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

**(Mark One)**

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

**For the quarterly period ended March 31, 2024**

**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**<br>**Jacksonville, Florida** | **32256** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(650) 701-7722**

Registrant's telephone number, including area code

Not Applicable

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.0001 per share | RDW | New York Stock Exchange |
| Warrants, each to purchase one share of Common Stock | RDW WS | New York Stock Exchange |

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☒ |

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ▯ No ▯

The registrant had outstanding 65,578,724 shares of common stock as of May 3, 2024.

# REDWIRE CORPORATION

## QUARTERLY REPORT ON FORM 10-Q

## MARCH 31, 2024

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## PART I. FINANCIAL INFORMATION

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

**Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains statements that constitute "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995 concerning us and other matters. Words such as "will," "expect," "anticipate," "intend," "may," "could," "should," "plan," "project," "forecast," "believe," "estimate," "outlook," "trends," "goals," "contemplate," "continue," "might," "possible," "potential," "predict," "would" and similar expressions, generally identify these forward-looking statements, 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:

- risks associated with continued economic uncertainty, including high inflation, supply chain challenges, labor shortages, high interest rates, foreign currency exchange volatility, concerns of economic slowdown or recession and reduced spending or suspension of investment in new or enhanced projects;
- 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 limited operating history in an evolving industry and history of losses to date makes it difficult to evaluate our future prospects and the risks and challenges we may encounter;
- if we are unable to successfully integrate recently completed and future acquisitions or successfully select, execute or integrate future acquisitions into the business, our operations and financial condition could be materially and adversely affected;
- 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;
- a limited number of customers make up a high percentage of our revenue;
- matters relating to or arising from our Audit Committee investigation, including litigation matters and potential additional expenses, may adversely affect our business and results of operations;
- natural disasters, geopolitical conflicts, or other natural or man-made catastrophic events could disrupt and impact our business;
- 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;
- our business involves significant risks and uncertainties that may not be covered by insurance or indemnity;
- our business could be seriously harmed if we fail to respond to commercial industry cycles in terms of our cost structure, manufacturing capacity, and/or personnel needs;
- any delays in the development, design, engineering and manufacturing of our core offerings may adversely impact our business, financial condition and results of operations;
- unsatisfactory performance of our core offerings resulting from challenges in the space environment, extreme space weather events or otherwise could have a material adverse effect on our business, financial condition and results of operations;
- our results of operations and cash flows are substantially affected by our mix of fixed-price, cost-plus and time-and-material type contracts;
- our cash flow and profitability could be reduced if expenditures are incurred prior to the final receipt of a contract;

- 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;
- we may use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations;
- our reliance on third-party launch vehicles to launch our spacecraft and customer payloads into space;
- we may experience a total loss of our technology and products and our customers' payloads, if there is an accident on launch or during the journey into space, and any insurance we may have may not be adequate to cover our loss;
- 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;
- cyber-attacks and other security threats and disruptions could have a material adverse effect on our business;
- if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy;
- our business, financial condition and results of operations are subject to risks resulting from broader geographic operations;
- our net earnings could be materially affected by an impairment of goodwill;
- our pension funding and costs are dependent on several economic assumptions which, if changed, may cause our future results of operations and cash flows to fluctuate significantly over time;
- our ability to use net operating loss carryforwards and certain other tax attributes may be limited;
- the U.S. government's budget deficit and the national debt, as well as any inability of the U.S. government to complete its budget process for any government fiscal year and consequently having to shut down or operate on funding levels equivalent to its prior fiscal year pursuant to a "continuing resolution," could have an adverse impact on our business, financial condition, results of operations and cash flows;
- we depend significantly on U.S. government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited;
- we are subject to 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;
- we are subject to stringent U.S. economic sanctions, and trade control 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;
- protecting and defending against intellectual property claims could have a material adverse effect on our business;
- our level of indebtedness and the potential need for substantial funding to finance our operations, which may not be available when we need it, on acceptable terms or at all;
- 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;
- the reduced relative voting power of holders of our common stock and diluted the ownership of holders of our capital stock as a result of the issuance and sale of shares of our Series A Convertible Preferred Stock;
- AE Industrial Partners and Bain Capital have significant influence over us, which could limit other investors' ability to influence the outcome of key transactions;
- provisions in the Certificate of Designation related to our Series A Convertible Preferred Stock may delay or prevent our acquisition by a third party, which could also reduce the market price of our capital stock;
- our Series A Convertible Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of holders of our other outstanding capital stock;
- there may be sales of a substantial amount of our common stock by our current shareholders and these sales could cause the price of our common stock to fall;
- it is not possible to predict the actual number of shares we will sell under the Purchase Agreement to B. Riley, or the actual gross proceeds resulting from those sales;
- our management team has limited experience managing a public company;
- the trading price of our common stock and warrants is and may continue to be volatile; and

- 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.

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

## Item 1. Financial Statements and Supplementary Data

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

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 32,569 | $ 30,278 |
| Accounts receivable, net | 18,988 | 32,411 |
| Contract assets | 39,554 | 36,961 |
| Inventory | 1,612 | 1,516 |
| Income tax receivable | 636 | 636 |
| Prepaid insurance | 687 | 1,083 |
| Prepaid expenses and other current assets | 5,869 | 6,428 |
| **Total current assets** | **99,915** | **109,313** |
| Property, plant and equipment, net of accumulated depreciation of $7,463 and $6,538, respectively | 15,899 | 15,909 |
| Right-of-use assets | 12,350 | 13,181 |
| Intangible assets, net of accumulated amortization of $20,247 and $18,509, respectively | 62,004 | 62,985 |
| Goodwill | 65,310 | 65,757 |
| Equity method investments | 3,589 | 3,613 |
| Other non-current assets | 475 | 511 |
| **Total assets** | **$ 259,542** | **$ 271,269** |
| | | |
| **Liabilities, Convertible Preferred Stock and Equity (Deficit)** | | |
| Current liabilities: | | |
| Accounts payable | $ 28,059 | $ 18,573 |
| Short-term debt, including current portion of long-term debt | 780 | 1,378 |
| Short-term operating lease liabilities | 3,624 | 3,737 |
| Short-term finance lease liabilities | 451 | 439 |
| Accrued expenses | 30,734 | 32,902 |
| Deferred revenue | 37,172 | 52,645 |
| Other current liabilities | 2,593 | 2,362 |
| **Total current liabilities** | **103,413** | **112,036** |
| Long-term debt, net | 89,742 | 86,842 |
| Long-term operating lease liabilities | 11,455 | 12,302 |
| Long-term finance lease liabilities | 1,140 | 1,137 |
| Warrant liabilities | 4,400 | 3,325 |
| Deferred tax liabilities | 2,440 | 2,402 |
| Other non-current liabilities | 416 | 400 |
| **Total liabilities** | **$ 213,006** | **$ 218,444** |
| **Commitments and contingencies (Note I – Commitments and Contingencies)** | | |

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

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Convertible preferred stock, $0.0001 par value, 125,292.00 shares authorized; 93,890.20 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively. Liquidation preference of $187,780 as of March 31, 2024 and December 31, 2023, respectively[1]. | $ 96,106 | $ 96,106 |
| **Shareholders' Equity (Deficit):** | | |
| Preferred stock, $0.0001 par value, 99,874,708 shares authorized; none issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | — | — |
| Common stock, $0.0001 par value, 500,000,000 shares authorized; 65,578,724 and 65,546,174 issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | 7 | 7 |
| Treasury stock, 373,420 and 353,470 shares, at cost, as of March 31, 2024 and December 31, 2023, respectively | (1,007) | (951) |
| Additional paid-in capital | 190,858 | 188,323 |
| Accumulated deficit | (241,886) | (233,791) |
| Accumulated other comprehensive income (loss) | 2,236 | 2,903 |
| **Total shareholders' equity (deficit)** | **(49,792)** | **(43,509)** |
| Noncontrolling interests | 222 | 228 |
| **Total equity (deficit)** | **(49,570)** | **(43,281)** |
| **Total liabilities, convertible preferred stock and equity (deficit)** | **$ 259,542** | **$ 271,269** |

[1] Please refer to Note J – Convertible Preferred Stock for additional information.

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

**REDWIRE CORPORATION**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**
**(Unaudited)**
*(In thousands of U.S. dollars, except share and per share data)*

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Revenues | $ 87,792 | $ 57,605 |
| Cost of sales | 72,967 | 43,388 |
| **Gross margin** | **14,825** | **14,217** |
| Operating expenses: | | |
| Selling, general and administrative expenses | 17,362 | 16,038 |
| Transaction expenses | — | 9 |
| Research and development | 1,040 | 388 |
| **Operating income (loss)** | **(3,577)** | **(2,218)** |
| Interest expense, net | 2,918 | 2,644 |
| Other (income) expense, net | 1,492 | 2,427 |
| **Income (loss) before income taxes** | **(7,987)** | **(7,289)** |
| Income tax expense (benefit) | 109 | (31) |
| **Net income (loss)** | **(8,096)** | **(7,258)** |
| Net income (loss) attributable to noncontrolling interests | (1) | — |
| **Net income (loss) attributable to Redwire Corporation** | **(8,095)** | **(7,258)** |
| Less: dividends on Convertible Preferred Stock | 3,043 | 4,366 |
| **Net income (loss) available to common shareholders** | **$ (11,138)** | **$ (11,624)** |
| | | |
| **Net income (loss) per common share:** | | |
| Basic and diluted | $ (0.17) | $ (0.18) |
| Weighted-average shares outstanding: | | |
| Basic and diluted | 65,572,286 | 64,280,631 |
| | | |
| **Comprehensive income (loss):** | | |
| Net income (loss) attributable to Redwire Corporation | $ (8,095) | $ (7,258) |
| Foreign currency translation gain (loss), net of tax | (672) | 418 |
| Total other comprehensive income (loss), net of tax | (672) | 418 |
| **Total comprehensive income (loss)** | **$ (8,767)** | **$ (6,840)** |

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 data)*

| **Three Months Ended March 31, 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 | — | — | — | — | 1,958 | — | — | 1,958 | — | 1,958 |
| Foreign currency translation, net of tax | — | — | — | — | — | — | 416 | 416 | 2 | 418 |
| Net loss | — | — | — | — | — | (7,258) | — | (7,258) | — | (7,258) |
| **Balance as of March 31, 2023** | **64,280,631** | **$ 6** | **141,811** | **$ (381)** | **$ 200,084** | **$ (213,786)** | **$ 2,492** | **$ (11,585)** | **$ 228** | **$ (11,357)** |

| **Three Months Ended March 31, 2024** | **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, 2023** | **65,546,174** | **$ 7** | **353,470** | **$ (951)** | **$ 188,323** | **$ (233,791)** | **$ 2,903** | **$ (43,509)** | **$ 228** | **$ (43,281)** |
| Equity-based compensation expense | — | — | — | — | 2,535 | — | — | 2,535 | — | 2,535 |
| Common stock issued for share-based awards | 32,550 | — | — | — | — | — | — | — | — | — |
| Shares repurchased for settlement of employee tax withholdings on share-based awards | — | — | 19,950 | (56) | — | — | — | (56) | — | (56) |
| Foreign currency translation, net of tax | — | — | — | — | — | — | (667) | (667) | (5) | (672) |
| Net loss | — | — | — | — | — | (8,095) | — | (8,095) | (1) | (8,096) |
| **Balance as of March 31, 2024** | **65,578,724** | **$ 7** | **373,420** | **$ (1,007)** | **$ 190,858** | **$ (241,886)** | **$ 2,236** | **$ (49,792)** | **$ 222** | **$ (49,570)** |

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

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

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| **Cash flows from operating activities:** | | |
| **Net income (loss)** | **$ (8,096)** | **$ (7,258)** |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization expense | 2,753 | 2,466 |
| Amortization of debt issuance costs and discount | 170 | 146 |
| Equity-based compensation expense | 2,535 | 1,958 |
| (Gain) loss on change in fair value of committed equity facility | — | (106) |
| (Gain) loss on change in fair value of warrants | 1,075 | 2,784 |
| Deferred provision (benefit) for income taxes | 98 | (131) |
| Non-cash lease expense | 12 | 26 |
| Non-cash interest expense | — | 384 |
| Other | 397 | 94 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 13,174 | 3,394 |
| (Increase) decrease in contract assets | (2,981) | (9,423) |
| (Increase) decrease in inventory | (100) | 18 |
| (Increase) decrease in prepaid insurance | 396 | 827 |
| (Increase) decrease in prepaid expenses and other assets | 427 | (183) |
| Increase (decrease) in accounts payable and accrued expenses | 7,929 | (3,627) |
| Increase (decrease) in deferred revenue | (15,413) | (4,844) |
| Increase (decrease) in operating lease liabilities | (84) | (39) |
| Increase (decrease) in other liabilities | 472 | 23 |
| Increase (decrease) in notes payable to sellers | — | (557) |
| Net cash provided by (used in) operating activities | 2,764 | (14,048) |
| | | |
| **Cash flows from investing activities:** | | |
| Purchases of property, plant and equipment, net | (1,561) | (787) |
| Purchase of intangible assets | (806) | (12) |
| Net cash provided by (used in) investing activities | (2,367) | (799) |
| | | |
| **Cash flows from financing activities:** | | |
| Proceeds received from debt | 5,000 | — |
| Repayments of debt | (2,793) | (1,094) |
| Repayment of finance leases | (119) | (77) |
| Payment of committed equity facility transaction costs | — | (571) |
| Payments of issuance costs related to convertible preferred stock | — | (52) |
| Shares repurchased for settlement of employee tax withholdings on share-based awards | (56) | — |
| Payment of contingent earnout | — | (443) |
| Net cash provided by (used in) financing activities | 2,032 | (2,237) |
| Effect of foreign currency rate changes on cash and cash equivalents | (138) | 41 |
| Net increase (decrease) in cash and cash equivalents | 2,291 | (17,043) |
| Cash and cash equivalents at beginning of period | 30,278 | 28,316 |
| **Cash and cash equivalents at end of period** | **$ 32,569** | **$ 11,273** |

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

## Note A – Description of the Business

Redwire Corporation (the "Company") provides mission critical space solutions and high-reliability space infrastructure for the next generation space economy. The Company develops and provides core space infrastructure offerings for government and commercial customers through long-duration projects. These core offerings include technologies and production capability for avionics and sensors; power generation; structures and mechanisms; radio frequency systems; platforms, payloads and missions; and microgravity payloads. The Company serves both U.S. and international customers with these core offerings that have civil space, national security and commercial applications.

## 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, 2023 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 2023 Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on March 20, 2024. 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 O – 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, revenue recognition, income taxes, certain equity-based compensation awards, 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 regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company has concluded that it operates in one operating segment and one reportable segment, space infrastructure, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

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

***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 the Company’s operations in Luxembourg and Belgium, the Euro, is considered to be the functional currency of those operations. Assets and liabilities of the Company's foreign subsidiaries, where the functional currency is the local currency, are translated into USD at exchange rates effective as of the balance sheet date. Revenues and expenses are translated using average exchange rates in effect for the periods presented.

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

***Cash and Cash Equivalents***

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

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| **Supplemental cash flow information:** | | |
| **Cash paid (received) during the period for:** | | |
| Interest | $ 2,807 | $ 2,069 |
| | | |
| **Non-Cash Investing and Financing Activities:** | | |
| Capital expenditures not yet paid | 1,064 | 928 |

***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 January 2020, the Financial Accounting Standards Boards (“FASB”) issued Accounting Standards Update (“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 has elected the temporary optional expedients and exceptions afforded to entities with contract modifications affected by reference rate reform for the periods available. The impact did not have a material impact on the Company’s condensed consolidated financial statements or related disclosures.

***Recently Issued Accounting Pronouncements***

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis, provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually and require a public entity that has a single reportable segment to provide all the disclosures required by the amendments in the ASU and existing requirements under Topic 280. Additionally, it requires a public entity to disclose the title and position of the CODM. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of adoption, which is expected to have an impact on disclosures with no impact on the Company's results of operations, cash flows and financial condition.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* The ASU requires a public business entity ("PBE") to disclose, on an annual basis, a tabular rate reconciliation using both percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign, as well as by jurisdiction, if the amount is at least 5% of total income tax payments, net of refunds received. For PBEs, the new guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all periods presented. The Company is currently evaluating the impact of adoption, which is expected to have an impact on disclosures with no impact on the Company's results of operations, cash flows and financial condition.

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

Cash and cash equivalents, accounts receivable, contract assets, inventories, prepaid expenses and other current assets, accounts payable, accrued expenses, deferred revenue and other 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.

***Committed Equity Facility***

On April 14, 2022, the Company entered into a common stock Purchase Agreement (the "Purchase Agreement") and a Registration Rights Agreement with B. Riley Principal Capital, LLC ("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 New York Stock Exchange ("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 Securities and Exchange Commission ("SEC") on April 22, 2022, as amended by Post-Effective Amendment No. 1 to Form S-1 on Form S-3 filed on June 8, 2023, 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.

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

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 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 months ended March 31, 2024.

Based on the March 31, 2024 closing price of $4.39 per share and registered shares available for purchase under the committed equity facility of 7,592,939, the Company had $33.3 million of unused capacity under the committed equity facility as of March 31, 2024.

On April 14, 2024, the Purchase Agreement with B. Riley expired in accordance with its terms and was not extended.

***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 of the private warrant liability were an increase of $1.1 million and $2.8 million for the three months ended March 31, 2024 and 2023, respectively. These 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 Option Pricing Model ("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:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Fair value per share | $ 0.57 | $ 0.43 |
| Warrants outstanding | 7,732,168 | 7,732,168 |
| Exercise price | $ 11.50 | $ 11.50 |
| Common stock price | $ 4.39 | $ 2.85 |
| Expected option term | 2.42 years | 2.67 years |
| Expected volatility | 59.80 % | 74.20 % |
| Risk-free rate of return | 4.51 % | 4.00 % |
| Expected annual dividend yield | — % | — % |

(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:

| | | March 31, 2024 | | | |
|---|---|---|---|---|---|
| | **Balance Sheet Location** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets:** | | | | | |
| Committed equity facility | Prepaid expenses and other current assets | $ — | $ — | $ — | $ — |
| Total assets | | $ — | $ — | $ — | $ — |
| **Liabilities:** | | | | | |
| Private warrants | Warrant liabilities | $ — | $ — | $ 4,400 | $ 4,400 |
| Total liabilities | | $ — | $ — | $ 4,400 | $ 4,400 |

| | | December 31, 2023 | | | |
|---|---|---|---|---|---|
| | **Balance Sheet Location** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets:** | | | | | |
| Committed equity facility | Prepaid expenses and other current assets | $ — | $ — | $ — | $ — |
| Total assets | | $ — | $ — | $ — | $ — |
| **Liabilities:** | | | | | |
| Private warrants | Warrant liabilities | $ — | $ — | $ 3,325 | $ 3,325 |
| Total liabilities | | $ — | $ — | $ 3,325 | $ 3,325 |

There were no changes in the fair value of Level 3 financial assets during the three months ended March 31, 2024. Changes in the fair value of Level 3 financial liabilities were as follows:

| **Liabilities:** | **Private Warrants** | **Total Level 3** |
|---|---|---|
| December 31, 2023 | $ 3,325 | $ 3,325 |
| Changes in fair value | 1,075 | 1,075 |
| March 31, 2024 | $ 4,400 | $ 4,400 |

**Note D – Accounts Receivable, net**

The accounts receivable, net balance was as follows:

| | **March 31, 2024** | **December 31, 2023** |
|---|---|---|
| Billed receivables | $ 18,935 | $ 28,926 |
| Unbilled receivables | 53 | 3,485 |
| Total accounts receivable, net | $ 18,988 | $ 32,411 |

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 time-and-material (“T&M”) contracts where billing and payment is subject solely to the passage of time.

Substantially all accounts receivable as of March 31, 2024 are expected to be collected in 2024. 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 allowance for credit losses was not material as of March 31, 2024 and December 31, 2023, respectively.

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

**Note E – Inventory**

The inventory balance was as follows:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $ 1,516 | $ 1,452 |
| Work in process | 96 | 64 |
| Inventory | $ 1,612 | $ 1,516 |

**Note F – Debt**

The table below presents details of the Company's debt as of the following periods and the effective interest rate as of March 31, 2024:

| | Effective interest rate | March 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Adams Street Term Loan | 12.20 % | $ 30,444 | $ 30,522 |
| Adams Street Revolving Credit Facility | 14.89 | 15,000 | 12,000 |
| Adams Street Delayed Draw Term Loan | 12.19 | 14,731 | 14,769 |
| Adams Street Incremental Term Loan | 12.09 | 31,508 | 31,588 |
| D&O Financing Loans | — | — | 598 |
| Total debt | | 91,683 | 89,477 |
| Less: unamortized discounts and issuance costs | | 1,161 | 1,257 |
| Total debt, net | | 90,522 | 88,220 |
| Less: Short-term debt, including current portion of long-term debt | | 780 | 1,378 |
| Total long-term debt, net | | $ 89,742 | $ 86,842 |

***Adams Street 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 March 31, 2024. 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 $30.0 million revolving credit facility commitment, all of which mature on October 28, 2026. During the three months ended March 31, 2024, the Company borrowed $5.0 million and repaid $2.0 million on the revolving credit facility. As of March 31, 2024, the Company had $15.0 million of borrowings outstanding under the Company's revolving credit facility and the remaining capacity was $15.0 million.

As of March 31, 2024, 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 March 2022, AE Industrial Partners Fund II, LP ("AEI") and certain of its affiliates (the "AEI Guarantors"), provided a limited guarantee for the payment of outstanding revolving loans in excess of $10.0 million, with a $15.0 million cap in the aggregate. In the event that the AEI Guarantors are required to make payments to the lenders under the Adams Street Credit Agreement pursuant to the terms of the limited guarantee, each AEI Guarantor would be subrogated to the rights of the lenders. In connection with the limited guarantee, the Company agreed to pay to the AEI Guarantors a fee equal to 2% of any amount actually paid by such guarantors under the limited guarantee. The fee is waivable by the AEI Guarantors at their discretion.

As amended in August 2022, the outstanding principal on the term loans and revolving loans under the Adams Street Credit Agreement 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 resumed with the fiscal quarter ending December 31, 2023. In addition, the Company was 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 second quarter of 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, is no longer in effect and the Company is required to comply with the consolidated total net leverage ratio as of March 31, 2024.

There was no accrued PIK interest on the Adams Street Credit Agreement recorded during the three months ended March 31, 2024 and $0.4 million recorded during the three months ended March 31, 2023.

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.

In December 2023, the Company entered into a Seventh Amendment to the Adams Street Credit Agreement, in which the commitments under the revolving credit facility increased from $25.0 million to $30.0 million.

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

As of March 31, 2024 and December 31, 2023, the Company was in compliance with its covenant requirements, as amended.

***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.

On September 3, 2023, the Company entered into a $1.2 million loan with AFCO Credit Corporation (the "2023 D&O Financing Loan") to finance the Company's directors and officers insurance premium. The 2023 D&O Financing Loan has an interest rate of 7.39% per annum and a maturity date of March 3, 2024. In March 2024, the Company repaid the full outstanding principal and interest on the 2023 D&O Financing Loan.

**Note G – 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.

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

*Total Lease Costs*

The table below summarizes total lease costs for the following periods:

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Finance lease cost: | | |
| Amortization of ROU assets | $ 131 | $ 85 |
| Interest on lease liabilities | 31 | 20 |
| Operating lease costs | 1,058 | 955 |
| Variable lease costs | 3 | — |
| Short-term lease costs | 89 | 81 |
| Total lease costs | $ 1,312 | $ 1,141 |

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

*Other Supplemental Information*

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

| | Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2024 | | March 31, 2023 | |
| | Operating Leases | Finance Leases | Operating Leases | Finance Leases |
| Cash paid for lease liabilities | $ 1,139 | $ 150 | $ 973 | $ 100 |
| Right-of-use assets obtained in exchange for new lease liabilities | 35 | 168 | 577 | 300 |

| | March 31, 2024 | | March 31, 2023 | |
|---|---|---|---|---|
| | Operating Leases | Finance Leases | Operating Leases | Finance Leases |
| Weighted average remaining lease term (in years) | 4.2 | 3.5 | 4.6 | 3.4 |
| Weighted average discount rate | 6.5 % | 8.3 % | 5.6 % | 8.9 % |

**Note H – Income Taxes**

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Effective tax rate | (1.4)% | 0.4 % |

The effective tax rate was (1.4)% and 0.4% for the three months ended March 31, 2024 and 2023, respectively. The difference in effective tax rate between periods was primarily related to an increase in the valuation allowance during the three months ended March 31, 2024.

The effective tax rate for the three months ended March 31, 2024 and 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 Company assesses the deferred tax assets for recoverability on a quarterly basis. In assessing the realizability of deferred tax assets, the Company considers whether it is more-likely-than-not that some or all of the deferred 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 three months ended March 31, 2024 and 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.

**Note I – 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 it 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. The Company recognizes legal expenses when incurred as selling, general and administrative expense in the condensed consolidated statements of operations and comprehensive income (loss).

On December 17, 2021, the Company, our Chairman and Chief Executive Officer, Peter Cannito, and then current, but now former Chief Financial Officer, 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 on December 17, 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.

*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.

*Commitments*

During the year-ended December 31, 2023, the Company entered into an economic development agreement to serve as the anchor tenant at the new Novaparke Innovation & Technology Campus in Floyd County, Indiana, which is anticipated to be completed during fiscal year 2025. In accordance with the agreement, the Company has committed to enter into a lease for a 30,000 square foot property. As of March 31, 2024, the Company has not yet entered into the associated lease agreement.

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

**Note J – Convertible Preferred Stock**

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

| | Shares | Amount |
|---|---|---|
| **Balance as of December 31, 2023** | **93,890.20** | **$ 96,106** |
| Dividends paid-in-kind | — | — |
| **Balance as of March 31, 2024** | **93,890.20** | **$ 96,106** |

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 (iii) 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 October 31, 2023, the Company filed a Certificate of Amendment of Certificate of Designation of the Company (the "Amendment to the Certificate of Designation"), which was filed solely to increase the amount of shares designated as Convertible Preferred Stock, par value $0.0001 per share, to 125,292.00.

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 Company's Board of Directors (the "Board").

*Convertible Preferred Stock Features*

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

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

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").

As of March 31, 2024, the 93,890.20 outstanding shares of Convertible Preferred Stock were convertible into approximately 30,783,671 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.

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

Dividends on the Convertible Preferred Stock can be paid in either cash or in kind in the form of additional shares of Convertible Preferred Stock (such payment in kind, "PIK"), at the option of the Company, subject to certain exceptions. If paid in cash, such dividends will be paid at a rate of 13% per annum, subject to certain adjustments and exceptions or, if the Company issues PIK dividends, at a rate of 15% per annum, subject to certain adjustments and exceptions. Each holder of Convertible Preferred Stock has been given certain registration rights pursuant to the Registration Rights Agreement, dated October 28, 2022. As of March 31, 2024, the accumulated but not declared or paid dividends on the Convertible Preferred Stock were $5.1 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. 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 March 31, 2024, and December 31, 2023, the liquidation preference of the Convertible Preferred Stock was $187.8 million.

**Note K – Revenues**

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Civil space | $ 22,926 | $ 26,055 |
| National security | 13,922 | 10,582 |
| Commercial and other | 50,944 | 20,968 |
| Total revenues | $ 87,792 | $ 57,605 |

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| U.S. | $ 32,522 | $ 43,783 |
| Europe | 55,208 | 13,822 |
| Other | 62 | — |
| Total revenues | $ 87,792 | $ 57,605 |

Customers comprising 10% or more of revenues are presented below for the following periods:

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Customer A(1) | $ — | $ 9,036 |
| Customer B(1) | — | 6,681 |
| Customer C(1) | — | 5,903 |
| Customer D(1) | 43,730 | — |
| Total | $ 43,730 | $ 21,620 |

(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.

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

***Contract Balances***

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

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Contract assets | $ 39,554 | $ 36,961 |
| Contract liabilities | $ 37,172 | $ 52,645 |

The increase in contract assets was primarily driven by revenue growth and the timing of billable milestones occurring during the three months ended March 31, 2024.

The decrease in contract liabilities during 2024 was primarily driven by revenue recognized during the three months ended March 31, 2024 on performance obligations related to large billable milestones occurring closer to the end of 2023. Revenue recognized in the three months ended March 31, 2024 that was included in the contract liability balance as of December 31, 2023 was $35.9 million. Revenue recognized in the three months ended March 31, 2023 that was included in the contract liability balance as of December 31, 2022 was $18.7 million.

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.

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 | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Net EAC adjustments, before income taxes | $ (3,931) | $ (1,610) |
| Net EAC adjustments, net of income taxes | (3,986) | (1,604) |
| Net EAC adjustments, net of income taxes, per diluted share | (0.06) | (0.02) |

The net EAC adjustments in 2024 were primarily due to additional unplanned design and test cycles required to meet customer requirements in the Company's structures and mechanisms and power generation space infrastructure offerings. The change in net EAC adjustments in 2023 was primarily due to increased production costs contributed by continued supply chain and labor market pressures.

***Remaining Performance Obligations***

As of March 31, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations was $299.8 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 L – Employee Benefit Plans**

***Post-Retirement Benefit Plans***

The Company sponsors various post-retirement benefit plans through its wholly-owned subsidiary, Redwire Space NV ("Space NV"), including three cash balance plans: one defined benefit pension plan with risk-based coverage for death and disability benefits (collectively, the "Base Plan") and two supplementary pension bonus plans that provides variable remuneration linked to employees' performance (the "Performance Plans"). 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 (contributions) 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 an asset recorded within other non-current assets or a liability recorded within other non-current liabilities within the condensed consolidated balance sheets. A net liability is recorded to the extent that the benefit obligation exceeds the fair value of plan assets or a net asset is recorded to the extent that the fair value of plan assets exceeds the benefit obligation.

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

*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 | | | |
|---|---|---|---|---|
| | March 31, 2024 | | March 31, 2023 | |
| | Base Plan | Performance Plans | Base Plan | Performance Plans |
| **Net periodic benefit cost:** | | | | |
| Service cost | $ 79 | $ 57 | $ 81 | $ 388 |
| Interest cost | 62 | 26 | 57 | 24 |
| Expected return on plan assets | (64) | (25) | (57) | (22) |
| Net periodic benefit cost | $ 77 | $ 58 | $ 81 | $ 390 |

*Contributions*

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

| | Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2024 | | March 31, 2023 | |
| **Contributions by:** | Base Plan | Performance Plans | Base Plan | Performance Plans |
| Employee | $ 41 | $ — | $ 59 | $ — |
| Employer | 79 | 57 | 99 | 386 |

## Note M – Equity-Based Compensation

***Incentive Units***

The Company's former parent, AE Red Holdings, LLC (formerly known as Redwire Holdings, LLC) ("Holdings") 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 in 2021. 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 was recognized during 2021 and 2022 and as of March 31, 2024, Tranches I and III were fully vested and 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 fair value of options granted under the Plan is estimated on the grant date under the Black-Scholes OPM.

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

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

| | Number of Options | 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, 2023 | 2,102,591 | $ 2.69 | $ 7.20 | 7.42 |
| Granted | — | — | — | |
| Expired | — | — | — | |
| Forfeited | (3,832) | 2.18 | 4.95 | |
| Outstanding as of March 31, 2024 | 2,098,759 | $ 2.60 | $ 7.20 | 7.16 |

As of March 31, 2024, the total unrecognized compensation cost related to unvested stock options granted under the Plan was $1.1 million and is expected to be recognized over a weighted-average period of 0.9 years. As of March 31, 2024, there were 1,185,319 stock options that were vested and exercisable.

*Performance-based Restricted Stock Units*

The Plan authorizes the grant of performance-based restricted stock units ("PSUs"). The PSUs generally vest upon completion of a three-year period ("performance period"). The number of shares, if any, that are ultimately awarded is contingent upon the Company's closing price per share at the end of the performance period and continued employment or service to the Company. The performance share payout is based on a market condition, and as such, the awards are valued using a Monte Carlo simulation model ("model") on the grant date. The model generates the fair value of the award at the grant date, which is then recognized as expense on a straight-line basis over the vesting period. The Company recognizes forfeitures as they occur.

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

| | Number of PSUs | Weighted-Average Grant Date Fair Value per Share | Weighted-Average Remaining Contractual Term (in Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding as of December 31, 2023 | 706,097 | $ 3.15 | 2.0 | $ 2,012 |
| Granted | — | — | | |
| Vested | — | — | | |
| Forfeited | (10,000) | 3.15 | | |
| Outstanding as of March 31, 2024 | 696,097 | $ 3.15 | 1.8 | $ 3,056 |

As of March 31, 2024, total unrecognized compensation cost related to unvested PSUs granted under the Plan was $1.5 million and is expected to be recognized over a weighted-average period of 1.8 years.

*Restricted Stock Units*

Restricted stock units awarded under the Plan follow the same 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.

(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:

| | Number of RSUs | Weighted-Average Grant Date Fair Value per Share | Weighted-Average Remaining Contractual Term (in Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Unvested as of December 31, 2023 | 2,851,215 | $ 3.89 | 1.2 | $ 8,126 |
| Granted | 65,201 | 2.97 | | |
| Vested | (52,500) | 2.96 | | |
| Forfeited | (75,210) | 3.94 | | |
| Unvested as of March 31, 2024 | 2,788,706 | $ 3.88 | 1.0 | $ 12,242 |

As of March 31, 2024, total unrecognized compensation cost related to unvested restricted stock units granted under the Plan was $6.8 million and is expected to be recognized over a weighted-average period of 1.6 years.

*Employee Stock Purchase Plan*

On September 2, 2021, the Company's Board adopted the Redwire Corporation 2021 Employee Stock Purchase Plan (the "ESPP") which authorizes the grant of rights to purchase common stock of the Company to employees, officers and directors (if they are otherwise employees) of the Company. Under the ESPP, there is an enrollment period for each offering, when each eligible employee for that offering period has the option to enroll for that offering period, which allows the eligible employee to purchase shares of the Company's common stock at the end of the offering period. Each offering period under the ESPP is generally for five months, which can be modified from time to time. Subject to limitations, each participant will be permitted to purchase a number of shares determined by dividing the employee's accumulated payroll deductions for the offering period by the applicable purchase price, which is equal to 85% of the fair market value of the Company's common stock at the beginning or end of each offering period, whichever is less. A participant must designate in the enrollment package the percentage (if any) up to 15% of compensation to be deducted during that offering period for the purchase of stock under the ESPP, subject to certain limitations. As of March 31, 2024, the Company had one active offering period.

The ESPP is considered a compensatory plan with the related compensation cost expensed over the five month offering period. The Company utilizes the Black-Scholes OPM to compute the fair market value of shares under the ESPP for each offering period. As of March 31, 2024, no shares had been purchased and 2,680,999 shares were available for future sales under the ESPP.

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Cost of sales | | |
| ESPP | $ 35 | $ — |
| Stock options | 9 | 46 |
| Restricted stock units | 606 | 673 |
| Performance-based restricted stock units | 4 | — |
| Total cost of sales | $ 654 | $ 719 |
| Selling, general and administrative expenses | | |
| ESPP | $ 24 | $ — |
| Stock options | 412 | 361 |
| Restricted stock units | 1,235 | 878 |
| Performance-based restricted stock units | 210 | — |
| Total selling, general and administrative expenses | $ 1,881 | $ 1,239 |
| Total equity-based compensation expense | $ 2,535 | $ 1,958 |

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

**Note N – 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 | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| **Numerator:** | | |
| Net income (loss) attributable to Redwire Corporation | $ (8,095) | $ (7,258) |
| Less: dividends on Convertible Preferred Stock | 3,043 | 4,366 |
| Net income (loss) available to common shareholders | $ (11,138) | $ (11,624) |
| | | |
| **Denominator:** | | |
| Weighted-average common shares outstanding: | | |
| Basic and diluted | 65,572,286 | 64,280,631 |
| | | |
| **Net income (loss) per common share:** | | |
| Basic and diluted | $ (0.17) | $ (0.18) |

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 didnot 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 C – Fair Value of Financial Instruments, Note J – Convertible Preferred Stock, and Note M – Equity-Based Compensation for additional information on the Company's warrants, Convertible Preferred Stock, and equity-based compensation awards, respectively.

**Note O – 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 maintenance and operations services ("M&O Services") for 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 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 of48% 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 are 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 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.

The Company exhibits significant influence over the joint venture operations and receives a management fee in exchange for administrative services. 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 March 31, 2024 and December 31, 2023.

The Company evaluated its interests in the joint venture and determined that Space NV had a variable interest in ROS as of March 31, 2024 and December 31, 2023. 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 March 31, 2024 and December 31, 2023. Total assets and total liabilities for ROS were $0.5 million and $0.1 million, respectively, as of March 31, 2024, and $0.5 million and $0.1 million, respectively, as of December 31, 2023. Net income from ROS for the three months ended March 31, 2024 and 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 March 31, 2024 and December 31, 2023.

The Company determined that Space NV was not the primary beneficiary of RSS due to Techcom having the power to direct the activities of the VIE that most significantly impact its economic performance. As a result of having 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.

The Company recognized income (loss) from RSS of $0.1 million and $(0.1) million for the three months ended March 31, 2024 and 2023, 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 $3.6 million as of March 31, 2024 and December 31, 2023, respectively.

**Note P – Related Parties**

A customer of the Company, Related Party A, was a related party as Peter Cannito, the Company's Chairman, CEO and President, and Kirk Konert, a member of the Company's Board, 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 and Kirk Konert, a member of the Company's Board, also serves on the board of directors for this customer.

(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 | |
|---|---|---|
| | March 31, 2024 | December 31, 2023 |
| **Accounts receivable:** | | |
| Related Party A | $ 532 | $ — |
| Related Party B | 603 | 4,849 |
| | $ 1,135 | $ 4,849 |

| | Three Months Ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| **Revenues:** | | |
| Related Party A | $ 98 | $ 394 |
| Related Party B | 2,004 | 2,971 |
| | $ 2,102 | $ 3,365 |

In the normal course of business, the Company participates in related party transactions with certain vendors and customers where AEI maintains a significant ownership interest and/or can exhibit significant influence on the operations of such parties. For the three months ended March 31, 2024 and 2023, 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 J – Convertible Preferred Stock, for related party transactions associated with the Company's Convertible Preferred Stock.

**Note Q – Subsequent Events**

On May 1, 2024, in accordance with the Convertible Preferred Stock Certificate of Designation, the Company issued7,022.45 shares of Series A Convertible Preferred Stock to holders of record as of April 15, 2024 as a paid-in-kind dividend on the Convertible Preferred Stock. As such, the 100,912.65 outstanding shares of Convertible Preferred Stock were convertible into approximately 33,086,123 shares of the Company's Common Stock as of May 1, 2024.

The Company has evaluated subsequent events after the consolidated balance sheet as of March 31, 2024 through the condensed consolidated financial statements issuance date and has concluded there were no additional subsequent events that require disclosure.

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

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

### Business Overview

Redwire is a global leader in mission critical space solutions and high-reliability space infrastructure for the next generation space economy. Our "Heritage plus Innovation" strategy enables us to combine decades of flight heritage with an agile and innovative culture creating new, innovative technologies, which are the building blocks of space infrastructure for government and commercial customers.

Redwire's primary business model is providing mission critical solutions based on core space infrastructure offerings for government and commercial customers through long-duration projects. These core offerings include leading technologies and production capability for avionics and sensors; power generation; structure and mechanisms; radio frequency ("RF") systems; platforms, payloads and missions; and microgravity payloads. Our core offerings have been enabling space missions since the 1960s and have been flight-proven on over 200 spaceflight missions, including the National Aeronautics and Space Administration's ("NASA") Artemis program, New Horizons and Perseverance, the Space Forces' GPS, and the European Space Agency's ("ESA") Project for On-Board Autonomy ("PROBA") programs. 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.

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, 2023, as filed with the SEC on March 20, 2024, which provides additional information on our business, the environment in which we operate and our operating results.

### Recent Developments

During the first quarter of 2024, the Company delivered strong revenue performance year-over-year and generated positive cash flows from operating activities.

- Revenues increased 52% for the three months ended March 31, 2024 compared to the same period in 2023.
- Selling, general and administrative expenses as a percentage of revenues decreased to20% for the three months ended March 31, 2024 from28% during the same period in 2023.
- Net loss increased 12% for the three months ended March 31, 2024 compared to the same period in 2023.
- Net cash provided by operating activities was $2.8 million during the three months ended March 31, 2024, as compared to net cash used in operating activities of $14.0 million during the same period in 2023.

## Results of Operations

***Results of operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023***

The following table presents our results of operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023:

| | Three Months Ended | | | | | |
|---|---|---|---|---|---|---|
| (in thousands, except percentages) | March 31, 2024 | % of revenues | March 31, 2023 | % of revenues | $ Change from prior year period | % Change from prior year period |
| Revenues | $ 87,792 | 100 % | $ 57,605 | 100 % | $ 30,187 | 52 % |
| Cost of sales | 72,967 | 83 | 43,388 | 75 | 29,579 | 68 |
| Gross margin | **14,825** | **17** | **14,217** | **25** | **608** | **4** |
| Operating expenses: | | | | | | |
| Selling, general and administrative expenses | 17,362 | 20 | 16,038 | 28 | 1,324 | 8 |
| Transaction expenses | — | — | 9 | — | (9) | (100) |
| Research and development | 1,040 | 1 | 388 | 1 | 652 | 168 |
| Operating income (loss) | **(3,577)** | **(4)** | **(2,218)** | **(4)** | **(1,359)** | **61** |
| Interest expense, net | 2,918 | 3 | 2,644 | 5 | 274 | 10 |
| Other (income) expense, net | 1,492 | 2 | 2,427 | 4 | (935) | (39) |
| Income (loss) before income taxes | **(7,987)** | **(9)** | **(7,289)** | **(13)** | **(698)** | **10** |
| Income tax expense (benefit) | 109 | — | (31) | — | 140 | (452) |
| Net income (loss) | **(8,096)** | **(9)** | **(7,258)** | **(13)** | **(838)** | **12** |
| Net income (loss) attributable to noncontrolling interests | (1) | — | — | — | (1) | 100 |
| Net income (loss) attributable to Redwire Corporation | **$ (8,095)** | **(9) %** | **$ (7,258)** | **(13) %** | **$ (837)** | **12 %** |

*Revenues*

Revenues increased by $30.2 million, or 52%, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The year-over-year increase in revenues was primarily related to increases in average contract size and increased volume of production in the power generation and structures and mechanisms space infrastructure offerings. These increases were partially offset by the impact of net EAC adjustments for the three months ended March 31, 2024. Please refer to Note K – Revenues of the accompanying notes to the condensed consolidated financial statements for additional information related to the Company's net EAC adjustments.

*Cost of Sales*

Cost of sales increased $29.6 million, or 68%, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The year-over-year increase in cost of sales was primarily driven by increased costs associated with revenue growth for the period.

*Gross Margin*

Gross margin increased $0.6 million, or 4%, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. As a percentage of revenues, gross margin was 17% and 25% for the three months ended March 31, 2024 and 2023, respectively. The year-over-year decrease in gross margin as a percentage of revenues was primarily driven by changes in contract mix and the impact of net EAC adjustments for the three months ended March 31, 2024. Please refer to Note K – Revenues of the accompanying notes to the condensed consolidated financial statements for additional information related to the Company's net EAC adjustments.

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

SG&A expenses increased $1.3 million, or 8%, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.The year-over-year increase in SG&A expenses was primarily driven by an increase in share-based compensation and legal expenses of $0.6 million and $0.7 million, respectively. SG&A expenses as a percentage of revenues, decreased to 20%for the three months ended March 31, 2024 from 28% during the same period in 2023. This decrease reflects the Company's continued focus on cost discipline and streamlining corporate overhead costs to enhance operating leverage.

*Transaction Expenses*

Transaction expenses for the three months ended March 31, 2024 remained materially consistent as compared with the same period in 2023.

*Research and Development*

Research and development expenses increased for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase was primarily due to strategic decisions to invest in future developments related to microgravity payloads, radio frequency and power generation technologies.

*Interest Expense, net*

Interest expense, net increased $0.3 million, or 10%, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. 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 and increased borrowings on the revolving credit facility compared to the same period in 2023. Please refer to Note F – 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 by $0.9 million, or 39%, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. This year-over-year decrease was primarily due to a $1.1 million loss as a result of an increase in the fair value of the Company's private warrant liability for the three months ended March 31, 2024 as compared to a $2.8 million loss for the comparable period in 2023. Please refer to Note C – Fair Value of Financial Instruments of the accompanying notes to the condensed consolidated financial statements for additional information related to the private warrants. The decrease was also partially due to less favorable impact from foreign currency transactions for the three months ended March 31, 2024 as compared to the same period in 2023.

*Income Tax Expense (Benefit)*

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

| | Three Months Ended | |
|---|---|---|
| (in thousands, except percentages) | March 31, 2024 | March 31, 2023 |
| Income tax expense (benefit) | $ 109 | $ (31) |
| Effective tax rate | (1.4)% | 0.4 % |

The change in our effective tax rate for thethree months ended March 31, 2024, as compared to the three months ended March 31, 2023 is primarily due to the change in the valuation allowance. Please refer to Note H – Income Taxes of the accompanying notes to thecondensed consolidated financial statements for additional information.

*Net Income (Loss) Attributable to Noncontrolling Interests*

The net income (loss) attributable to noncontrolling interests for the three months ended March 31, 2024 remained materially consistent as compared with the same period in 2023.

**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 expense (benefit), 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 change in fair value adjustments. Pro Forma Adjusted EBITDA is defined as Adjusted EBITDA further adjusted for the incremental Adjusted EBITDA that acquired businesses would have contributed for the periods presented if such acquisitions had occurred on January 1 of the year in which they occurred. Accordingly, historical financial information for the businesses acquired includes pro forma adjustments calculated in a manner consistent with the concepts of Article 8 of Regulation S-X, which are ultimately added back in the calculation of Adjusted EBITDA. From March 2020 through March 31, 2024, 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:

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | March 31, 2023 |
| Net income (loss) | $ (8,096) | $ (7,258) |
| Interest expense, net | 2,918 | 2,644 |
| Income tax expense (benefit) | 109 | (31) |
| Depreciation and amortization | 2,753 | 2,466 |
| Acquisition deal costs (i) | — | 9 |
| Acquisition integration costs (i) | — | 306 |
| Purchase accounting fair value adjustment related to deferred revenue (ii) | — | 15 |
| Severance costs (iii) | 8 | 144 |
| Capital market and advisory fees (iv) | 2,278 | 1,388 |
| Litigation-related expenses (v) | 701 | 25 |
| Equity-based compensation (vi) | 2,535 | 1,958 |
| Committed equity facility transaction costs (vii) | — | (106) |
| Warrant liability change in fair value adjustment (viii) | 1,075 | 2,784 |
| Adjusted EBITDA | 4,281 | 4,344 |
| Pro forma impact on Adjusted EBITDA (ix) | — | — |
| Pro Forma Adjusted EBITDA | $ 4,281 | $ 4,344 |

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 activities associated with becoming a public company, such as implementation of internal controls over financial reporting, and the internalization of corporate services, including, but not limited to, implementing enhanced enterprise resource planning systems.

v. Redwire incurred expenses related to securities litigation as further described in Note I 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 adjusted the private warrant liability to reflect changes in fair value recognized as a gain or loss during the respective periods.

ix. Pro forma impact is computed in a manner consistent with the concepts of Article 8 of Regulation S-X and represents the incremental results of a full period of operations assuming the entities acquired during the periods presented were acquired from January 1 of the year in which they occurred.

## 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, standard industry metrics, or other considerations. If the Company changes the method by which it calculates or presents a KPI, prior period disclosures are recast to conform to current presentation.

### *Book-to-Bill*

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

| | Three Months Ended | | Last Twelve Months | |
|---|---|---|---|---|
| (in thousands, except ratio) | March 31, 2024 | March 31, 2023 | March 31, 2024 | March 31, 2023 |
| Contracts awarded | $ 35,101 | $ 29,665 | $ 305,478 | $ 326,273 |
| Revenues | 87,792 | 57,605 | 273,987 | 185,287 |
| **Book-to-bill ratio** | **0.40** | **0.51** | **1.11** | **1.76** |

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 ("T&M") contracts, 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 0.40 for the three months ended March 31, 2024, as compared to 0.51 for the three months ended March 31, 2023. For the three months ended March 31, 2024 and 2023, none of the contracts awarded balance relates to acquired contract value.

Our book-to-bill ratio was 1.11 for the LTM ("Last Twelve Months") ended March 31, 2024, as compared to 1.76 for the LTM ended March 31, 2023. For the LTM ended March 31, 2024, none of the contracts awarded balance relates to acquired contract value. For the LTM ended March 31, 2023, contracts awarded includes $109.8 million of acquired contract value from the Space NV acquisition, which was completed in the fourth quarter of 2022.

### *Backlog*

The following table presents our contracted backlog as of March 31, 2024 and December 31, 2023, and related activity for the three months ended March 31, 2024 as compared to the year ended December 31, 2023.

| (in thousands) | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Organic backlog, beginning balance | $ 372,790 | $ 313,057 |
| Organic additions during the period | 35,101 | 300,042 |
| Organic revenue recognized during the period | (87,792) | (243,800) |
| Foreign currency translation | (2,135) | 3,491 |
| Organic backlog, ending balance | 317,964 | 372,790 |
| | | |
| Acquisition-related contract value, beginning balance | — | — |
| Acquisition-related backlog, ending balance | — | — |
| **Contracted backlog, ending balance** | **$ 317,964** | **$ 372,790** |

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 $18.1 million and $19.3 million in remaining contract value from T&M contracts as of March 31, 2024 and as of December 31, 2023, respectively.

Organic 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. 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. There is no acquisition-related backlog activity presented in the table above as all acquired entities have completed four fiscal quarters post-acquisition.

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 $96.6 million and $106.0 million as of March 31, 2024 and December 31, 2023, 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**

Our operations are primarily funded withcash flows provided by operating activities and access to existing credit facilities. As of March 31, 2024, we had $32.6 million in cash and cash equivalents and $15.0 million in available borrowings from our existing credit facilities.

Our primary requirements for liquidity and capital are for the Company's material cash requirements, including working capital needs, satisfaction of our indebtedness and 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 F – Debt of the accompanying notes to the condensed consolidated financial statements for additional information related to the Company's debt obligations.

***Committed Equity Facility***

On April 14, 2022, the Company entered into an $80.0 million common stock Purchase Agreement (the "Purchase Agreement") with B. Riley Principal Capital, LLC ("B. Riley"). The Purchase Agreement governs a committed equity facility that provides the Company with the right, without obligation, to sell and issue up to $80.0 million of its common stock over a period of 24 months to B. Riley at the Company's sole discretion, subject to certain limitations and conditions. Please refer to Note C – Fair Value of Financial Instruments of the accompanying notes to the condensed consolidated financial statements for additional information.

Net proceeds under the Purchase Agreement to the Company will depend on the frequency and prices at which the Company sells shares of its common stock to B. Riley. The Company intends to use the net proceeds from this Purchase Agreement to further support its growth strategy through initiatives such as accretive acquisitions and internal investments, to bolster working capital and/or for general corporate purposes.

The Company did not sell shares to B. Riley during the three months ended March 31, 2024. As of March 31, 2024, the Company had 7,592,939 registered shares available for purchase under the committed equity facility.

On April 14, 2024, the Purchase Agreement with B. Riley expired in accordance with its terms and was not extended.

***Contractual Obligations***

During the three months ended March 31, 2024, there were no material changes to the Company's 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, 2023, as filed with the SEC on March 20, 2024, 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:

| | Three Months Ended | |
|---|---|---|
| (in thousands) | March 31, 2024 | March 31, 2023 |
| Cash and cash equivalents at beginning of year | $ 30,278 | $ 28,316 |
| Operating activities: | | |
| Net income (loss) | (8,096) | (7,258) |
| Non-cash adjustments | 7,040 | 7,621 |
| Changes in working capital | 3,820 | (14,411) |
| Net cash provided by (used in) operating activities | 2,764 | (14,048) |
| Net cash provided by (used in) investing activities | (2,367) | (799) |
| Net cash provided by (used in) financing activities | 2,032 | (2,237) |
| Effect of foreign currency rate changes on cash and cash equivalents | (138) | 41 |
| Net increase (decrease) in cash and cash equivalents | 2,291 | (17,043) |
| Cash and cash equivalents at end of period | $ 32,569 | $ 11,273 |

*Operating activities*

Net cash provided by operating activities was $2.8 million during the three months ended March 31, 2024, as compared to net cash used in operating activities of $14.0 million during the same period in 2023, resulting in a $16.8 million decrease in the use of cash year-over-year. The change was primarily due to an increase in cash provided by working capital of $18.2 million partially offset by an increase of $1.4 million in cash used related to the Company's net loss and non-cash adjustments for the three months ended March 31, 2024 in comparison to the same period in 2023. The increase in cash provided by working capital is primarily related to an increase in accounts payable and accrued expenses of $7.9 million and a decrease in accounts receivable of $13.2 million, partially offset by a decrease in deferred revenue of $15.4 million and an increase in contract assets $3.0 million. The changes in contract assets, accounts receivable and deferred revenue were primarily driven by the timing of billable milestones during the three months ended March 31, 2024 compared to the same period in 2023. The increase in accounts payable and accrued expenses is primarily a result of timing of payments and invoice receipt.

*Investing activities*

Net cash used in investing activities increased $1.6 million for the three months ended March 31, 2024 as compared to the same period in 2023. The increase is primarily due to an increase in capital expenditures related to licensed software for internal-use and property, plant and equipment.

*Financing activities*

Net cash provided by financing activities was $2.0 million during the three months ended March 31, 2024, as compared to net cash used in financing activities of $2.2 million during the same period in 2023, resulting in a $4.3 million decrease in the use of cash year-over-year. The change was primarily due to an increase in net proceeds received from debt of $2.2 million during the three months ended March 31, 2024, compared to net repayments of $1.1 million in the same period in 2023. The increase in proceeds received from debt was driven primarily by increased draws from the Adams Street Revolving Credit Facility during the three months ended March 31, 2024, compared to the same period in 2023.

***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 will affect the Company's condensed consolidated financial statements 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, 2023, as filed with the SEC on March 20, 2024.

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

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

## Item 4. Controls and Procedures

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

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures, which are designed to ensure that the information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to management (including the principal executive officer and principal financial officer) as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive officer and our principal financial officer have concluded that such disclosure controls and procedures were not effective as of March 31, 2024 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.

In connection with the Company's evaluation of internal control over financial reporting, the following material weaknesses have been identified:

- 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 have not consistently established 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.
- 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.

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

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, 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 of 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.

The material weaknesses above did not result in a material misstatement to the condensed consolidated financial statements as of March 31, 2024, nor in any restatements of financial statements previously reported by us.

*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, designing and implementing new control activities, and enhancing existing control activities.

- We engaged a third-party global consulting firm to accelerate the design of new controls or enhance existing controls to ensure timely and accurate financial reporting.
- We have established an ethics program which requires training and certification for all employees as well as enhances awareness of our whistleblower avenues.
- We will continue to conduct training and document our processes and procedures, including accounting policies, and implement a comprehensive financial closing process checklist with additional layers of reviews. 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 IT systems that 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, 2024. 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 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, and/or we could become subject to litigation or investigations by the New York Stock Exchange ("NYSE"), the SEC or other regulatory authorities.

*Changes in Internal Control over Financial Reporting*

There have been no changes in internal control over financial reporting during the three months ended March 31, 2024 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 I – Commitments and Contingencies of the accompanying notes to the condensed consolidated financial statements. For additional information on the risks associated with the existing and future investigations, lawsuits, arbitration, claims, enforcement actions and other legal proceedings, please refer to Item 1A. "Risk Factors".

**ITEM 1A. RISK FACTORS**

As of March 31, 2024, 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, 2023, as filed with the Securities and Exchange Commission on March 20, 2024.

**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 |
|---|---|
| 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. |
| 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 them by reference.

## SIGNATURES

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

| | | | |
|---|---|---|---|
| | | **Redwire Corporation** | |
| Date: | May 10, 2024 | By: | /s/ Peter Cannito |
| | | Name: | Peter Cannito |
| | | Title: | Chief Executive Officer, President and Chairman |
| | | | (*Principal Executive Officer*) |
| Date: | May 10, 2024 | By: | /s/ Jonathan Baliff |
| | | Name: | Jonathan Baliff |
| | | Title: | Chief Financial Officer and Director |
| | | | (*Principal Financial Officer*) |
| Date: | May 10, 2024 | By: | /s/ Chris Edmunds |
| | | Name: | Chris Edmunds |
| | | Title: | Senior Vice President and Chief Accounting Officer |
| | | | (*Principal Accounting Officer*) |

**Exhibit 31.1**

**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, President and Chairman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024, of Redwire Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | | |
|---|---|---|---|
| Date: | May 10, 2024 | By: | /s/ Peter Cannito |
| | | Name: | Peter Cannito |
| | | Title: | Chief Executive Officer, President and Chairman |
| | | | *(Principal Executive Officer)* |

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO**
**RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

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

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024, of Redwire Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | | |
|---|---|---|---|
| Date: | May 10, 2024 | By: | /s/ Jonathan Baliff |
| | | Name: | Jonathan Baliff |
| | | Title: | Chief Financial Officer and Director |
| | | | *(Principal Financial Officer)* |

**Exhibit 32.1**

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

In connection with the Quarterly Report on Form 10-Q of Redwire Corporation (the “Company”) for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Peter Cannito, Chief Executive Officer, President and Chairman of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | | |
|---|---|---|---|
| Date: | May 10, 2024 | By: | /s/ Peter Cannito |
| | | Name: | Peter Cannito |
| | | Title: | Chief Executive Officer, President and Chairman |
| | | | *(Principal Executive Officer)* |

**Exhibit 32.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

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

In connection with the Quarterly Report on Form 10-Q of Redwire Corporation (the “Company”) for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Jonathan Baliff, Chief Financial Officer and Director of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | | |
|---|---|---|---|
| Date: | May 10, 2024 | By: | /s/ Jonathan Baliff |
| | | Name: | Jonathan Baliff |
| | | Title: | Chief Financial Officer and Director |
| | | | *(Principal Financial Officer)* |