	(9,030)	—	(9,030)
Foreign currency translation, net of tax	—	—	—	—	—	—	137	137	1	138
Net loss	—	—	—	—	—	(5,464)	—	(5,464)	(1)	(5,465)
Balance as of June 30, 2023	64,445,106	\$ 6	141,811	\$ (381)	\$ 192,962	\$ (219,250)	\$ 2,629	\$ (24,034)	\$ 228	\$ (23,806)

Six Months Ended June 30, 2023	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						
Balance as of December 31, 2022	64,280,631	\$ 6	141,811	\$ (381)	\$ 198,126	\$ (206,528)	\$ 2,076	\$ (6,701)	\$ 226	\$ (6,475)
Equity-based compensation expense	—	—	—	—	3,866	—	—	3,866	—	3,866
Common stock issued for shares vested	164,475	—	—	—	—	—	—	—	—	—
Convertible preferred stock paid-in-kind dividend	—	—	—	—	(9,030)	—	—	(9,030)	—	(9,030)
Foreign currency translation, net of tax	—	—	—	—	—	—	553	553	3	556
Net loss	—	—	—	—	—	(12,722)	—	(12,722)	(1)	(12,723)
Balance as of June 30, 2023	64,445,106	\$ 6	141,811	\$ (381)	\$ 192,962	\$ (219,250)	\$ 2,629	\$ (24,034)	\$ 228	\$ (23,806)

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

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

Three Months Ended June 30, 2022	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
	Shares	Par Value				
Balance as of March 31, 2022	62,690,869	\$ 6	\$ 187,435	\$ (93,204)	\$ (25)	\$ 94,212
Equity-based compensation expense	—	—	1,743	—	—	1,743
Common stock issued under the committed equity facility	310,815	—	1,260	—	—	1,260
Committed equity facility fee settled in common stock	127,751	—	756	—	—	756
Foreign currency translation, net of tax	—	—	—	—	(358)	(358)
Net loss	—	—	—	(77,028)	—	(77,028)
Other	124,401	—	513	—	—	513
Balance as of June 30, 2022	63,253,836	\$ 6	\$ 191,707	\$ (170,232)	\$ (383)	\$ 21,098

Six Months Ended June 30, 2022	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
	Shares	Par Value				
Balance as of December 31, 2021	62,690,869	\$ 6	\$ 183,024	\$ (75,911)	\$ 103	\$ 107,222
Equity-based compensation expense	—	—	6,154	—	—	6,154
Common stock issued under the committed equity facility	310,815	—	1,260	—	—	1,260
Committed equity facility fee settled in common stock	127,751	—	756	—	—	756
Foreign currency translation, net of tax	—	—	—	—	(486)	(486)
Net loss	—	—	—	(94,321)	—	(94,321)
Other	124,401	—	513	—	—	513
Balance as of June 30, 2022	63,253,836	\$ 6	\$ 191,707	\$ (170,232)	\$ (383)	\$ 21,098

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)

	Six Months Ended	
	June 30, 2023	June 30, 2022
Cash flows from operating activities:		
Net income (loss) attributable to Redwire Corporation	\$ (12,722)	\$ (94,321)
Net income (loss) attributable to noncontrolling interests	(1)	—
Net income (loss)	(12,723)	(94,321)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	5,084	7,060
Amortization of debt issuance costs and discount	173	207
Equity-based compensation expense	3,866	6,154
(Gain) loss on change in fair value of committed equity facility	(66)	38
(Gain) loss on change in fair value of warrants	2,011	(15,155)
Deferred provision (benefit) for income taxes	(333)	(4,828)
Impairment expense	—	80,462
Non-cash lease expense	103	187
Non-cash interest expense	525	—
Other	(128)	31
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,376	3,546
(Increase) decrease in contract assets	(11,898)	(3,009)
(Increase) decrease in inventory	188	(1,003)
(Increase) decrease in prepaid insurance	1,604	2,127
(Increase) decrease in prepaid expenses and other assets	(592)	(827)
Increase (decrease) in accounts payable and accrued expenses	(3,262)	3,514
Increase (decrease) in deferred revenue	4,025	101
Increase (decrease) in operating lease liabilities	(160)	—
Increase (decrease) in other liabilities	(440)	132
Increase (decrease) in notes payable to sellers	(557)	—
Net cash provided by (used in) by operating activities	(11,204)	(15,584)
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(2,223)	(1,898)
Purchase of intangible assets	(325)	(175)
Net cash provided by (used in) investing activities	(2,548)	(2,073)
Cash flows from financing activities:		
Proceeds received from debt	11,500	10,000
Repayments of debt	(13,695)	(2,294)
Payment of debt issuance fees to third parties	—	(770)
Repayment of finance leases	(175)	—
Proceeds from issuance of common stock	—	1,222
Payment of committed equity facility transaction costs	(571)	(81)
Payments of issuance costs related to convertible preferred stock	(52)	—
Payment of contingent earnout	(443)	—
Net cash provided by (used in) financing activities	(3,436)	8,077
Effect of foreign currency rate changes on cash and cash equivalents	103	(64)
Net increase (decrease) in cash and cash equivalents	(17,085)	(9,644)
Cash and cash equivalents at beginning of period	28,316	20,523
Cash and cash equivalents at end of period	\$ 11,231	\$ 10,879

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)

Note A – Description of the Business

Redwire Corporation (the “Company”) develops and manufactures mission critical space solutions and high reliability components for the next generation space economy, with valuable intellectual property for solar power generation, in-space 3D printing and manufacturing, avionics, critical components, sensors, digital engineering and space-based biotechnology. The Company serves both U.S. and international customers with products and services that have civil space, national security and commercial applications, with principal customers being agencies of the U.S. and European governments.

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 (“ESA”), 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 Q – Joint Venture for additional information.

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 presentation 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 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 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 Q – 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, post-retirement benefit plans, paid-in-kind dividends, and warrant liabilities.

Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and that are 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

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

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.

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:

	Six Months Ended	
	June 30, 2023	June 30, 2022
Supplemental cash flow information:		
Cash paid (received) during the period for:		
Interest	\$ 4,137	\$ 2,759
Non-Cash Investing and Financing Activities:		
Convertible Preferred Stock dividend paid-in-kind	\$ 9,030	\$ —
Capital expenditures not yet paid	\$ 1,821	\$ 1,252
Equity financing transaction costs not yet paid	—	651

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.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Boards ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326), an amendment of the FASB Accounting Standards Codification ("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 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,

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

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 the 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	<u>\$ 36,429</u>
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	<u>52,993</u>
Liabilities:	
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

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

	October 31, 2022
Deferred tax liabilities	2,727
Other non-current liabilities	281
Total liabilities	33,706
Fair value of net identifiable assets acquired	19,287
Less: Fair value of noncontrolling interests in ROS	215
Goodwill	\$ 17,357

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	
Total intangible assets	\$ 13,935	

The amounts above represent the current preliminary fair value estimates. During the six months ended June 30, 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 June 30, 2023. The above amounts are preliminary and could be revised as a result of additional information obtained regarding the assets acquired and liabilities assumed, including, but not limited to, certain working capital items and residual goodwill. 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 investment 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 and six months ended June 30, 2022 as though the acquisition of Space NV had been completed as of January 1, 2021.

	Three Months Ended		Six Months Ended	
	June 30, 2022		June 30, 2022	
Revenues	\$	51,365	\$	97,144
Net income (loss) attributable to Redwire Corporation		(76,428)		(93,412)

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 and six months ended June 30, 2023 and June 30, 2022, respectively. Costs related to completed acquisitions were primarily attributable to the Space NV, 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.

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 D – Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, inventories, prepaid expenses and other current assets, accounts payable, 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 Rocco 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 sellers on the condensed consolidated balance sheets. Significant changes in the significant unobservable inputs used in the Black-Scholes Option Pricing Model ("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 Rocco 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 Rocco revenue for the year ended December 31, 2021 is less than \$30.0 million, (ii) \$1.0 million if Rocco revenue for the year ended December 31, 2021 is equal to or greater than \$0.0 million but less than \$40.0 million, (iii) \$2.0 million if Rocco revenue for the year ended December 31, 2021 is equal to or greater than \$40.0 million.

In January 2023, the Company paid the contingent earnout to the Rocco sellers in the amount of \$1.0 million in accordance with the purchase agreement. As of June 30, 2023, there was no additional contingent consideration payable to the Rocco sellers.

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

At inception, 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, measures 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. As certain inputs are not observable in the market, the derivative asset is classified as a Level 3 instrument within the

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

fair value hierarchy. 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 and six months ended June 30, 2023.

Based on the June 30, 2023 closing price of \$2.55 per share and registered shares available for purchase under the committed equity facility of 8,090,331, the Company had \$20.6 million of unused capacity under the committed equity facility as of June 30, 2023.

Private Warrants

In September 2021, the Company issued 7,732,168 private warrants in a transaction exempt from registration under securities regulations. The warrants, which are not listed for trading on a stock exchange, entitle the holder to purchase one share of the Company’s common stock at an exercise price of \$11.50 per share, subject to adjustment. The warrants will expire on September 2, 2026, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation. The private warrants were established as a liability at issuance. Classification of the private warrants as liability instruments was based on an analysis of the guidance in accordance with U.S. GAAP 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.” The Company considered whether the private warrants display the three characteristics of a derivative, and concluded the private warrants meet the definition of a derivative. However, the private warrants fail to meet the equity scope exception and thus are classified as a liability measured at fair value, subject to remeasurement at each reporting period. The changes in fair value are recognized as other (income) expense, net in the condensed consolidated statements of operations and comprehensive income (loss).

The private warrants were valued using a modified Black-Scholes OPM. As certain inputs are not observable in the market, the private warrants are classified as Level 3 instruments within the fair value hierarchy. The table below presents the fair value per warrant and the valuation assumptions under the Black-Scholes OPM:

	June 30, 2023	December 31, 2022
Fair value per share	\$ 0.43	\$ 0.17
Warrants outstanding	7,732,168	7,732,168
Exercise price	\$ 11.50	\$ 11.50
Common stock price	\$ 2.55	\$ 1.98
Expected option term	3.17 years	3.67 years
Expected volatility	72.80 %	60.70 %
Risk-free rate of return	4.40 %	4.10 %
Expected annual dividend yield	— %	— %

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

The table below presents the Company’s financial instruments measured at fair value on a recurring basis:

		June 30, 2023			
Balance Sheet Location		Level 1	Level 2	Level 3	Total
Assets:					
Committed equity facility	Other non-current assets	\$ —	\$ —	\$ 282	\$ 282
Total assets		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 282</u>	<u>\$ 282</u>
Liabilities:					
Private warrants	Warrant liabilities	\$ —	\$ —	\$ 3,325	\$ 3,325
Contingent consideration	Notes payable to sellers	—	—	—	—
Total liabilities		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,325</u>	<u>\$ 3,325</u>
		December 31, 2022			
Balance Sheet Location		Level 1	Level 2	Level 3	Total
Assets:					
Committed equity facility	Other non-current assets	\$ —	\$ —	\$ 216	\$ 216
Total assets		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 216</u>	<u>\$ 216</u>
Liabilities:					
Private warrants	Warrant liabilities	\$ —	\$ —	\$ 1,314	\$ 1,314
Contingent consideration	Notes payable to sellers	—	—	1,000	1,000
Total liabilities		<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,314</u>	<u>\$ 2,314</u>

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

		Committed Equity Facility	Total Level 3
Assets:			
December 31, 2022		\$ 216	\$ 216
Changes in fair value		66	66
Settlements		—	—
June 30, 2023		<u>\$ 282</u>	<u>\$ 282</u>
Liabilities:			
December 31, 2022		\$ 1,000	\$ 2,314
Additions		—	—
Changes in fair value		—	2,011
Settlements		(1,000)	(1,000)
June 30, 2023		<u>\$ —</u>	<u>\$ 3,325</u>

Note E – Accounts Receivable, net

The accounts receivable, net balance was as follows:

	June 30, 2023	December 31, 2022
Billed receivables	\$ 24,851	\$ 25,518
Unbilled receivables	641	1,208
Total accounts receivable, net	<u>\$ 25,492</u>	<u>\$ 26,726</u>

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.

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

Substantially all accounts receivable as of June 30, 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 six months ended June 30, 2023.

Note F – Inventory

The inventory balance was as follows:

	June 30, 2023	December 31, 2022
Raw materials	\$ 1,048	\$ 995
Work in process	233	474
Inventory	<u>\$ 1,281</u>	<u>\$ 1,469</u>

Note G – Debt

The table below presents details of the Company’s debt as of the following periods and the effective interest rate as of June 30, 2023:

	Effective interest rate	June 30, 2023	December 31, 2022
Adams Street Term Loan	12.00 %	\$ 30,677	\$ 30,626
Adams Street Delayed Draw Term Loan	12.00	14,844	14,819
Adams Street Incremental Term Loan	11.95	31,748	31,695
D&O Financing Loans	1.92	—	1,798
Total debt		<u>77,269</u>	<u>78,938</u>
Less: unamortized discounts and issuance costs		1,443	1,615
Total debt, net		<u>75,826</u>	<u>77,323</u>
Less: Short-term debt, including current portion of long-term debt		780	2,578
Total long-term debt, net		<u>\$ 75,046</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 by various amendments through June 30, 2023. 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. During the three and six months ended June 30, 2023, the Company borrowed and repaid \$11.5 million on the revolving credit facility. As of June 30, 2023, there were no borrowings outstanding under the Company’s revolving credit facility and the remaining capacity was \$25.0 million.

As of June 30, 2023, the 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 %
Revolving credit facility:		
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,

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

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. During the three and six months ended June 30, 2023, total accrued interest to be paid in kind on the Adams Street Credit Agreement was \$0.1 million and \$0.5 million, respectively.

During the three months ended June 30, 2023, 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 as discussed above, remains in effect.

Additionally, in June 2023, the Company entered into the Sixth Amendment to the Adams Street Credit Agreement, in which the LIBOR-based interest rate applicable to borrowings under the Adams Street Credit Agreement was replaced with a SOFR-based interest rate in advance of the cessation of LIBOR which occurred on June 30, 2023.

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 June 30, 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 had 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 had an interest rate of 4.59% per annum and a maturity date of June 3, 2023. In June 2023, the Company repaid the full outstanding principal and interest on the 2022 D&O Financing Loan.

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 table below summarizes total lease costs for the following periods:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Finance lease cost:				
Amortization of ROU assets	\$ 107	\$ —	\$ 192	\$ —
Interest on lease liabilities	24	—	44	—
Operating lease costs	1,038	753	1,993	1,476
Variable lease costs	11	—	11	—
Short-term lease costs	9	78	90	172
Total lease costs	<u>\$ 1,189</u>	<u>\$ 831</u>	<u>\$ 2,330</u>	<u>\$ 1,648</u>

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).

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

Other Supplemental Information

The table below presents other supplemental information related to the Company's leases for the following periods:

	Three Months Ended			
	June 30, 2023		June 30, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Cash paid for lease liabilities	\$ 1,087	\$ 118	\$ 680	\$ —
Right-of-use assets obtained in exchange for new lease liabilities	2,757	151	—	—

	Six Months Ended			
	June 30, 2023		June 30, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Cash paid for lease liabilities	\$ 2,060	\$ 218	\$ 1,287	\$ —
Right-of-use assets obtained in exchange for new lease liabilities	3,334	451	3,629	—

	June 30, 2023		June 30, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
	Weighted average remaining lease term (in years)	4.7	3.5	3.0
Weighted average discount rate	6.4 %	8.8 %	4.2 %	— %

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		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Effective tax rate	1.5 %	2.4 %	0.9 %

The effective tax rate was 1.5% and 0.9% for the three and six months ended June 30, 2023, respectively, compared to 2.4% and 4.9% for the three and six months ended June 30, 2022, respectively. The difference in effective tax rate between periods was primarily related to an increase in the valuation allowance during the three and six months ended June 30, 2023.

The effective tax rate for the three and six months ended June 30, 2023 differs from the U.S. federal income tax rate of 21.0% primarily due to the valuation allowance on the realization of deferred tax assets. The effective tax rate for the three and six months ended June 30, 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, the valuation of warrants, goodwill impairments, and a partial valuation allowance on the realization of the deferred tax assets.

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 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 six months ended June 30, 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 a portion of the deferred tax assets are more-likely-than-not realizable for the six months ended June 30, 2022. The change from the six months ended June 30, 2022 to the six months ended June 30, 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.

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 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. After completing an 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. The Company self-reported this matter to the SEC on November 8, 2021 and on August 1, 2023, the SEC notified the Company's counsel that this matter is closed.

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. 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, 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 time, 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.

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 K – Convertible Preferred Stock

The table below presents activity of the Company's Convertible Preferred Stock:

	Shares	Amount
Balance as of December 31, 2022	81,250.00	\$ 76,365
Dividend paid-in-kind	6,039.66	9,030
Balance as of June 30, 2023	87,289.66	\$ 85,395

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 88,000.00 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 81,250.00 shares ("Purchased Shares") of Convertible Preferred Stock for an aggregate purchase price of \$81.25 million, or \$76.4 million net of issuance costs.

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 a dividend paid-in-kind ("PIK") on the Convertible Preferred Stock. As the Company has the option of paying dividends on the Convertible Preferred Stock in either cash or in kind, the PIK dividend is recorded at fair value as of the declaration, April 15, 2023. The fair value of the PIK dividend was \$9.0 million, which was recorded against additional paid-in-capital since the Company has an accumulated loss. The fair value of the PIK dividend was calculated using the accrued value per share after a remaining term of 2.5 years on an as-converted basis, or \$1,495 per share.

The 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 as of November 3, 2022, 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 \$.05 per share, subject to customary anti-dilution and price protective adjustments.

The Company previously obtained the requisite shareholder approval for the conversion of the Convertible Preferred Stock into common stock above the 19.99% Limitation (as defined below). On June 20, 2023, the Company filed with the SEC a Schedule 14C information statement pursuant to Section 14(c) of the Exchange Act, which provided notice of the approval of, (i) the conversion of the Convertible Preferred Stock 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) voting rights of the aggregate number of votes to which all holders of outstanding shares of Convertible Preferred Stock are entitled to vote in excess of 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").

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

As of June 30, 2023, the 87,289.66 outstanding shares of Convertible Preferred Stock were convertible into approximately 29,241,349 shares of the Company's common stock. The holders of Convertible Preferred Stock are entitled to vote with the holders of common stock, on an as-converted basis. In addition, holders of Convertible Preferred Stock have the right, at their option and at any time, to convert their shares into shares of 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.

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, 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 June 30, 2023, the accumulated but not declared or paid dividends on the Convertible Preferred Stock were \$1.9 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.

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 June 30, 2023, and December 31, 2022, the liquidation preference of the Convertible Preferred Stock was \$176.5 million and \$162.5 million, respectively.

Note L – Revenues

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Civil space	\$ 27,440	\$ 16,850	\$ 53,495	\$ 33,014
National security	14,178	9,632	24,760	17,210
Commercial and other	18,480	10,246	39,448	19,371
Total revenues	<u>\$ 60,098</u>	<u>\$ 36,728</u>	<u>\$ 117,703</u>	<u>\$ 69,595</u>

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
U.S.	\$ 44,653	\$ 35,273	\$ 88,436	\$ 66,623
Europe	15,368	1,297	29,190	2,633
Other	77	158	77	339
Total revenues	<u>\$ 60,098</u>	<u>\$ 36,728</u>	<u>\$ 117,703</u>	<u>\$ 69,595</u>

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Customer A ⁽¹⁾	\$ 9,824	\$ —	\$ 18,841	\$ —
Customer B ⁽¹⁾	9,580	—	16,949	—
Customer C ⁽¹⁾	—	6,002	—	14,441
Total	<u>\$ 19,404</u>	<u>\$ 6,002</u>	<u>\$ 35,790</u>	<u>\$ 14,441</u>

⁽¹⁾ 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.

Contract Balances

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

	June 30, 2023	December 31, 2022
Contract assets	<u>\$ 43,290</u>	<u>\$ 31,041</u>
Contract liabilities	<u>\$ 33,905</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 six months ended June 30, 2023.

The change in contract liabilities was primarily driven by the timing of billable milestones occurring during the six months ended June 30, 2023. Revenue recognized in the six months ended June 30, 2023 that was included in the contract liability balance as of December 31, 2022 was \$26.4 million. Revenue recognized in the six months ended June 30, 2022 that was included in the contract liability balance as of December 31, 2021 was \$10.2 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.

The below table summarizes the favorable (unfavorable) impact of the net EAC adjustments for the following periods:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net EAC adjustments, before income taxes	\$ (74)	\$ (1,410)	\$ (1,684)	\$ (3,218)
Net EAC adjustments, net of income taxes	(73)	(1,375)	(1,677)	(3,062)
Net EAC adjustments, net of income taxes, per diluted share	—	(0.02)	(0.03)	(0.05)

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

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

Remaining Performance Obligations

As of June 30, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was \$253.1 million. The Company expects to recognize approximately 67% of its remaining performance obligations as revenue within the next 12 months and the balance thereafter.

Note M – Employee Benefit Plans

Post-Retirement Benefit Plans

The Company sponsors various post-retirement benefit plans for certain non-U.S. employees through its wholly-owned subsidiary, Space NV, 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 June 30, 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.

Income Statement Information

The table below provides the components of net periodic benefit cost and other amounts recognized in the condensed consolidated statements of operations and comprehensive income (loss) for the following periods:

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	Base Plan	Performance Plan	Base Plan	Performance Plan
Net periodic benefit cost:				
Service cost	84	8 \$	165	396
Interest cost	60	25	117	49
Expected return on plan assets	(59)	(22)	(116)	(44)
Net periodic benefit cost	\$ 85	\$ 11 \$	166	\$ 401

Contributions

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

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	Base Plan	Performance Plan	Base Plan	Performance Plan
Contributions by:				
Employee	\$ 42	\$ —	\$ 101	\$ —
Employer	69	17	168	403

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 N – Equity-Based Compensation

Class P Unit Incentive Plan

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 June 30, 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 requisite service period and recognizes forfeitures as they occur.

The table below presents the activity of stock options under the Plan:

	Shares	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding as of December 31, 2022	2,153,591	\$ 2.70	\$ 7.22	8.6
Granted	—	—	—	
Expired	(13,001)	3.28	9.86	
Forfeited	(37,999)	2.81	7.74	
Outstanding as of June 30, 2023	2,102,591	\$ 2.69	\$ 7.20	8.1

As of June 30, 2023, the total unrecognized compensation cost related to unvested stock options granted under the Plan was \$3.4 million and is expected to be recognized over a weighted-average period of 1.6 years. As of June 30, 2023, there were 467,471 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 requisite service period and recognizes forfeitures as they occur.

On May 25, 2023, the Company granted 205,765 restricted stock units of the Company's common stock to non-employee directors. The restricted stock units vest on the one year anniversary from the dated grant, subject to the director's continued service on the board. The weighted average grant date fair value of these awards was \$2.43 per share.

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

The table below presents the activity of restricted stock units under the Plan:

	Restricted Shares	Weighted-Average Grant Date Fair Value per Share	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Unvested as of December 31, 2022	2,282,778	\$ 6.30	1.3	\$ 4,520
Granted	205,765	2.43		
Vested	(164,475)	4.02		
Forfeited	(169,039)	7.06		
Unvested as of June 30, 2023	<u>2,155,029</u>	<u>\$ 6.07</u>	<u>1.1</u>	<u>\$ 5,491</u>

As of June 30, 2023, total unrecognized compensation cost related to unvested restricted stock units granted under the Plan was \$6.6 million and is expected to be recognized over a weighted-average period of 1.6 years.

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Cost of sales				
Incentive Units	\$ —	\$ —	\$ —	\$ 181
Stock Options	46	13	92	25
Restricted Stock Units	598	539	1,271	1,166
Total cost of sales	<u>\$ 644</u>	<u>\$ 552</u>	<u>\$ 1,363</u>	<u>\$ 1,372</u>
Selling, general and administrative expenses				
Incentive Units	\$ —	\$ —	\$ —	\$ 2,171
Stock Options	383	279	744	688
Restricted Stock Units	881	912	1,759	1,923
Total selling, general and administrative expenses	<u>\$ 1,264</u>	<u>\$ 1,191</u>	<u>\$ 2,503</u>	<u>\$ 4,782</u>
Total equity-based compensation expense	<u>\$ 1,908</u>	<u>\$ 1,743</u>	<u>\$ 3,866</u>	<u>\$ 6,154</u>

Note O – Impairment Expense

The table below presents the impairment expense recorded during the following periods:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Property, plant and equipment, net	\$ —	\$ 12,941	\$ —	\$ 12,941
Intangible assets, net	—	28,213	—	28,213
Goodwill	—	39,308	—	39,308
Total impairment expense	<u>\$ —</u>	<u>\$ 80,462</u>	<u>\$ —</u>	<u>\$ 80,462</u>

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

During the second quarter of 2022, there was a significant and prolonged decline in the Company's market capitalization driven by general economic conditions, including heightened inflation, rising interest rates and volatility in the capital markets. Specifically for the Mission Solutions reporting unit, the Company observed a significant decline in discounted future cash flows, primarily attributable to a decrease in forecasted revenues as well as increased production costs and subcontractor delays that had extended the timeline for fulfillment of existing performance obligations and deferred pipeline realization. After considering the totality of events and circumstances, the Company determined that these triggering events indicated that certain recorded intangible assets, including goodwill, and property, plant and equipment may be impaired. After considering the totality of events and circumstances described above, the Company performed an interim quantitative impairment assessment of all reporting units and asset groups as of June 30, 2022, which resulted in a partial impairment of goodwill and certain tangible and intangible assets recorded on the Mission Solutions reporting unit and its underlying asset groups. The Company did not identify any indicators of impairment and therefore, no impairment expense was recorded for the three and six months ended June 30, 2023.

Fair value estimates used in the Company's quantitative impairment assessments result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions that have been deemed reasonable by management as of the measurement date. Additional information related to these impairment activities is provided below.

Impairment activities during the six months ended June 30, 2022 did not have any impact on the Company's compliance with the Adams Street Credit Agreement or other contract related covenants.

Property, plant and equipment, net

During the second quarter of 2022, as a result of the qualitative factors described above, the Company performed an interim quantitative impairment test and determined that the carrying value of two asset groups within the Mission Solutions reporting unit were not recoverable based on entity-specific, undiscounted net cash flows. Accordingly, impairment expense was measured as the amount by which the carrying value of the asset groups exceeded their fair value as of the respective reporting date. The fair value of the two asset groups was determined using an income approach based on a discounted cash flow model. Based on the results of the quantitative impairment test performed as of June 30, 2022, the Company recognized impairment expense related to property and equipment and leasehold improvements of \$12.9 million.

Intangible assets, net

During the second quarter of 2022, as a result of the qualitative factors described above, the Company performed an interim quantitative impairment test of certain indefinite-lived intangible assets and definite-lived intangible assets. The fair value of the Company's indefinite-lived intangible assets was determined using the relief from royalty method, which assumes that the asset's fair value is the present value of license fees avoided by owning it. Please refer to the property, plant and equipment, net discussions above regarding the methodologies used for definite-lived intangibles.

Impairment expense was measured as the amount by which the carrying value of the intangible assets exceeded their fair value as of the respective reporting date. Based on the results of the quantitative impairment test as of June 30, 2022, the Company recognized impairment expense related to customer relationships, technology, trademarks, internal-use software licenses and IPR&D of \$28.2 million during the three and six months ended June 30, 2022.

Goodwill

During the second quarter of 2022, as a result of the qualitative factors described above, the Company performed an interim quantitative goodwill impairment test. The fair value of the Company's reporting units was determined using a combination and applied weighting of an income approach based on a discounted cash flow model as well as two market approaches based on (i) guideline public company revenues and earnings before interest, tax, depreciation and amortization multiples and (ii) guideline transactions, whereby consideration is given to prices paid in market comparable transactions.

Based on the interim impairment test, the Company determined that the estimated fair value of the Mission Solutions reporting unit was lower than its carrying value as of June 30, 2022. Accordingly, the Company recorded total non-cash, pre-tax and post-tax impairment charges of \$ 39.3 million during the three and six months ended June 30, 2022, which reduced the reporting unit's goodwill balance to \$10.7 million as of June 30, 2022.

The impairment of goodwill of the Mission Solutions reporting unit was due to a significant decline in discounted future cash flows, primarily attributable to a decrease in forecasted revenues as well as increased production costs and subcontractor delays that had extended the timeline for fulfillment of existing performance obligations and deferred pipeline realization.

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 P – Net Income (Loss) per Common Share

The table below presents a reconciliation of the basic and diluted net income (loss) per share that were computed for the following periods:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Numerator:				
Net income (loss) attributable to Redwire Corporation	\$ (5,464)	\$ (77,028)	\$ (12,722)	\$ (94,321)
Less: dividends on Convertible Preferred Stock	4,800	—	9,166	—
Net income (loss) available to common shareholders	\$ (10,264)	\$ (77,028)	\$ (21,888)	\$ (94,321)
Denominator:				
Weighted-average common shares outstanding:				
Basic and diluted	64,345,698	62,992,454	64,313,344	62,842,495
Net income (loss) per common share:				
Basic and diluted	\$ (0.16)	\$ (1.22)	\$ (0.34)	\$ (1.50)

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 Q – Joint Venture

The Company, through its wholly-owned subsidiary, Space NV, participates in a joint venture operation with SES Techcom S.A. (“Techcom”) for the purpose of performing M&O Services for ESA, 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. The Company exhibits significant influence over the joint venture operations and receives a management fee in exchange for administrative services.

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

The acquisition of Space NV by the Company did not result in any changes to the joint venture or ownership interests in the underlying legal entities. The joint venture automatically terminates on the earlier of: (i) the expiration of the M&O Service agreement with ESA, unless other business is conducted by either company at the time of expiration, (ii) complete withdrawal of ownership interests held by Space NV or Techcom, or (iii) unanimous consent by the shareholders that both RSS and ROS are dissolved.

Both RSS and ROS are accounted for under the 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 June 30, 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 June 30, 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 June 30, 2023 and December 31, 2022. Total assets and total liabilities for ROS as of June 30, 2023 were \$0.8 million and \$0.4 million, respectively, and \$1.6 million and \$1.1 million, respectively, as of December 31, 2022. Net income from ROS for the three and six months ended June 30, 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 June 30, 2023 and December 31, 2022.

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 ownership greater than 20% 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 and six months ended June 30, 2023, the Company recognized income (loss) from RSS of \$0.2 million and \$0.2 million, respectively, 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 \$3.5 million and \$3.3 million as of June 30, 2023 and December 31, 2022, respectively.

Note R – Related Parties

A customer of the Company, Related Party A, was a related party 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 as of the second quarter of 2022.

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

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

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:

	As of			
	June 30, 2023	December 31, 2022		
Accounts receivable:				
Related Party A	\$ 742	\$ —		
Related Party B	—	—		
	<u>\$ 742</u>	<u>\$ —</u>		
	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues:				
Related Party A	\$ 214	\$ —	\$ 608	\$ 194
Related Party B ⁽¹⁾	2,554	—	4,334	—
	<u>\$ 2,768</u>	<u>\$ —</u>	<u>\$ 4,942</u>	<u>\$ 194</u>

⁽¹⁾ While revenue may have been generated during each of the periods presented, amounts are only disclosed for the periods in which the customer was a related party.

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 and six months ended June 30, 2023 and June 30, 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 S – Subsequent Events

On July 3, 2023, the Company’s board of directors approved the grant of up to 701,096 shares of performance-based restricted stock units (“PSUs”) and 1,693,596 shares of restricted stock units (“RSUs”) to certain officers, managers and other eligible employees pursuant to the Plan. The contractual terms and vesting conditions for the PSU and RSU awards are consistent with previous grants described in Note N – Equity-Based Compensation with the exception that the PSU award represents a contingent right to receive between 0 and 2 shares of the Company’s common stock per PSU depending upon the closing price per share on December 31, 2025, the end of the performance period. The fair value of the RSUs will be determined based on the closing price per share of common stock as of the grant date, while the fair value of the PSUs will be determined on the grant date using the Monte-Carlo valuation model.

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.

The following discussion should be read along with the financial statements included in this Form 10-Q, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Liquidity and Capital Resources," and "Risk Factors" 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, which provides additional information on our business, the environment in which we operate and our operating results.

Recent Developments

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

- Revenues increased 64% during the second quarter of 2023, as compared to the same period in 2022, and increased 69% for the first half of 2023 compared to the same period in 2022.
- Selling, general and administrative expenses as a percentage of revenues decreased to 29% during the second quarter of 2023 from 48% during the same period in 2022, and decreased to 29% for the first half of 2023 from 55% during the same period in 2022.
- Net loss decreased 93% during the second quarter of 2023, as compared to the same period in 2022, and decreased 87% for the first half of 2023 compared to the same period in 2022.
- Net cash used in operating activities decreased \$4.4 million during the first half of 2023, as compared to the same period in 2022.
- Contracted backlog increased year-over-year to \$272.8 million as of June 30, 2023, as compared to \$162.1 million as of June 30, 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, and regulatory challenges that 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 half of 2023, the long-term impacts on the business remain uncertain, particularly as it relates to the macroeconomic factors described above.

Results of Operations

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

Results of operations for the three months ended June 30, 2023 compared to the three months ended June 30, 2022

The following table presents our results of operations for the three months ended June 30, 2023 compared to the three months ended June 30, 2022, 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
	June 30, 2023	% of revenues	June 30, 2022	% of revenues		
Revenues	\$ 60,098	100 %	\$ 36,728	100 %	\$ 23,370	64 %
Cost of sales	44,194	74	29,746	81	14,448	49
Gross margin	15,904	26	6,982	19	8,922	128
Operating expenses:						
Selling, general and administrative expenses	17,686	29	17,562	48	124	1
Transaction expenses	4	—	48	—	(44)	(92)
Impairment expense	—	—	80,462	219	(80,462)	(100)
Research and development	2,070	3	1,708	5	362	21
Operating income (loss)	(3,856)	(6)	(92,798)	(253)	88,942	(96)
Interest expense, net	2,664	4	1,670	5	994	60
Other (income) expense, net	(970)	(2)	(15,515)	(42)	14,545	(94)
Income (loss) before income taxes	(5,550)	(9)	(78,953)	(215)	73,403	(93)
Income tax expense (benefit)	(85)	—	(1,925)	(5)	1,840	(96)
Net income (loss)	(5,465)	(9)	(77,028)	(210)	71,563	(93)
Net income (loss) attributable to noncontrolling interests	(1)	—	—	—	(1)	100
Net income (loss) attributable to Redwire Corporation	\$ (5,464)	(9) %	\$ (77,028)	(210) %	\$ 71,564	(93) %

Revenues

Revenues increased 64% to \$60.1 million for the three months ended June 30, 2023, as compared to \$36.7 million for the three months ended June 30, 2022. The year-over-year increase in revenues was primarily driven by \$14.2 million of contributed revenue from the Space NV Acquisition, changes in contract mix, and the timing of product deliveries in the deployables and engineering solutions space.

Cost of Sales

Cost of sales increased \$14.4 million, or 49%, for the three months ended June 30, 2023, as compared to the three months ended June 30, 2022. The year-over-year increase in cost of sales was primarily driven by \$11.0 million of contributed cost of sales from the Space NV Acquisition and increased costs associated with revenue growth for the period. These activities were partially offset by a decrease due to changes in contract mix.

Gross Margin

Gross margin increased \$8.9 million, or 128%, for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. As a percentage of revenues, gross margin was 26% and 19% for the three months ended June 30, 2023 and 2022, respectively. The year-over-year increase in gross margin was primarily driven by increased profitability on new contract awards, focused cost reduction activities, and completion of low gross margin contracts to improve the overall contract portfolio gross margin. The increase

was also partly due to gross margin contributions from the Space NV Acquisition, which represents 47% of the year-over-year increase.

Selling, General and Administrative (“SG&A”) Expenses

SG&A expenses for the three months ended June 30, 2023 remained materially consistent as compared with the same period in 2022. As a percentage of revenues, SG&A expenses were 29% and 48% for the three months ended June 30, 2023 and 2022, respectively. The year-over-year decrease in SG&A expenses as a percentage of revenue was primarily driven by the Company’s continued focus on cost discipline and streamlining corporate overhead costs to enhance operating leverage. These cost savings were partially offset by \$3.4 million of contributed SG&A expenses from the Space NV Acquisition.

Transaction Expense

Transaction expenses for the three months ended June 30, 2023 remained materially consistent as compared with the same period in 2022.

Impairment Expense

Impairment expense decreased \$80.5 million or (100)% for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. There was no impairment charge recognized during the three months ended June 30, 2023. In comparison, during the second quarter of 2022, the Company performed a quantitative impairment assessment and recorded a non-cash, pre-tax and post-tax impairment charge of \$80.5 million. Of this amount, \$12.9 million related to property and equipment, \$28.2 million related to intangible assets and \$39.3 million related to goodwill. Please refer to Note O – Impairment Expense of the accompanying notes to the condensed consolidated financial statements for additional information.

Research and Development

Research and development expenses for the three months ended June 30, 2023 remained materially consistent as compared with the same period in 2022.

Interest Expense, net

Interest expense, net increased for the three months ended June 30, 2023 to \$2.7 million, as compared to \$1.7 million for the three months ended June 30, 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. 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 decreased \$14.5 million, or 94%, for the three months ended June 30, 2023, as compared to the three months ended June 30, 2022. The year-over-year decrease was primarily related to a decrease of \$15.6 million in the gain recognized as a result of changes in the fair value of the private warrant liability for both periods. This decrease was partially offset by a reduction in other expense of \$0.7 million related to costs incurred to enter into the committed equity facility during the three months ended June 30, 2022, of which there is no corresponding expense during 2023. 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 and committed equity facility.

Income Tax Expense (Benefit)

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

	Three Months Ended	
	June 30, 2023	June 30, 2022
(in thousands, except percent)		
Income tax expense (benefit)	\$ (85)	\$ (1,925)
Effective tax rate	1.5 %	2.4 %

The effective tax rate was relatively consistent for the three months ended June 30, 2023 and June 30, 2022. Refer to Note I – Income Taxes of the accompanying notes to the condensed consolidated financial statements for further discussion.

Net Income (Loss) Attributable to Noncontrolling Interests

The net income (loss) attributable to noncontrolling interests for the three months ended June 30, 2023 was de minimis for disclosure. There was no such comparable amount during the prior year. Please refer to Note Q – Joint Venture of the accompanying notes to the condensed consolidated financial statements for additional information.

Results of operations for the six months ended June 30, 2023 compared to the six months ended June 30, 2022

The following table presents our results of operations for the six months ended June 30, 2023 compared to the six months ended June 30, 2022:

(in thousands, except percentages)	Six Months Ended				\$ Change from prior year period	% Change from prior year period
	June 30, 2023	% of revenues	June 30, 2022	% of revenues		
Revenues	\$ 117,703	100 %	\$ 69,595	100 %	\$ 48,108	69 %
Cost of sales	87,582	74	57,442	83	30,140	52
Gross margin	30,121	26	12,153	17	17,968	148
Operating expenses:						
Selling, general and administrative expenses	33,724	29	38,513	55	(4,789)	(12)
Transaction expenses	13	—	94	—	(81)	(86)
Impairment expense	—	—	80,462	116	(80,462)	(100)
Research and development	2,458	2	3,432	5	(974)	(28)
Operating income (loss)	(6,074)	(5)	(110,348)	(159)	104,274	(94)
Interest expense, net	5,308	5	3,122	4	2,186	70
Other (income) expense, net	1,457	1	(14,335)	(21)	15,792	(110)
Income (loss) before income taxes	(12,839)	(11)	(99,135)	(142)	86,296	(87)
Income tax expense (benefit)	(116)	—	(4,814)	(7)	4,698	(98)
Net income (loss)	(12,723)	(11)	(94,321)	(136)	81,598	(87)
Net income (loss) attributable to noncontrolling interests	(1)	—	—	—	(1)	100
Net income (loss) attributable to Redwire Corporation	\$ (12,722)	(11) %	\$ (94,321)	(136) %	\$ 81,599	(87) %

Revenues

Revenues increased by \$48.1 million, or 69%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. The year-over-year increase in revenues was driven by \$26.5 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 \$30.1 million, or 52%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. The year-over-year increase in cost of sales was primarily driven by increased costs associated with revenue growth for the period and \$21.0 million of contributed cost of sales from the Space NV Acquisition.

Gross Margin

Gross margin increased \$18.0 million, or 148%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. As a percentage of revenues, gross margin was 26% and 17% for the six months ended June 30, 2023 and 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, completion of low gross margin contracts to improve the overall contract portfolio gross margin and gross margin contributions from the Space NV Acquisition.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses decreased \$4.8 million, or 12%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. As a percentage of revenues, SG&A expenses were 29% and 55% for the six months ended June 30, 2023 and 2022, respectively. The year-over-year decrease in SG&A expenses as a percentage of revenue was primarily driven by a decrease in share-based compensation and legal expenses of \$2.3 million and \$2.5 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 \$7.0 million of contributed SG&A expenses from the Space NV Acquisition.

Transaction Expenses

Transaction expenses for the six months ended June 30, 2023 were relatively consistent with the comparable period in 2022.

Impairment Expense

Impairment expense decreased \$80.5 million or (100)% for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. There was no impairment charge recognized during the six months ended June 30, 2023. In comparison, during the second quarter of 2022, the Company performed a quantitative impairment assessment and recorded a non-cash, pre-tax and post-tax impairment charge of \$80.5 million. Of this amount, \$12.9 million related to property and equipment, \$28.2 million related to intangible assets and \$39.3 million related to goodwill. Please refer to Note O – Impairment Expense of the accompanying notes to the condensed consolidated financial statements for additional information.

Research and Development

Research and development expenses decreased \$1.0 million, or 28%, for the six months ended June 30, 2023 compared to the six months ended June 30, 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 \$2.2 million, or 70%, for the six months ended June 30, 2023 as compared to the six months ended June 30, 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 six months ended June 30, 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 decreased \$15.8 million, or (110)%, for the six months ended June 30, 2023 compared to the six months ended June 30, 2022. This year-over-year decrease was primarily due to a \$2.0 million loss as a result of an increase in the fair value of the Company's private warrant liability for the six months ended June 30, 2023 as compared to \$15.2 million gain for the comparable period in 2022. This decrease was partially offset by a reduction in other expense of \$0.7 million related to costs incurred to enter into the committed equity facility during the six months ended June 30, 2022, of which there is no corresponding expense during 2023. 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 and committed equity facility.

Income Tax Expense (Benefit)

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

(in thousands, except percent)	Six Months Ended	
	June 30, 2023	June 30, 2022
Income tax expense (benefit)	\$ (116)	\$ (4,814)
Effective tax rate	0.9 %	4.9 %

The decrease in our effective tax rate for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 is primarily due to an increase in the valuation allowance during the six months ended June 30, 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 six months ended June 30, 2023 was de minimis for disclosure. There was no such comparable amount during the prior year. Please refer to Note Q – 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 June 30, 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		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income (loss)	\$ (5,465)	\$ (77,028)	\$ (12,723)	\$ (94,321)
Interest expense, net	2,664	1,669	5,308	3,121
Income tax expense (benefit)	(85)	(1,925)	(116)	(4,814)
Depreciation and amortization	2,618	3,402	5,084	7,060
Impairment expense	—	80,462	—	80,462
Acquisition deal costs (i)	4	48	13	94
Acquisition integration costs (i)	240	954	546	1,402
Purchase accounting fair value adjustment related to deferred revenue (ii)	—	40	15	66
Severance costs (iii)	176	453	320	463
Capital market and advisory fees (iv)	2,967	1,450	4,355	3,408
Litigation-related expenses (v)	43	302	68	2,568
Equity-based compensation (vi)	1,908	1,743	3,866	6,154
Committed equity facility transaction costs (vii)	40	770	(66)	770
Debt financing costs (viii)	17	—	17	—
Warrant liability change in fair value adjustment (ix)	(773)	(16,393)	2,011	(15,155)
Adjusted EBITDA	4,354	(4,053)	8,698	(8,722)
Pro forma impact on Adjusted EBITDA (x)	—	1,515	—	2,509
Pro Forma Adjusted EBITDA	\$ 4,354	\$ (2,538)	\$ 8,698	\$ (6,213)

- i. Redwire incurred acquisition costs including due diligence, integration costs and additional expenses related to pre-acquisition activity.
- ii. Redwire recorded adjustments related to the impact of recognizing deferred revenue at fair value as part of the purchase accounting for previous acquisitions.
- 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 2021 Audit Committee investigation and resulting securities litigation as further described in Note J of the accompanying notes to the condensed consolidated financial statements.
- vi. Redwire incurred expenses related to equity-based compensation under Redwire's equity-based compensation plan.
- vii. Redwire incurred expenses related to the committed equity facility with B. Riley, which includes consideration paid to enter into the Purchase Agreement as well as changes in fair value recognized as a gain or loss during the respective periods.
- viii. Redwire incurred expenses related to debt financing agreements, including amendment related fees paid to third parties that are expensed in accordance with U.S. GAAP.

- ix. 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.
- x. 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 periods presented, 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	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Contracts awarded	\$ 45,646	\$ 61,563	\$ 310,356	\$ 165,342
Revenues	60,098	36,728	208,657	143,350
Book-to-bill ratio	0.76	1.68	1.49	1.15

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 0.76 for the three months ended June 30, 2023, as compared to 1.68 for the three months ended June 30, 2022. For both the three months ended June 30, 2023 and 2022, none of the contracts awarded balance relates to acquired contract value.

Our book-to-bill ratio was 1.49 for the LTM ended June 30, 2023, as compared to 1.15 for the LTM ended June 30, 2022. For the LTM ended June 30, 2023, contracts awarded includes acquired contract value from the Space NV acquisition, which was completed in the fourth quarter of 2022. For the LTM ended June 30, 2022, contracts awarded includes acquired contract value from the Techshot acquisition, which was completed in the fourth quarter of 2021.

Backlog

The following table presents our contracted backlog as of June 30, 2023 and December 31, 2022, and related activity for the six months ended June 30, 2023 as compared to the year ended December 31, 2022.

(in thousands)	June 30, 2023	December 31, 2022
Organic backlog, beginning balance	\$ 184,912	\$ 139,742
Organic additions during the period	61,081	194,539
Organic revenue recognized during the period	(91,193)	(148,891)
Foreign currency translation	14	(478)
Organic backlog, ending balance	154,814	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	14,229	22,731
Acquisition-related revenue recognized during the period	(26,510)	(11,658)
Foreign currency translation	2,153	7,307
Acquisition-related backlog, ending balance	118,017	128,145
Contracted backlog, ending balance	\$ 272,831	\$ 313,057

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 \$19.7 million and \$37.4 million in remaining contract value from time and materials contracts as of June 30, 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 \$121.0 million and \$129.9 million as of June 30, 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 June 30, 2023, we had \$11.2 million in cash and cash equivalents, \$25.0 million in available borrowings from our existing credit facilities and \$20.6 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 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

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.

Contractual Obligations

During the six months ended June 30, 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)	Six Months Ended	
	June 30, 2023	June 30, 2022
Cash and cash equivalents at beginning of year	\$ 28,316	\$ 20,523
Operating activities:		
Net income (loss)	(12,723)	(94,321)
Non-cash adjustments	11,235	74,156
Changes in working capital	(9,716)	4,581
Net cash provided by (used in) operating activities	(11,204)	(15,584)
Net cash provided by (used in) investing activities	(2,548)	(2,073)
Net cash provided by (used in) financing activities	(3,436)	8,077
Effect of foreign currency rate changes on cash and cash equivalents	103	(64)
Net increase (decrease) in cash and cash equivalents	(17,085)	(9,644)
Cash and cash equivalents at end of period	\$ 11,231	\$ 10,879

Operating activities

Net cash used in operating activities for the six months ended June 30, 2023 decreased \$4.4 million compared to the same period in 2022. The change was primarily due to a decrease in cash used related to the Company’s net loss and non-cash adjustments six months ended June 30, 2023 in comparison to the same period in 2022, partially offset by an increase in cash used for working capital related to increases in contract assets of \$11.9 million and deferred revenue of \$4.0 million and a decrease in accounts payable and accrued expenses of \$3.3 million. The increase in contract assets and deferred revenue was primarily driven by the timing of billable milestones during the six months ended June 30, 2023 compared to the same period in 2022. The decrease in accounts payable and accrued expenses is primarily a result of timing of payments and invoice receipt, partially offset by accounts payable and accrued expenses due to the Space NV acquisition.

Investing activities

Net cash used in investing activities for the six months ended June 30, 2023 remained materially consistent with the comparable period in 2022.

Financing activities

Net cash used in financing activities for the six months ended June 30, 2023 increased \$11.5 million compared to the same period in 2022. The increase was primarily due to \$13.7 million related to the repayment of loans during the six months ended June 30, 2023 compared to \$2.3 million in the same period in 2022. The increase in repayment of loans was driven primarily by repayments

matching proceeds from the Adams Street Revolving Credit Facility during the six months ended June 30, 2023 compared to the same 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 the Euro, 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 June 30, 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. We have onboarded various individuals during the years ended December 31, 2021 and 2022, and will continue to onboard additional individuals during 2023 to align our personnel to specific areas and responsibilities aimed 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 have also established an ethics program which requires training and certification for all employees as well as enhances awareness of our whistleblower avenues.
- 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 and specific 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 and document our processes and procedures, including accounting policies. We are also in the process of standardizing controls, processes and 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 June 30, 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 June 30, 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:

Exhibit Number	Description
10.1	Sixth Amendment to Credit Agreement, dated as of June 23, 2023 by and between Redwire Holdings, LLC, Redwire Intermediate Holdings, LLC, the other Borrowers party thereto, the other Guarantors party thereto, Adams Street Credit Advisors, LP, as Administrative Agent and as Collateral Agent and each lender party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on June 23, 2023).
10.2+	Form of Time-Based Restricted Stock Unit Award Agreement (Employee) under the Redwire Corporation 2021 Omnibus Plan.
10.3+	Form of Performance-Based Restricted Stock Unit Award Agreement (Employee) under the Redwire Corporation 2021 Omnibus Plan.
31.1	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.

[Table of Contents](#)

Exhibit Number	Description
31.2	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.
32.1*	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.
32.2*	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.
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:	August 9, 2023	By:	<u>/s/ Peter Cannito</u>
		Name:	Peter Cannito
		Title:	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>
Date:	August 9, 2023	By:	<u>/s/ Jonathan Baliff</u>
		Name:	Jonathan Baliff
		Title:	Chief Financial Officer and Director <i>(Principal Financial Officer)</i>
Date:	August 9, 2023	By:	<u>/s/ Chris Edmunds</u>
		Name:	Chris Edmunds
		Title:	Senior Vice President and Chief Accounting Officer <i>(Principal Accounting Officer)</i>

**REDWIRE CORPORATION
2021 OMNIBUS INCENTIVE PLAN**

**TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
(EMPLOYEE)**

THIS AGREEMENT (the “Agreement”) is effective as of the Grant Date, by and between Redwire Corporation, a Delaware corporation (the “Company”), and Grantee.

Grantee:	
Grant Date:	
Grant Number:	
Number of Restricted Stock Units:	

The Company has adopted the Redwire Corporation 2021 Omnibus Incentive Plan (as amended, modified or supplemented from time to time, the “Plan”), by this reference made a part hereof, for the benefit of eligible employees, prospective employees, consultants and non-employee directors of the Company or any of its Affiliates. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed thereto in the Plan.

Pursuant to the Plan, the Committee, which has generally been assigned responsibility for administering the Plan, has determined that it would be in the interest of the Company and its stockholders to grant the Restricted Stock Units (the “RSUs”) provided herein in order to provide the Grantee with the potential to earn additional remuneration for services rendered, to encourage the Grantee to remain in the employ of, or in service to, the Company or its Affiliates and to increase the Grantee’s personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. **Grant of RSUs.** Pursuant to the Plan and subject further to the terms and conditions herein, the Company and the Grantee enter into this Agreement pursuant to which the Company grants to the Grantee a Number of Restricted Stock Units, where each RSU represents the right to receive one share of Stock.

2. **Vesting of RSUs.** The RSUs shall vest as follows: _____ in each case, subject to the Grantee’s continuous employment or service with the Company or any of its Affiliates through each such vesting date (each, and any earlier vesting date pursuant to Section 4(a), a “Vesting Date”).

3. **Settlement of RSUs.** Any RSUs that vest pursuant to Section 2 or Section 4 hereof shall be settled as soon as practicable following the applicable Vesting Date, but in no event later than thirty (30) days (or such shorter time period specified in Section 4) following such Vesting Date. Upon such settlement the Company shall deliver to the Grantee certificates representing the applicable number of shares of Stock or cause the applicable number of shares of Stock to be evidenced in book-entry form in the Grantee’s name in the stock register of the Company maintained by the Company’s transfer agent.

4. **Termination of Employment or Service.** Subject to Section 4(a) below, if the Grantee ceases employment or service to the Company or the applicable Affiliate for any reason,

any unvested RSUs will be immediately forfeited and cancelled, and the Grantee will thereupon cease to have any right or entitlement to receive any shares of Stock under this Agreement.

(a) Notwithstanding the foregoing,

(i) upon a Termination due to death or Disability, one hundred percent (100%) of the RSUs shall vest as of the date of such Termination (which shall be considered a Vesting Date for purposes of Section 3) and be settled pursuant to Section 3 hereof; or

(ii) upon the occurrence of a Change in Control, (x) to the extent the RSUs are not assumed by the surviving entity in connection with such Change in Control, one hundred percent (100%) of the RSUs shall vest as of the date of such Change in Control (which shall be considered a Vesting Date for purposes of Section 3) and be settled pursuant to Section 3 hereof; and (y) to the extent the RSUs are assumed by the surviving entity in connection with such Change in Control, upon a Termination by the Company or an Affiliate without Cause within the twenty-four (24) month period following such Change in Control, one hundred percent (100%) of the RSUs shall vest as of the date of such Termination and be settled pursuant to Section 3 hereof.

5. No Ownership Rights Prior to Issuance of Shares of Stock; Dividend Equivalents.

(a) Neither the Grantee nor any other person shall become the beneficial owner of the shares of Stock underlying the RSUs, nor have any rights of a shareholder (including, without limitation, dividend and voting rights) with respect to any such shares of Stock, unless and until and after such shares of Stock have been settled and delivered to the Grantee pursuant to Section 3 hereof.

(b) Notwithstanding the foregoing, if, after the Grant Date and prior to the distribution or payment in settlement of the RSUs, dividends with respect to the shares of Stock underlying the RSUs are declared or paid by the Company, the Grantee shall be entitled to receive the equivalent value (in cash or shares of Stock) of any such dividends paid on such shares of Stock ("Dividend Equivalents") in an amount, without interest, equal to the cumulative dividends declared or paid on a share of Stock, if any, during such period multiplied by the number of RSUs that vest. Dividend Equivalents will be subject to the same terms and conditions of this Agreement applicable the RSUs. The Dividend Equivalents will be paid on the applicable date of distribution or payment in settlement of the underlying RSUs in cash or shares of Stock, as determined by the Committee in its discretion. If the underlying RSUs are forfeited or cancelled prior to the applicable date of distribution or payment in settlement of the underlying RSUs for any reason, any accrued and unpaid Dividend Equivalents related to forfeited or cancelled RSUs shall be forfeited and cancelled.

6. Mandatory Withholding of Taxes.

(a) Subject to Section 6(b), prior to the issuance of Stock or cash otherwise payable or deliverable to Grantee, the Grantee must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state, and local withholding obligations of the Company. The Grantee may satisfy any federal, state, or local tax withholding obligation relating to the RSUs by any of the following means, or by a combination of such means:

(i) tendering a cash payment;

(ii) authorizing the Company to withhold shares of Stock from the shares of Stock otherwise issuable to the Grantee as a result of the vesting of the RSUs; *provided, however*, that no shares of Stock shall be withheld with a value exceeding the product of the maximum federal rate that could be applicable to the Grantee and the Fair Market Value of the shares of Stock;

(iii) utilizing a broker-assisted sale or cashless exercise;

(iv) delivering to the Company previously owned and unencumbered shares of Stock; and/or

(v) by any other means approved by the Committee.

(b) *Withholding Tax Election.* Unless otherwise determined by the Committee, by accepting this award, Grantee understands and agrees that as a condition of the grant of the RSUs pursuant to this Restricted Stock Unit Award Agreement, Grantee is required to, and hereby affirmatively elects to (the "Sell to Cover Election"): (1) sell that number of shares of Stock determined in accordance with Section 6(c) as may be necessary to satisfy all applicable withholding obligations with respect to any taxable event arising in connection with the RSUs, and (2) to allow the Agent (as defined in Section 6(c)) to pay the cash proceeds of such sale(s) to the Company. Additionally, Grantee agrees that the Agent may effect sales as provided in clause (1) above in one or more sales and that the average price for executions resulting from bunched orders, meaning sales of shares of Stock for other RSU award recipients who have RSU awards vesting on the same date as the Grantee, will be assigned to Grantee's account, and Grantee has no control over the time of such sales. Moreover, if the Company determines that the sale of shares of Stock would adversely impact the Company, the Grantee or otherwise, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell shares of Stock as provided by clause (1) above, in which case the Company will allow the Grantee to satisfy such tax obligations through one or more of the methods set forth in Section 6(a)(i)-(v) above as determined by the Company. Furthermore, Grantee hereby directs the Company to make a cash payment equal to the required tax withholding from the cash proceeds of such sale(s) directly to the appropriate taxing authorities. Grantee hereby represents and warrants that on the date hereof Grantee (i) is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, (ii) is not subject to any legal, regulatory, or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Stock effected by the Agent pursuant to the Agreement, and (iii) is entering into the Agreement and this election to "sell to cover" in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It is Grantee's intent that this election to "sell to cover" comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

(c) The Company will have the authority and the right to deduct or withhold, or to require Grantee to pay to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs. In satisfaction of the tax withholding obligations and in accordance with the Sell to Cover Election, Grantee has irrevocably elected to sell the portion of the shares of Stock to be delivered under the RSUs necessary so to satisfy the tax withholding obligations and Grantee will execute any letter of instruction or agreement required by the Company's transfer agent or stock plan administrator (together with any other party the Company determines necessary to execute the Sell to Cover Election, the "Agent") to cause the Agent to irrevocably commit to forward the proceeds necessary to satisfy the tax withholding

obligations directly to the Company or its affiliates. The Company will not be obligated to deliver any new certificate representing shares of Stock to Grantee or Grantee's legal representative or enter such shares of Stock in book entry form unless Grantee or Grantee's legal representative has paid or otherwise satisfied in full the amount of all federal, state, and local taxes applicable to Grantee's taxable income resulting from the grant or vesting of the RSUs or the issuance of Stock upon the settlement of the RSUs. In accordance with Grantee's Sell to Cover Election included, Grantee hereby acknowledges and agrees:

(i) Grantee appoints the Agent as Grantee's agent and authorizes the Agent to (1) sell on the open market at the then prevailing market price(s), on Grantee's behalf, as soon as practicable on or after the shares of Stock are issued upon the vesting of the RSUs, that number (rounded up to the next whole number) of the shares of Stock so issued necessary to generate proceeds to cover (x) any tax withholding obligations incurred with respect to such vesting or issuance and (y) all applicable fees and commissions due to, or required to be collected by, the Agent and (2) apply any remaining funds to Grantee's federal tax withholding.

(ii) Grantee authorizes the Company and the Agent to cooperate and communicate with one another to determine the amount of Stock that must be sold pursuant to subsection (i) above.

(iii) Grantee understands that the Agent may conduct the sales as provided in subsection (i) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to Grantee's account. In addition, Grantee acknowledges that it may not be possible to sell Stock as provided by subsection (i) above due to (1) a legal or contractual restriction applicable to Grantee or the Agent, (2) a market disruption, or (3) rules governing order execution priority on the national exchange where the Stock may be traded. Grantee further agrees and acknowledges that in the event the sale of Stock would result in material adverse harm to the Company, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell Stock as provided by subsection (i) above. In the event of the Agent's inability to sell Stock, Grantee will continue to be responsible for the timely payment to the Company and/or its affiliates of all federal, state, local, and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in subsection (i) above.

(iv) Grantee acknowledges that regardless of any other term or condition of this section, the Agent will not be liable to Grantee for (1) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (2) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) Grantee hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this section. The Agent is a third-party beneficiary of this section.

(vi) This section will terminate not later than the date on which all tax withholding obligations arising in connection with the vesting or settlement of the RSUs has been satisfied.

(vii) No Stock certificates (or their electronic equivalent) will be distributed to Grantee unless Grantee has paid any withholding taxes that are due as a result of the vesting or settlement of the RSUs.

(viii) If Grantee fails to make timely payment of withholding taxes in connection with the settlement of the RSUs, the Company has the right to satisfy all or any portion of the withholding taxes by withholding Stock otherwise issuable upon settlement of the RSUs.

7. **Restrictions Imposed by Law.** The Grantee agrees that the Company will not be obligated to deliver any shares of Stock to the Grantee if counsel to the Company determines that such delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance or delivery of shares of Stock to comply with any such law, rule, regulation or agreement.

8. **Assignability.** Except as expressly provided herein, the RSUs are not transferable (voluntarily or involuntarily) other than by will or the laws of descent and distribution and may not otherwise be assigned, pledged, hypothecated or otherwise disposed of and shall not be subject to execution, attachment or similar process. Upon any attempt to effect any such disposition, or upon the levy of any such process, the award provided for herein shall immediately become null and void, and the RSUs shall be immediately forfeited and cancelled therefor for no consideration.

9. **Notice.** Any notice required under this Agreement to be given or delivered to the Company must be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Grantee must be in writing and addressed to the Grantee at the address the Grantee designates in writing to the Company.

10. **Grantee Employment or Service.** Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, shall confer or be construed to confer on the Grantee any right to continue in the employ or service of the Company or any of its Affiliates or interfere in any way with the right of the Company or applicable Affiliate to terminate the Grantee's employment or service at any time, with or without Cause.

11. **Governing Law.** This Agreement is governed by and construed in accordance with the laws of the State of Delaware without giving effect to its conflict of law principles. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions of the Agreement will remain fully effective and enforceable.

12. **Construction.** References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all exhibits and schedules appended hereto, including the Plan. This Agreement is entered into, and the award evidenced hereby is granted, pursuant to the Plan and shall be governed by and construed in accordance with the Plan and the administrative interpretations adopted by the Committee thereunder. All decisions of the Committee upon questions regarding the Plan or this Agreement shall be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan shall control. The headings of the Sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

13. **Duplicate Originals.** The Company and the Grantee may execute any number of copies of this Agreement. Each executed copy shall be an original, but all of them together represent the same agreement.

14. **Rules by Committee.** The rights of the Grantee and obligations of the Company hereunder shall be subject to such reasonable rules and regulations as the Committee may adopt from time to time hereafter.

15. **Entire Agreement.** The Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the RSUs and replaces and makes null and void any prior agreements, oral or written, between the Grantee and the Company with respect to the RSUs.

16. **Code Section 409A.** Payments under this Agreement are designed to be made in a manner that is exempt from Code Section 409A as a “short-term deferral,” and the provisions of this Agreement will be administered, interpreted and construed accordingly (or disregarded to the extent such provision cannot be so administered, interpreted, or construed).

17. **Forfeiture and Clawback Provisions.** Notwithstanding any other provision in this Agreement, all RSUs (including any proceeds, gains or other economic benefit actually or constructively received with respect thereto) shall, unless otherwise determined by the Committee or required by applicable law, be subject to the provisions of any clawback policy implemented by the Company or otherwise required by applicable law, whether or not such clawback policy was in place at the Grant Date and whether or not the RSUs are vested.

18. **Restrictive Covenants.** All outstanding RSUs that have not been settled shall be automatically forfeited to the extent the Grantee violates any noncompetition, nonsolicitation, or any other restrictive covenants that may be contained in any employment or service agreement, restrictive covenant agreement, or any other agreement between the Company or any of its Affiliates and the Grantee, whether entered into prior to, on, or following the Grant Date, and the Grantee hereby reaffirms all such obligations.

19. **Grantee Acceptance.** The Grantee shall signify acceptance of the terms and conditions of this Agreement by executing this Agreement and returning an executed copy to the Company.

[Signature Page Follows]

REDWIRE CORPORATION

By: ___

Name:

Title:

ACCEPTED:

Grantee

*Signature Page
to
Time-Based Restricted Stock Unit Award Agreement*

**REDWIRE CORPORATION
2021 OMNIBUS INCENTIVE PLAN**

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
(EMPLOYEE)**

THIS AGREEMENT (the “Agreement”) is effective as of the Grant Date, by and between Redwire Corporation, a Delaware corporation (the “Company”), and Grantee.

Grantee:	
Grant Date:	
Grant Number:	
Number of Restricted Stock Units:	

The Company has adopted the Redwire Corporation 2021 Omnibus Incentive Plan (as amended, modified or supplemented from time to time, the “Plan”), by this reference made a part hereof, for the benefit of eligible employees, prospective employees, consultants and non-employee directors of the Company or any of its Affiliates. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed thereto in the Plan.

Pursuant to the Plan, the Committee, which has generally been assigned responsibility for administering the Plan, has determined that it would be in the interest of the Company and its stockholders to grant the Restricted Stock Units (the “RSUs”) provided herein in order to provide the Grantee with the potential to earn additional remuneration for services rendered, to encourage the Grantee to remain in the employ of, or in service to, the Company or its Affiliates and to increase the Grantee’s personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. **Grant of RSUs.** Pursuant to the Plan and subject further to the terms and conditions herein, the Company and the Grantee enter into this Agreement pursuant to which the target number of RSUs the Company grants to the Grantee is Number of Restricted Stock Units (the “Target Award”) and the maximum number of RSUs subject to this Agreement shall be 200% of the Target Award, where each RSU represents the right to receive one share of Stock.

2. **Vesting of RSUs.** The RSUs shall be subject to the performance-based vesting provisions below, subject to the Grantee’s continuous employment or service with the Company or any of its Affiliates. The Grantee may earn between 0% and 200% of the Target Award in accordance with the below matrix (the “Performance Requirements”) during the Performance Period. Payouts between performance levels will be determined based on straight line interpolation (with any fractional RSU rounded down to the nearest whole number of shares of Stock). The “Performance Period” shall be measured over the period beginning January 1, [Year 1] and ending December 31, [Year 3].

Goal	Threshold 0%	Target 100%	Maximum 200%
Stock Price			

For purposes of the determining vesting under the Performance Requirements, the Stock price shall be determined at the close of regular trading on the principal exchange on which the Stock is listed or traded on the last day of the Performance Period. Any RSUs that do not vest by the end of the Performance Period shall be forfeited for no consideration.

3. **Settlement of RSUs.** Any RSUs that vest pursuant to Section 2 or Section 4 hereof shall be settled as soon as practicable following the applicable vesting date, but in no event later than thirty (30) days (or such shorter time period specified in Section 4) following such vesting date. Upon such settlement the Company shall deliver to the Grantee certificates representing the applicable number of shares of Stock or cause the applicable number of shares of Stock to be evidenced in book-entry form in the Grantee's name in the stock register of the Company maintained by the Company's transfer agent.

4. **Termination of Employment or Service.** Subject to Section 4(a) below, if the Grantee ceases employment or service to the Company or the applicable Affiliate for any reason, any unvested RSUs will be immediately forfeited and cancelled, and the Grantee will thereupon cease to have any right or entitlement to receive any shares of Stock under this Agreement.

(a) Notwithstanding the foregoing,

(i) upon a Termination due to death or Disability, one hundred percent (100%) of the RSUs shall vest as of the date of such Termination (which shall be considered a vesting date for purposes of Section 3) and be settled pursuant to Section 3 hereof; or

(ii) upon the occurrence of a Change in Control, (x) to the extent the RSUs are not assumed by the surviving entity in connection with such Change in Control, if the Change in Control occurs during the Performance Period while any of RSUs are unvested, the Performance Period will be deemed to end on the day immediately preceding the Change in Control and the Performance Requirements will be measured based on the price per share of Stock to be paid in the Change in Control in accordance with the definitive agreement governing the transaction constituting the Change in Control (or, in the absence of such agreement, the closing price per share of Stock on the last trading day prior to the Change in Control, as reported at the close of regular trading on the principal exchange on which the Stock is listed); and (y) to the extent the RSUs are assumed by the surviving entity in connection with such Change in Control, upon a Termination by the Company or an Affiliate without Cause within the twenty-four (24) month period following such Change in Control and prior to the last day of the Performance Period, one hundred percent (100%) of the RSUs shall vest as of the date of such Termination and be settled pursuant to Section 3 hereof.

5. **No Ownership Rights Prior to Issuance of Shares of Stock; Dividend Equivalents.**

(a) Neither the Grantee nor any other person shall become the beneficial owner of the shares of Stock underlying the RSUs, nor have any rights of a shareholder (including, without limitation, dividend and voting rights) with respect to any such shares of Stock, unless and until and after such shares of Stock have been settled and delivered to the Grantee pursuant to Section 3 hereof.

(b) Notwithstanding the foregoing, if, after the Grant Date and prior to the distribution or payment in settlement of the RSUs, dividends with respect to the shares of Stock underlying the RSUs are declared or paid by the Company, the Grantee shall be entitled to

receive the equivalent value (in cash or shares of Stock) of any such dividends paid on such shares of Stock (“Dividend Equivalents”) in an amount, without interest, equal to the cumulative dividends declared or paid on a share of Stock, if any, during such period multiplied by the number of RSUs that vest. Dividend Equivalents will be subject to the same terms and conditions of this Agreement applicable the RSUs. The Dividend Equivalents will be paid on the applicable date of distribution or payment in settlement of the underlying RSUs in cash or shares of Stock, as determined by the Committee in its discretion. If the underlying RSUs are forfeited or cancelled prior to the applicable date of distribution or payment in settlement of the underlying RSUs for any reason, any accrued and unpaid Dividend Equivalents related to forfeited or cancelled RSUs shall be forfeited and cancelled.

6. **Mandatory Withholding of Taxes.**

(a) Subject to Section 6(b), prior to the issuance of Stock or cash otherwise payable or deliverable to Grantee, the Grantee must make arrangements satisfactory to the Company to pay or provide for any applicable federal, state, and local withholding obligations of the Company. The Grantee may satisfy any federal, state, or local tax withholding obligation relating to the RSUs by any of the following means, or by a combination of such means:

- (i) tendering a cash payment;
- (ii) authorizing the Company to withhold shares of Stock from the shares of Stock otherwise issuable to the Grantee as a result of the vesting of the RSUs; *provided, however*, that no shares of Stock shall be withheld with a value exceeding the product of the maximum federal rate that could be applicable to the Grantee and the Fair Market Value of the shares of Stock;
- (iii) utilizing a broker-assisted sale or cashless exercise;
- (iv) delivering to the Company previously owned and unencumbered shares of Stock; and/or
- (v) by any other means approved by the Committee.

(b) *Withholding Tax Election.* Unless otherwise determined by the Committee, by accepting this award, Grantee understands and agrees that as a condition of the grant of the RSUs pursuant to this Restricted Stock Unit Award Agreement, Grantee is required to, and hereby affirmatively elects to (the “Sell to Cover Election”): (1) sell that number of shares of Stock determined in accordance with Section 6(c) as may be necessary to satisfy all applicable withholding obligations with respect to any taxable event arising in connection with the RSUs, and (2) to allow the Agent (as defined in Section 6(c)) to pay the cash proceeds of such sale(s) to the Company. Additionally, Grantee agrees that the Agent may effect sales as provided in clause (1) above in one or more sales and that the average price for executions resulting from bunched orders, meaning sales of shares of Stock for other RSU award recipients who have RSU awards vesting on the same date as the Grantee, will be assigned to Grantee’s account, and Grantee has no control over the time of such sales. Moreover, if the Company determines that the sale of shares of Stock would adversely impact the Company, the Grantee or otherwise, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell shares of Stock as provided by clause (1) above, in which case the Company will allow the Grantee to satisfy such tax obligations through one or more of the methods set forth in Section 6(a)(i)-(v) above as determined by the Company. Furthermore, Grantee hereby directs the Company to make a cash payment equal to the required tax withholding from the cash proceeds of such sale(s) directly to the appropriate taxing authorities. Grantee hereby represents and warrants that on the date hereof Grantee (i) is not aware of any material, nonpublic

information with respect to the Company or any securities of the Company, (ii) is not subject to any legal, regulatory, or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Stock effected by the Agent pursuant to the Agreement, and (iii) is entering into the Agreement and this election to “sell to cover” in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company’s securities on the basis of material nonpublic information) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). It is Grantee’s intent that this election to “sell to cover” comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

(c) The Company will have the authority and the right to deduct or withhold, or to require Grantee to pay to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs. In satisfaction of the tax withholding obligations and in accordance with the Sell to Cover Election, Grantee has irrevocably elected to sell the portion of the shares of Stock to be delivered under the RSUs necessary so to satisfy the tax withholding obligations and Grantee will execute any letter of instruction or agreement required by the Company’s transfer agent or stock plan administrator (together with any other party the Company determines necessary to execute the Sell to Cover Election, the “Agent”) to cause the Agent to irrevocably commit to forward the proceeds necessary to satisfy the tax withholding obligations directly to the Company or its affiliates. The Company will not be obligated to deliver any new certificate representing shares of Stock to Grantee or Grantee’s legal representative or enter such shares of Stock in book entry form unless Grantee or Grantee’s legal representative has paid or otherwise satisfied in full the amount of all federal, state, and local taxes applicable to Grantee’s taxable income resulting from the grant or vesting of the RSUs or the issuance of Stock upon the settlement of the RSUs. In accordance with Grantee’s Sell to Cover Election included, Grantee hereby acknowledges and agrees:

(i) Grantee appoints the Agent as Grantee’s agent and authorizes the Agent to (1) sell on the open market at the then prevailing market price(s), on Grantee’s behalf, as soon as practicable on or after the shares of Stock are issued upon the vesting of the RSUs, that number (rounded up to the next whole number) of the shares of Stock so issued necessary to generate proceeds to cover (x) any tax withholding obligations incurred with respect to such vesting or issuance and (y) all applicable fees and commissions due to, or required to be collected by, the Agent and (2) apply any remaining funds to Grantee’s federal tax withholding.

(ii) Grantee authorizes the Company and the Agent to cooperate and communicate with one another to determine the amount of Stock that must be sold pursuant to subsection (i) above.

(iii) Grantee understands that the Agent may conduct the sales as provided in subsection (i) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to Grantee’s account. In addition, Grantee acknowledges that it may not be possible to sell Stock as provided by subsection (i) above due to (1) a legal or contractual restriction applicable to Grantee or the Agent, (2) a market disruption, or (3) rules governing order execution priority on the national exchange where the Stock may be traded. Grantee further agrees and acknowledges that in the event the sale of Stock would result in material adverse harm to the Company, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell Stock as provided by subsection (i) above. In the event of the Agent’s inability to sell Stock, Grantee will continue to be responsible for the timely

payment to the Company and/or its affiliates of all federal, state, local, and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in subsection (i) above.

(iv) Grantee acknowledges that regardless of any other term or condition of this section, the Agent will not be liable to Grantee for (1) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (2) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) Grantee hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this section. The Agent is a third-party beneficiary of this section.

(vi) This section will terminate not later than the date on which all tax withholding obligations arising in connection with the vesting or settlement of the RSUs has been satisfied.

(vii) No Stock certificates (or their electronic equivalent) will be distributed to Grantee unless Grantee has paid any withholding taxes that are due as a result of the vesting or settlement of the RSUs.

(viii) If Grantee fails to make timely payment of withholding taxes in connection with the settlement of the RSUs, the Company has the right to satisfy all or any portion of the withholding taxes by withholding Stock otherwise issuable upon settlement of the RSUs.

7. **Restrictions Imposed by Law.** The Grantee agrees that the Company will not be obligated to deliver any shares of Stock to the Grantee if counsel to the Company determines that such delivery would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which the Stock is listed or quoted. The Company shall in no event be obligated to take any affirmative action in order to cause the issuance or delivery of shares of Stock to comply with any such law, rule, regulation or agreement.

8. **Assignability.** Except as expressly provided herein, the RSUs are not transferable (voluntarily or involuntarily) other than by will or the laws of descent and distribution and may not otherwise be assigned, pledged, hypothecated or otherwise disposed of and shall not be subject to execution, attachment or similar process. Upon any attempt to effect any such disposition, or upon the levy of any such process, the award provided for herein shall immediately become null and void, and the RSUs shall be immediately forfeited and cancelled therefor for no consideration.

9. **Notice.** Any notice required under this Agreement to be given or delivered to the Company must be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Grantee must be in writing and addressed to the Grantee at the address the Grantee designates in writing to the Company.

10. **Grantee Employment or Service.** Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, shall confer or be construed to confer on the Grantee any right to continue in the employ or service of the Company or any of its

Affiliates or interfere in any way with the right of the Company or applicable Affiliate to terminate the Grantee's employment or service at any time, with or without Cause.

11. **Governing Law.** This Agreement is governed by and construed in accordance with the laws of the State of Delaware without giving effect to its conflict of law principles. If any provision of this Agreement is determined by a court of law to be illegal or unenforceable, then such provision will be enforced to the maximum extent possible and the other provisions of the Agreement will remain fully effective and enforceable.

12. **Construction.** References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all exhibits and schedules appended hereto, including the Plan. This Agreement is entered into, and the award evidenced hereby is granted, pursuant to the Plan and shall be governed by and construed in accordance with the Plan and the administrative interpretations adopted by the Committee thereunder. All decisions of the Committee upon questions regarding the Plan or this Agreement shall be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan shall control. The headings of the Sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

13. **Duplicate Originals.** The Company and the Grantee may execute any number of copies of this Agreement. Each executed copy shall be an original, but all of them together represent the same agreement.

14. **Rules by Committee.** The rights of the Grantee and obligations of the Company hereunder shall be subject to such reasonable rules and regulations as the Committee may adopt from time to time hereafter.

15. **Entire Agreement.** The Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the RSUs and replaces and makes null and void any prior agreements, oral or written, between the Grantee and the Company with respect to the RSUs.

16. **Code Section 409A.** Payments under this Agreement are designed to be made in a manner that is exempt from Code Section 409A as a "short-term deferral," and the provisions of this Agreement will be administered, interpreted and construed accordingly (or disregarded to the extent such provision cannot be so administered, interpreted, or construed).

17. **Forfeiture and Clawback Provisions.** Notwithstanding any other provision in this Agreement, all RSUs (including any proceeds, gains or other economic benefit actually or constructively received with respect thereto) shall, unless otherwise determined by the Committee or required by applicable law, be subject to the provisions of any clawback policy implemented by the Company or otherwise required by applicable law, whether or not such clawback policy was in place at the Grant Date and whether or not the RSUs are vested.

18. **Restrictive Covenants.** All outstanding RSUs that have not been settled shall be automatically forfeited to the extent the Grantee violates any noncompetition, nonsolicitation, or any other restrictive covenants that may be contained in any employment or service agreement, restrictive covenant agreement, or any other agreement between the Company or any of its Affiliates and the Grantee, whether entered into prior to, on, or following the Grant Date, and the Grantee hereby reaffirms all such obligations.

19. **Grantee Acceptance.** The Grantee shall signify acceptance of the terms and conditions of this Agreement by executing this Agreement and returning an executed copy to the Company.

[Signature Page Follows]

REDWIRE CORPORATION

By: ___

Name:

Title:

ACCEPTED:

Grantee

*Signature Page
to
Performance-Based Restricted Stock Unit Award Agreement*

**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 June 30, 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:	August 9, 2023	By:	<u>/s/ Peter Cannito</u>
		Name:	Peter Cannito
		Title:	Chief Executive Officer and Chairman <i>(Principal Executive Officer)</i>

**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 June 30, 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: August 9, 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 June 30, 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:	August 9, 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 June 30, 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:	August 9, 2023	By:	<u>/s/ Jonathan Baliff</u>
		Name:	Jonathan Baliff
		Title:	Chief Financial Officer and Director <i>(Principal Financial Officer)</i>