
**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 September 30, 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 No. 001-39040

AST SPACEMOBILE, INC.

(Exact name of registrant as specified in its charter)

Delaware

84-2027232

(State or other jurisdiction of incorporation or organization)

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

**Midland Intl. Air & Space Port
2901 Enterprise Lane
Midland, Texas**

79706

(Address of principal executive offices)

(Zip Code)

(432) 276-3966

(Registrant's telephone number, including area code)

(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

Class A common stock, par value \$0.0001 per share

ASTS

The Nasdaq Stock Market LLC

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
 Non-accelerated filer

Accelerated filer
 Smaller reporting company
 Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No As of November 12, 2024 there were 200,344,605 shares of Class A common stock, \$0.0001 par value, 11,227,292 shares of Class B common stock, \$0.0001 par value, and 78,163,078 shares of Class C common stock, \$0.0001 par value, issued and outstanding.

AST SPACEMOBILE, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

AST SPACEMOBILE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Dollars in thousands, except share data)

	As of	
	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 516,389	\$ 85,622
Restricted cash	2,497	2,475
Prepaid expenses	7,073	4,591
Other current assets	19,662	14,194
Total current assets	545,621	106,882
Non-current assets:		
Property and equipment, net	260,068	238,478
Operating lease right-of-use assets, net	12,088	13,221
Other non-current assets	3,872	2,311
TOTAL ASSETS	\$ 821,649	\$ 360,892
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,962	\$ 20,575
Accrued expenses and other current liabilities	16,480	23,926
Contract liabilities	22,468	-
Current operating lease liabilities	1,534	1,468
Current portion of long-term debt	44,635	252
Total current liabilities	94,079	46,221
Non-current liabilities:		
Warrant liabilities	57,460	29,960
Non-current operating lease liabilities	11,057	11,900
Long-term debt, net	156,252	59,252
Total liabilities	318,848	147,333
Commitments and contingencies (Note 7)		
Stockholders' Equity:		
Class A Common Stock, \$0.0001 par value; 800,000,000 shares authorized; 170,039,305 and 90,161,309 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	17	9
Class B Common Stock, \$0.0001 par value; 200,000,000 shares authorized; 39,747,447 and 50,041,757 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	4	5
Class C Common Stock, \$0.0001 par value; 125,000,000 shares authorized; 78,163,078 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	8	8
Additional paid-in capital	762,426	288,404
Accumulated other comprehensive income	353	227
Accumulated deficit	(453,888)	(189,662)
Noncontrolling interest	193,881	114,568
Total stockholders' equity	502,801	213,559
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 821,649	\$ 360,892

See accompanying notes to the unaudited condensed consolidated financial statements

AST SPACEMOBILE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars in thousands, except share and per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues	\$ 1,100	\$ -	\$ 2,500	\$ -
<u>Operating expenses:</u>				
Engineering services costs	21,828	19,523	62,546	58,818
General and administrative costs	15,551	10,995	45,677	31,073
Research and development costs	14,724	9,418	23,435	36,721
Depreciation and amortization	14,543	19,029	54,880	34,877
Total operating expenses	66,646	58,965	186,538	161,489
<u>Other income (expense):</u>				
(Loss) gain on remeasurement of warrant liabilities	(236,912)	7,481	(284,839)	21,454
Interest (expense) income, net	(1,386)	495	(5,846)	4,311
Other income (expense), net	1,410	507	1,661	(10,237)
		8,483		
Total other income (expense), net	(236,888)		(289,024)	15,528
<u>Loss before income tax (expense) benefit</u>				
Income tax (expense) benefit	(646)	(266)	(1,172)	408
Net loss before allocation to noncontrolling interest	(303,080)	(50,748)	(474,234)	(145,553)
Net loss attributable to noncontrolling interest	(131,134)	(29,839)	(210,008)	(89,918)
Net loss attributable to common stockholders	\$ (171,946)	\$ (20,909)	\$ (264,226)	\$ (55,635)
Net loss per share attributable to holders of Class A Common Stock				
Basic and diluted	\$ (1.10)	\$ (0.23)	\$ (1.89)	\$ (0.70)
Weighted-average shares of Class A Common Stock outstanding				
Basic and diluted	155,644,888	89,514,621	139,485,036	79,065,471

See accompanying notes to the unaudited condensed consolidated financial statements

AST SPACEMOBILE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
(Dollars in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net loss before allocation to noncontrolling interest	\$ (303,080)	\$ (50,748)	\$ (474,234)	\$ (145,553)
Other comprehensive loss				
Foreign currency translation adjustments	529	(358)	190	(526)
Total other comprehensive loss	529	(358)	190	(526)
Total comprehensive loss before allocation to noncontrolling interest	(302,551)	(51,106)	(474,044)	(146,079)
Comprehensive loss attributable to noncontrolling interest	(130,906)	(30,050)	(209,944)	(90,226)
Comprehensive loss attributable to common stockholders	<u>\$ (171,645)</u>	<u>\$ (21,056)</u>	<u>\$ (264,100)</u>	<u>\$ (55,853)</u>

See accompanying notes to the unaudited condensed consolidated financial statements

AST SPACEMOBILE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(Dollars in thousands, except share data)

Three Months Ended September 30, 2024													
	Class A Common Stock		Class B Common Stock		Class C Common Stock		Addition al	Accumulate d Other Compre hensive Income		Accumulate d Deficit	Noncontrolli ng Interest	Total Equity	
	Shares	Values	Shares	Values	Shares	Values	Paid-in Capital	\$	52	\$ (281,942)	\$ 96,637	\$ 241,870	
Balance, June 30, 2024	10	\$ 15	7	\$ 4	8	\$ 8	\$ 6	\$	52	\$ (281,942)	\$ 96,637	\$ 241,870	
Stock-based compensation	-	-	-	-	-	-	6,683	-	-	-	127	6,810	
Issuance of common stock, net of issuance costs	6,463,549	1	-	-	-	-	86,101	-	-	-	58,774	144,876	
Issuance of equity under employee stock plan	356,497	-	-	-	-	-	1,813	-	-	-	1,140	2,953	
Vesting of restricted stock units	372,824	-	-	-	-	-	(1,948)	-	-	-	(137)	(2,085)	
	13,971,45						242,57						
Warrant exercises	0	1	-	-	-	-	0	-	-	-	168,357	410,928	
Redemption of AST LLC Common Units for Class A Common Stock	123,875	-	-	-	-	-	111	-	-	-	(111)	-	
Foreign currency translation adjustments	-	-	-	-	-	-	-	301	-	-	228	529	
Net loss	-	-	-	-	-	-	-	-	-	(171,946)	(131,134)	(303,080)	
	170,039,3		39,747,44		78,163,07		762,42						
Balance, September 30, 2024	05	\$ 17	7	\$ 4	8	\$ 8	\$ 6	\$	353	\$ (453,888)	\$ 193,881	\$ 502,801	
Nine Months Ended September 30, 2024													
	Class A Common Stock		Class B Common Stock		Class C Common Stock		Addition al	Accumulate d Other Compre hensive Income		Accumulate d Deficit	Noncontrolli ng Interest	Total Equity	
	Shares	Values	Shares	Values	Shares	Values	Paid-in Capital	\$	4	\$ 227	\$ (189,662)	\$ 114,568	\$ 213,559
Balance, December 31, 2023	90,161,30		50,041,75		78,163,07		288,40						
Stock-based compensation	-	-	-	-	-	-	15,396	-	-	-	5,221	20,617	
	53,285,47		-	-	-	-	205,04						
Issuance of common stock, net of issuance costs	9	6	-	-	-	-	9	-	-	-	126,953	332,008	
Issuance of equity under employee stock plan	362,541	-	-	-	-	-	1,908	-	-	-	1,150	3,058	
	1,194,327		-	-	-	-	(2,641)	-	-	-	(684)	(3,325)	
Vesting of restricted stock units	-	-	-	-	-	-	242,57						
Warrant exercises	0	1	-	-	-	-	0	-	-	-	168,357	410,928	
Redemption of AST LLC Common Units for Class A Common Stock	11,064,19		(10,294,3		-	-	11,740	-	-	-	(11,740)	-	
Foreign currency translation adjustments	-	-	-	-	-	-	-	126	-	-	64	190	
Net loss	-	-	-	-	-	-	-	-	-	(264,226)	(210,008)	(474,234)	
	170,039,3		39,747,44		78,163,07		762,42						
Balance, September 30, 2024	05	\$ 17	7	\$ 4	8	\$ 8	\$ 6	\$	353	\$ (453,888)	\$ 193,881	\$ 502,801	
Three Months Ended September 30, 2023													
	Class A Common Stock		Class B Common Stock		Class C Common Stock		Addition al	Accumulate d Other Compre hensive Income		Accumulate d Deficit	Noncontrolling Interest	Total Equity	
	Shares	Values	Shares	Values	Shares	Values	Paid-in Capital	\$	9	\$ 158	\$ (136,827)	\$ 189,655	\$ 335,877
Balance, June 30, 2023	89,404,4		50,041,7		78,163,07		282,86						
Stock-based compensation	19	\$ 9	57	\$ 5	8	\$ 8	\$ 9	\$	158	\$ (136,827)	\$ 189,655	\$ 335,877	
	-	-	-	-	-	-	2,426	-	-	-	163	2,589	
Issuance of common stock, net of issuance costs	-	-	-	-	-	-	(31)	-	-	-	(60)	(91)	
Issuance of equity under employee stock plan	88,194	-	-	-	-	-	180	-	-	-	(135)	45	
Vesting of restricted stock units	182,716	-	-	-	-	-	81	-	-	-	(173)	(92)	
Foreign currency translation adjustments	-	-	-	-	-	-	-	(147)	-	-	(211)	(358)	
Net loss	-	-	-	-	-	-	-	-	-	(20,909)	(29,839)	(50,748)	
	89,675,3		50,041,7		78,163,07		285,52						
Balance, September 30, 2023	29	\$ 9	57	\$ 5	8	\$ 8	\$ 5	\$	11	\$ (157,736)	\$ 159,400	\$ 287,222	
Nine Months Ended September 30, 2023													
	Class A Common Stock		Class B Common Stock		Class C Common Stock		Addition al	Accumulate d Other Compre hensive Income		Accumulate d Deficit	Noncontrolling Interest	Total Equity	
	Shares	Values	Shares	Values	Shares	Values	Paid-in Capital	\$	4	\$ 229	\$ (102,101)	\$ 226,294	\$ 359,826
Balance, December 31, 2022	71,819,9		50,041,7		78,163,07		235,38						
Stock-based compensation	26	\$ 7	57	\$ 5	8	\$ 8	\$ 4	\$	229	\$ (102,101)	\$ 226,294	\$ 359,826	
	-	-	-	-	-	-	10,099	-	-	-	496	10,595	
Issuance of common stock, net of issuance costs	13,929,2		-	-	-	-	36,694				26,781	63,476	

Issuance of equity under employee stock plan	5	1	-	-	-	-	3,596	-	-	(3,372)	225		
Vesting of restricted stock units	607,561	-	-	-	-	-	(248)	-	-	(573)	(821)		
Foreign currency translation adjustments	-	-	-	-	-	-	(218)	-	-	(308)	(526)		
													(145,55)
Net loss	-	-	-	-	-	-	-	-	-	(55,635)	(89,918)	3)	
Balance, September 30, 2023	29	\$ 9	57	\$ 5	8	\$ 8	5	\$ 11	\$ (157,736)	\$ 159,400	\$ 287,222		

See accompanying notes to the unaudited condensed consolidated financial statements

AST SPACEMOBILE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in thousands)

	For the Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss before allocation to noncontrolling interest	\$ (474,234)	\$ (145,553)
Adjustments to reconcile net loss before noncontrolling interest to cash used in operating activities:		
Depreciation and amortization	54,880	34,877
Amortization of debt issuance costs	3,047	374
Loss on disposal of property and equipment	2,221	-
Loss (gain) on remeasurement of warrant liabilities	284,839	(21,454)
Stock-based compensation	20,617	10,595
Paid-in-kind ("PIK") interest expense	2,959	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(7,940)	1,601
Accounts payable and accrued expenses	(7,998)	(6,215)
Operating lease right-of-use assets and operating lease liabilities	357	54
Contract liabilities	22,468	-
Other assets and liabilities	1,081	1,680
Net cash used in operating activities	(97,703)	(124,041)
Cash flows from investing activities:		
Purchase of property and equipment	(92,095)	(96,462)
Net cash used in investing activities	(92,095)	(96,462)
Cash flows from financing activities:		
Proceeds from debt	145,000	63,500
Repayments of debt	(187)	(180)
Payments for debt issuance costs	(9,435)	(9,653)
Proceeds from issuance of common stock	338,911	65,003
Payments for equity issuance costs	(6,903)	(1,527)
Proceeds from warrants exercises	153,307	-
Issuance of equity under employee stock plan	3,058	225
Employee taxes paid for stock-based compensation awards	(3,325)	-
Net cash provided by financing activities	620,426	117,368
Effect of exchange rate changes on cash, cash equivalents and restricted cash	161	(395)
Net increase (decrease) in cash, cash equivalents and restricted cash	430,789	(103,530)
Cash, cash equivalents and restricted cash, beginning of period	88,097	239,256
Cash, cash equivalents and restricted cash, end of period	<u>\$ 518,886</u>	<u>\$ 135,726</u>
Supplemental disclosure of cash flow information:		
Non-cash activities:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ -	\$ 6,709
Non-cash investing and financing activities:		
Purchases of property and equipment in accounts payable and accrued expenses	\$ 5,086	\$ 7,120
PIK interest paid through issuance of PIK notes	2,959	-
Settlement of warrant liabilities by issuing shares	257,337	-
Cash paid for:		
Interest	\$ 6,694	\$ 1,071
Income taxes, net	1,135	510

See accompanying notes to the unaudited condensed consolidated financial statements

AST SPACEMOBILE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(Unaudited)

1. Organization and Nature of Operations

AST SpaceMobile, Inc., collectively with its subsidiaries ("SpaceMobile" or the "Company"), is currently designing and developing the constellation of BlueBird ("BB") satellites and has begun launching its planned space-based Cellular Broadband network distributed through a constellation of Low Earth Orbit ("LEO") satellites. Once deployed and operational, the BB satellites are designed to provide connectivity directly to off-the-shelf and unmodified devices at broadband speeds (the "SpaceMobile Service"), and be accessible for other applications for government use. At that point, the Company intends to offer the SpaceMobile Service to cellular subscribers and others through wholesale commercial agreements with cellular service providers. The Company is headquartered in Texas where it operates 185,000 square feet satellite assembly, integrating and testing ("AIT") facilities. The Company's intellectual property ("IP") portfolio is diverse, containing numerous and various innovations of the direct-to-cell satellite ecosystem from space to Earth. The Company's IP portfolio consists of 36 patent families worldwide. As of September 30, 2024, the Company has more than 3,450 patent and patent pending claims worldwide, of which approximately 1,390 have been officially granted or allowed.

The Company launched its BlueWalker 3 ("BW3") test satellite on September 10, 2022, and announced the completion of the deployment of the communication phased array antenna of the BW3 test satellite in orbit on November 14, 2022. During 2023, using the BW3 test satellite, the Company successfully completed two-way voice calls directly to standard unmodified smartphones, achieved repeated successful 4G download speeds of above 10 megabits per second ("Mbps") to standard unmodified smartphones and successful two-way voice calls directly to standard unmodified smartphones using 5G connectivity and successful download speeds of approximately 14 Mbps utilizing 5 megahertz ("MHz") of low band spectrum. Since then, the Company has achieved successful download speeds above 21 Mbps, spectral efficiency of approximately 3 bits per hertz, and has also successfully completed initial in-orbit and ground testing for non-communication government applications. The Company intends to continue testing capabilities of the BW3 test satellite, including further testing with cellular service providers and devices.

The Company launched five first generation commercial BB satellites ("Block 1 BB satellites") on September 12, 2024. In October 2024, the Company completed the deployment of the communication phased array antennas and Q/V antennas in orbit, and performed a series of monitoring tests and activities to confirm the successful initial operations of the Block 1 BB satellites. Accordingly, the Company determined that the five Block 1 BB satellites were ready for their intended use as of October 29, 2024.

On April 6, 2021, the Company completed a business combination (the "Business Combination") with AST & Science, LLC ("AST LLC"). Following the consummation of the Business Combination, the combined company was organized in an "Up-C" structure in which the business is operated by AST LLC and its subsidiaries and in which the Company's only direct assets consist of equity interests in AST LLC. As the managing member of AST LLC, the Company has full discretion to manage and control the business of AST LLC and to take all action it deems necessary to accomplish the purposes of AST LLC. The Company's Class A Common Stock is listed on the Nasdaq Capital Market under the symbol "ASTS".

The Company operates from multiple locations that include its corporate headquarters and 185,000 square feet AIT facilities in Texas where the final AIT is performed, and engineering and development centers elsewhere in the United States, and in India, Scotland, Spain, and Israel.

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and the Company may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in the Company's periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements and related notes have been prepared by the Company in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and the requirements of the Securities

and Exchange Commission ("SEC"). The unaudited condensed consolidated financial statements include the accounts of the Company, AST LLC, and its subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation. Certain comparative amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations. In the opinion of management, these unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal and recurring adjustments) necessary to fairly state the unaudited condensed consolidated financial statements.

The financial statements of AST LLC and its subsidiaries have been prepared on a consolidated basis with the Company as the Company is the sole managing member of AST LLC and has full discretion to manage and control the business of AST LLC and to take all action it deems necessary to accomplish the purposes of AST LLC.

The accompanying unaudited condensed consolidated financial statements and related notes should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2023, included in its Annual Report on Form 10-K filed with the SEC on April 1, 2024 (the "2023 Annual Report on Form 10-K"). The results of operations for the periods presented are not indicative of the results to be expected for the year ending December 31, 2024 or for any other interim period or other future year.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. The Company bases its estimates and assumptions on historical experience when available and on other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, useful lives assigned to property and equipment, the fair values of warrant liabilities, potential impairment of long-lived assets, and equity-based compensation expense. The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates which could have a material impact on the Company's financial position or results of operations.

The Company's significant accounting policies are described in Note 2: Summary of Significant Accounting Policies of the 2023 Annual Report on Form 10-K, and there have been no significant changes in these significant accounting policies as compared to those described therein.

Revenue Recognition

Revenue generated from sales of goods and services is recognized when a customer obtains control of promised goods or services in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The Company recognizes revenue for services provided over time as customers simultaneously receive and consume the benefits provided by the Company's performance. For performance obligations that do not meet the criteria for over time recognition, the Company recognizes revenue upon transfer of control of the performance obligation to the customer. The Company defers revenue and recognizes contract liabilities in the event the performance obligations are not satisfied for which compensation has been received.

To date, the Company has not generated any revenues from its SpaceMobile Service or from the resale of gateway equipment and associated services to mobile network operators and other third parties. During the three and nine months ended September 30, 2024, the Company recognized \$1.1 million and \$2.5 million of revenue, respectively, from performance obligations completed to date under an agreement with a prime contractor for a U.S. Government contract.

As of September 30, 2024, \$22.5 million of contract liabilities were recorded for advance payments received but associated performance obligations not yet satisfied related to the Company's SpaceMobile Service and resale of gateway equipment and associated services to customers. There were no contract liabilities or contract assets as of December 31, 2023.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures, that requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. It requires a public entity to also disclose the title and position of the Chief Operating Decision Maker. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. The ASU was effective for the Company on January 1, 2024, and interim periods within fiscal years beginning January 1, 2025. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

Future Adoption of Recently Issued Accounting Pronouncement

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures. ASU 2023-09 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 and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. The ASU is effective for the Company on January 1, 2025. Early adoption is permitted. The Company is currently evaluating the potential impact of adopting this ASU on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which is intended to improve the disclosures of expenses by providing more detailed information about the types of expenses in commonly presented expense captions. The standard is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The standard can be applied either prospectively or retrospectively. The Company is currently evaluating the impact of the standard on the presentation of its consolidated financial statements and related disclosures.

All other new accounting pronouncements issued, but not yet effective or adopted, have been deemed to be not relevant to the Company and, accordingly, are not expected to have a material impact once adopted.

3. Fair Value Measurement

The Company's financial assets and liabilities measured at fair value on a recurring basis were as follows (in thousands):

	As of September 30, 2024		
	Level 1	Level 2	Level 3
Assets:			
Cash equivalents	\$ 430,332	\$ -	\$ -
Total assets measured at fair value	<u>\$ 430,332</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:			
Private placement warrant liability	\$ -	\$ -	\$ 57,460
Total liabilities measured at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,460</u>

	As of December 31, 2023		
	Level 1	Level 2	Level 3
Assets:			
Cash equivalents	\$ 69,661	\$ -	\$ -
Total assets measured at fair value	<u>\$ 69,661</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:			
Public warrant liability	\$ 18,707	\$ -	\$ -
Private placement warrant liability	-	11,253	-
Total liabilities measured at fair value	<u>\$ 18,707</u>	<u>\$ 11,253</u>	<u>\$ -</u>

As of September 30, 2024 and December 31, 2023, the Company had \$518.9 million and \$88.1 million of cash and cash equivalents and restricted cash, respectively, of which \$430.3 million and \$69.7 million, respectively, is classified as cash equivalents, which consists principally of short-term money market funds with original maturities of 90 days or less. As of September 30, 2024 and December 31, 2023, restricted cash of \$2.5 million represents a deposit into an interest reserve escrow account for the senior secured credit facility, and a deposit against the bank guaranty issued to the landlord for lease of a property. For certain instruments, including cash, accounts payable, and accrued expenses, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments.

On September 27, 2024 ("Redemption Date"), the Company completed the redemption of all of its outstanding publicly issued warrants ("Public Warrants") to purchase shares of its Class A Common Stock. Following the Redemption Date, the Company had no Public Warrants outstanding. In connection with the redemption, the Public Warrants ceased trading on the Nasdaq and were delisted.

As of September 30, 2024, warrant liabilities were comprised of private placement warrants ("Private Placement Warrants"), which have been classified as Level 3 due to the use of historical volatility of the Company's shares and implied volatility derived from options on the Company's shares. Warrant liabilities are described in detail at Note 6: Warrant Liabilities.

As of December 31, 2023, warrant liabilities were comprised of both Public Warrants and Private Placement Warrants, exercisable for shares of Class A Common Stock. The Public Warrants were classified as Level 1 due to the use of an observable market quote in an active market under the ticker "ASTSW". The Private Placement Warrants were classified as Level 2 as the transfer of Private Placement Warrants to anyone outside of a small group of individuals who are permitted transferees would result in the Private Placement Warrants having substantially the same terms as the Public Warrants. For this reason, the Company determined that the volatility of each Private Placement Warrant was equivalent to that of each Public Warrant.

As of September 30, 2024 and December 31, 2023, the Private Placement Warrants were valued using a Black-Scholes-Merton Model. The Company's Black-Scholes-Merton model required the use of the following subjective assumption inputs:

- As of September 30, 2024, the risk-free rate assumption was based on the one- and two-year U.S. Treasury rates as the estimated time to expire was 1.51 years compared to an estimated time to expire of 2.26 years as of December 31, 2023, based on the two- and three year U.S. Treasury rates. An increase in the risk-free interest rate, in isolation, would result in an increase in the fair value measurement of the warrant liabilities and vice versa.
- As of September 30, 2024, the expected volatility assumption was based on an average of the historical volatility of the Company's shares and the implied volatility of one-year options on the Company's shares, which was 117.4%. As of December 31, 2023, the expected volatility assumption was based on the implied volatility of the Company's Public Warrants, which was 80.4%.

4. Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Land	\$ 1,350	\$ 1,350
Buildings	15,502	14,555
Leasehold improvements	9,361	9,111
Satellite in orbit	92,464	92,464
Lab, assembly, and integration equipment	40,224	31,957
Satellite antenna	7,224	7,188
Computer hardware and software	14,571	11,112
Other	1,402	1,230
Construction in progress		
Satellite materials, satellites under construction, and advance launch payments	186,970	125,428
Other	4,916	5,256
Total property and equipment, gross	\$ 373,984	\$ 299,651
Accumulated depreciation and amortization	(113,916)	(61,173)
Total property and equipment, net	\$ 260,068	\$ 238,478

Depreciation expense for the nine months ended September 30, 2024 and 2023 was approximately \$54.9 million and \$34.9 million, respectively. Depreciation expense for the three months ended September 30, 2024 and 2023 was approximately \$14.5 million and \$19.0 million, respectively. The costs of the five Block 1 BB satellites that were launched in September 2024 and determined to be ready for use in October 2024 were included in Construction in progress - Satellites materials, satellites under construction and advance launch payments as of September 30, 2024.

5.Long-Term Debt

Long-term debt consists of the following, (in thousands):

	As of	
	September 30, 2024	December 31, 2023
Convertible notes	\$ 147,959	\$ -
Senior secured credit facility loan ⁽¹⁾	52,023	52,023
Capital equipment loan	15,000	15,000
Term loan	4,571	4,758
Total debt	\$ 219,553	\$ 71,781
Less: current portion of long-term debt	(44,635)	(252)
Less: unamortized debt issuance costs ⁽¹⁾	(18,666)	(12,277)
Long-term debt, net of issuance costs	\$ 156,252	\$ 59,252

(1)Includes estimated exit fee of \$3.5 million due at maturity or upon repayment.

As of September 30, 2024, the aggregate fair value of the Company's debt was \$757.1 million, which included the fair value of the Company's convertible notes of \$682.1 million. As of December 31, 2023, the aggregate fair value of the Company's debt was \$68.7 million. The fair value of the convertible notes has been determined based on a lattice-based binomial model using significant inputs derived from, or corroborated by, observable market data (Level 2 inputs). The fair value of remaining debt has been determined under the discounted cash flow method using significant inputs derived from, or corroborated by, observable market data (Level 2 inputs).

Debt issuance costs are comprised of costs incurred in connection with debt issuance and are presented in the consolidated balance sheets as a deduction to the carrying amount of the debt and amortized using the effective interest method to interest expense over the term of the debt. During the three and nine months ended September 30, 2024, the Company recognized \$5.4 million and \$14.7 million, respectively, of interest expense related to the debt noted above. The interest expense included amortization of debt issuance costs of \$1.1 million and \$3.0 million for the three and nine months ended September 30, 2024, respectively. During the three and nine months ended September 30, 2023, the Company recognized approximately \$1.4 million and \$1.5 million, respectively, of interest expense. The interest expense included amortization of debt issuance costs of \$0.4 million for the three and nine months ended September 30, 2023. Interest expense is included in interest (expense) income, net in the accompanying unaudited condensed consolidated statements of operations.

As of September 30, 2024, the Company was in compliance with all debt covenants requirements, subject to the mandatory prepayment of the Senior Secured Credit Facility Loan related to raising capital from the issuance of equity interests in excess of the defined threshold as described below.

Convertible Notes

Pursuant to the Convertible Security Investment Agreement (the "Investment Agreement") which the Company entered into with certain investors, the Company issued subordinated convertible notes (the "Convertible Notes") for an aggregate principal amount of \$110.0 million on January 16, 2024 to AT&T Venture Investments, LLC ("AT&T"), Google LLC ("Google") and Vodafone Ventures Limited ("Vodafone"), and for an aggregate principal amount of \$35.0 million on May 23, 2024 to Verizon Communications, Inc. ("Verizon"). The Company incurred debt issuance costs of \$9.4 million upon closing of the Convertible Notes. As of September 30, 2024, the debt issuance costs have been paid in full.

The Convertible Notes bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 30 and December 30 of each year, beginning on June 30, 2024. The Company has the option to pay interest on the Convertible Notes in cash or in kind. The Company has elected to pay interest on the Convertible Notes in kind on June 30, 2024, resulting in the principal amount of the Convertible Notes being increased by approximately \$3.0 million and interest to be accrued on such increased principal amount in subsequent interest periods. The AT&T, Google and Vodafone Convertible Notes have a 10 year term unless earlier converted and the Verizon Convertible Notes have a 9 years and 9 months term unless earlier converted.

The holders of the Convertible Notes (the "Holders") may convert the Convertible Notes (subject to certain exceptions) at an initial conversion rate of 173.9130 shares of Class A Common Stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of \$5.75 per share of Class A Common Stock). The Holders may convert their Convertible Notes at their option at any time 12 months after date of issuance ("Conversion Date"), which is on or after January 16, 2025. The Holders will also have the right to convert the Convertible Notes prior to the Conversion Date in the event that the Company undergoes a fundamental change (defined

to include change of control, certain mergers of the Company with another company, the sale of all or substantially all of the assets of the Company, and liquidation). The conversion rate is also subject to customary anti-dilution adjustments if certain events occur.

On or after the Conversion Date, the Company may require the Holders to convert the Convertible Notes (subject to certain exceptions), at an initial conversion rate of 173.9130 shares of Class A Common Stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of \$5.75 per share of Class A Common Stock) at its option, if the VWAP of the Class A Common Stock has been at least 130% of the conversion price then in effect for 30 consecutive trading days, on the immediately succeeding trading day after the last trading day of such 30 day period.

The Convertible Notes may be accelerated upon the occurrence of certain events of default and fundamental change. In the case of an event of default with respect to the Convertible Notes arising from specified events of bankruptcy or insolvency of the Company, 100% of the principal of, and accrued and unpaid interest on, the Convertible Notes will automatically become due and payable. If any other event of default with respect to the Convertible Notes occurs or is continuing (which include customary events of default, including the failure to pay principal or interest when due and the failure to comply with other covenants contained in the Investment Agreement), the Holders of at least 60% in aggregate principal amount of the then outstanding Subordinated Obligations (as defined in the Investment Agreement to include the obligations under the Convertible Notes) may declare the principal amount of the Convertible Notes to be immediately due and payable. In the case of fundamental change as defined in the Investment Agreement prior to the conversion or maturity of the Convertible Notes, the Company is required to repay the Convertible Notes immediately prior to the consummation of such fundamental change in an amount equal to the aggregate principal amount of such Convertible Notes, plus any accrued and unpaid interest thereon.

Senior Secured Credit Facility Loan

On August 14, 2023, AST LLC entered into a senior secured term loan credit agreement (the "Atlas Credit Agreement") with ACP Post Oak Credit II LLC as administrative agent and collateral agent and Atlas Credit Partners, LLC as a lender, providing for a principal loan commitment of up to \$100.0 million, of which \$48.5 million was borrowed upon closing (the "Senior Secured Credit Facility Loan").

The initial borrowing of \$48.5 million accrued interest at a fixed rate equal to the three-month secured overnight financing rate ("SOFR") as of the closing date plus 9.625% per annum equal to 14.75% (the "Atlas Fixed Rate") payable on the last business day of each fiscal quarter. The borrowing amounts are payable at maturity on August 14, 2026 and are subject to mandatory prepayments upon the occurrence of certain specified events, including raising capital from issuance of equity interests in excess of certain threshold as defined in the Atlas Credit Agreement.

As of September 30, 2024, the mandatory prepayment event related to raising capital from issuance of equity interests in excess of the defined threshold was triggered, which resulted in classifying the Senior Secured Credit Facility Loan as current liabilities in the accompanying unaudited condensed consolidated balance sheet.

On November 13, 2024, the Company repaid the principal amount, including the exit fee, accrued interest, and call premium aggregating to approximately \$54.9 million. The Company will recognize approximately \$1.3 million of accrued interest and amortization of the associated debt issuance costs up to the date of repayment as interest expense, and approximately \$11.0 million of exit fee, call premium and remaining unamortized debt issuance costs as loss on extinguishment of debt in the consolidated statement of operations in the fourth quarter of 2024.

Other than as described above, there were no new debt issuances or significant changes related to the above listed debt during the nine months ended September 30, 2024. See Note 8: Debt to the Company's Consolidated Financial Statements included in its 2023 Annual Report on Form 10-K for additional information regarding the debt listed above.

6. Warrant Liabilities

Warrant liabilities were comprised of Private Placement Warrants as of September 30, 2024, and of both Public Warrants and Private Placement Warrants as of December 31, 2023.

Each whole Private Placement Warrant entitles the registered holder to purchase one whole share of Class A Common Stock at a price of \$11.50 per share and are exercisable on a cashless basis. Pursuant to the warrant agreement, a holder of Private Placement Warrants may exercise its warrants only for a whole number of shares of Class A Common Stock. This means that only a whole warrant may be exercised at any given time by a warrant holder. The Private Placement Warrants expire on April 6, 2026, five years after the Business Combination, at 5:00 p.m., New York City time, or earlier upon liquidation.

On August 28, 2024, the Company announced that it would redeem all of its Public Warrants that remained outstanding at 5:00 p.m. New York City time on September 27, 2024 ("Redemption Date") for a redemption price of \$0.01 per warrant. As a result, during the three months ended September 30, 2024, 13,358,174 Public Warrants were exercised resulting in net proceeds of \$153.3 million. In addition, during the three months ended September 30, 2024, 950,000 Private Placement Warrants were exercised for 613,276 shares of Class A Common Stock on a cashless basis. The Company recognized a loss of \$195.5 million due to changes in fair value of the exercised Public Warrants and Private Placement Warrants from June 30, 2024 to the time of exercises. On the Redemption Date, a total of 236,294 Public Warrants remained unexercised as of 5:00 p.m. New York City time, and the Company redeemed those Public Warrants for an aggregate redemption price of \$2,363. The Company recognized a gain of \$1.0 million from extinguishment of warrant liabilities at \$0.01 per warrant for the 236,294 Public Warrants that were redeemed. Following the Redemption Date, the Company had no Public Warrants outstanding. In connection with the redemption, the Public Warrants ceased trading on the Nasdaq and were delisted. As of September 30, 2024, there were 3,053,125 Private Placement Warrants that remain outstanding. During the three months ended September 30, 2024, the Company recognized a loss of \$42.4 million from fair value adjustment of these Private Placement Warrants from their valuation as of June 30, 2024. In total, for the three months ended September 30, 2024, the Company recognized a loss of \$236.9 million for changes in fair value of warrant liabilities from June 30, 2024 to the time of exercises and changes in fair value of liabilities for Private Placement Warrants that remained outstanding as of September 30, 2024.

For the nine months ended September 30, 2024, the Company recognized a loss of \$284.8 million from changes in fair value of warrant liabilities from December 31, 2023 to the time of exercises and changes in fair value of liabilities for Private Placement Warrants that remained outstanding as of September 30, 2024. For the three and nine months ended September 30, 2023, the Company recognized a gain of \$7.5 million and \$21.5 million, respectively, on the change in the fair value of the warrant liabilities in the unaudited condensed consolidated statements of operations.

The Company's Public Warrants and Private Placement Warrants activity for the nine months ended September 30, 2024 was as follows:

	Public Warrant	Private Placement Warrant
Beginning balance as of December 31, 2023	11,547,600	6,050,000
Private Placement Warrant conversions	2,046,868	(2,046,868)
Warrants exercises	(13,358,174)	(950,000)
Public Warrants redemptions	(236,294)	-
Ending balance as of September 30, 2024	-	3,053,125

During the nine months ended September 30, 2023, no Public Warrants were exercised or redeemed and there were no Private Placement Warrants conversions to Public Warrants. As of September 30, 2024 and December 31, 2023, the Company recorded warrant liabilities of \$57.5 million and \$30.0 million in the unaudited condensed consolidated balance sheets, respectively.

7.Commitments and Contingencies

Purchase Commitments

As of September 30, 2024, the Company had contractual commitments with third parties of approximately \$130.7 million, primarily related to procurement of BB satellite components, R&D programs, capital improvements and future launch payments for a Block 2 Bluebird satellite under a certain launch agreement.

Legal Proceedings

The Company is subject to various legal proceedings and claims that have arisen in the ordinary course of business and that have not been fully adjudicated. In the opinion of management, there was not at least a reasonable possibility the Company may have incurred a material loss, or a material loss in excess of any recorded accrual, with respect to loss contingencies. However, the outcome of litigation is inherently uncertain. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these legal matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's consolidated financial statements for that reporting period could be materially adversely affected.

Delaware Class Action Litigations

Following books and records demands pursuant to 8 Del. C. § 220, two stockholders filed putative class action complaints in the Delaware Court of Chancery against the Company, certain current and former directors and officers of the Company and its predecessor entity and manager, New Providence Acquisition Corp. and New Providence Management LLC, and Abel Avellan, alleging claims of breach of fiduciary duties, aiding and abetting such breaches, and unjust enrichment, relating to the de-SPAC merger. The first of those complaints, Taylor v. Coleman, et al. (C.A. No. 2023-1292), was filed on December 27, 2023, and the second, Drulias v. New Providence Management LLC, et al., was filed on March 29, 2024 (collectively, the "Delaware Stockholder Class Actions"). On March 15, 2024, prior to the filing of the Drulias action, the defendants had moved to dismiss the Taylor action. On April 29, 2024, the court entered a stipulation by the parties to both actions to be consolidated under the caption In re AST SpaceMobile, Inc. Stockholders Litigation (C.A. No. 2023-1292), and for the plaintiffs to file a consolidated amended complaint by May 29, 2024. Plaintiffs filed a consolidated complaint on May 29, 2024, which asserts the same claims and seeks the same damages—equitable relief and unspecified monetary damages. On July 15, 2024, the defendants moved to dismiss the consolidated complaint. The court has scheduled a hearing on the Motion to Dismiss for February 3, 2025.

Federal Class Action Litigations

The Company and certain of its current executive officers have been named as defendants in a putative stockholder class action lawsuit pending in the United States District Court for the Western District of Texas. The action is styled Klarkowski v. AST SpaceMobile, Inc., No. 7:24-cv-00102-DC-RCG (W.D. Tex.) (the "Securities Class Action"). The complaint in the Securities Class Action, which was filed on April 17, 2024, alleges that defendants violated the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and SEC Rule 10b-5 promulgated thereunder by making false and misleading statements and omissions relating to the status and timeline of satellite production, and that the current executive officers named as defendants are control persons under Section 20(a) of the Exchange Act. The complaint is filed on behalf of shareholders who purchased shares of the Company's common stock between November 14, 2023 and April 1, 2024 ("Class Period"), and seeks monetary damages on behalf of the purported class. On July 9, 2024, the Court appointed a Lead Plaintiff for the putative class and approved his choice of Lead Counsel. On September 9, 2024, the Lead Plaintiff voluntarily dismissed the Securities Class Action without prejudice.

The Company has been named as a nominal defendant and certain of its current and former executive officers and directors have been named as defendants in a derivative lawsuit pending in the United States District Court for the Western District of Texas. The action is styled Hanna v. Avellan, et al., No. 7:24-cv-00171-DC-RCG (W.D. Tex.) (the "Derivative Action"). The complaint in the Derivative Action, which was filed on July 23, 2024, asserts claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and violations of the Exchange Act against all defendants and claims for contribution under the federal securities laws against certain of the defendants. The parties filed an Agreed Motion for Voluntary Dismissal, which the court granted on October 16, 2024.

8. Stockholders' Equity

Class A Common Stock

As of September 30, 2024, there were 170,039,305 shares of Class A Common Stock issued and outstanding. Holders of Class A Common Stock are entitled to one vote for each share. The Company is authorized to issue 800,000,000 shares of Class A Common Stock with a par value of \$0.0001 per share.

Class B Common Stock

As of September 30, 2024, there were 39,747,447 shares of Class B Common Stock issued and outstanding. Shares of Class B Common Stock were issued to then existing equity holders of AST LLC (other than Abel Avellan, the Company's Chairman and Chief Executive Officer ("Mr. Avellan")) at the time of Business Combination and are noneconomic, but entitle the holder to one vote per share. The Company is authorized to issue 200,000,000 shares of Class B Common Stock with a par value of \$0.0001 per share.

The existing equity holders of AST LLC (other than Mr. Avellan) at the time of Business Combination own economic interests in AST LLC which are redeemable into either shares of Class A Common Stock on a one-for-one basis or cash at the option of the Redemption Election Committee. Upon redemption of the AST LLC Common Units by the existing equity holders (other than Mr. Avellan), a corresponding number of shares of Class B Common Stock held by such existing equity holders will be cancelled. During the nine months ended September 30, 2024, the existing equity holders redeemed 10,294,310 AST LLC Common Units into Class A Common Stock and subsequently 10,294,310 Class B Common Stock held by such existing equity holders were cancelled.

Class C Common Stock

As of September 30, 2024, there were 78,163,078 shares of Class C Common Stock issued and outstanding. Shares of Class C Common Stock were issued to Mr. Avellan in connection with the Business Combination and are non-economic, but entitle the holder to the lesser of 10 votes per share and the Class C Share Voting Amount, the latter of which is a number of votes per share equal to (1) (x) an amount of votes equal to 88.31% of the total voting power of the outstanding voting stock, minus (y) the total voting power of the outstanding capital stock (other than Class C Common Stock) owned or controlled by Mr. Avellan and his permitted transferees, divided by (2) the number of shares of Class C Common Stock then outstanding (the "Super-Voting Rights"). The Company is authorized to issue 125,000,000 shares of Class C Common Stock with a par value of \$0.0001 per share.

Mr. Avellan owns economic interests in AST LLC which are redeemable into either shares of Class A Common Stock on a one-for-one basis or cash at the option of the Redemption Election Committee. Upon redemption of the AST LLC Common Units by Mr. Avellan, a corresponding number of shares of Class C Common Stock held by Mr. Avellan will be cancelled. Correspondingly, the Super-Voting Rights associated with the shares of Class C Common Stock cancelled will be terminated. During the nine months ended September 30, 2024, Mr. Avellan did not redeem any AST LLC Common Units.

Preferred Stock

At September 30, 2024 there were no shares of preferred stock issued or outstanding. The Company is authorized to issue 100,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's Board of Directors.

Noncontrolling Interest

The noncontrolling interests represent the equity interest in AST LLC held by members other than the Company. Changes in the Company's ownership interest in AST LLC while retaining control of AST LLC are accounted for as equity transactions. Income or loss is attributed to the noncontrolling interests based on their contractual distribution rights, and the relative percentages of equity interest held by the Company and the other members during the period.

As the sole managing member of AST LLC controlling the operating decisions of AST LLC, the Company consolidates the financial position and results of operations of AST LLC and its subsidiaries. The Company reports equity interests in AST LLC held by members other than the Company as noncontrolling interest in the consolidated balance sheets. The noncontrolling interest is classified as permanent equity within the consolidated balance sheets as the Company may only elect to settle a redemption request in cash if the cash delivered in the exchange is limited to the amount of net proceeds from the issuance and sale of a Class A Common Stock from a new permanent equity offering.

Each issuance of the Company's Class A Common Stock is accompanied by a corresponding issuance of AST LLC Common Units to the Company, which results in changes in ownership and reduction in noncontrolling interest. As of September 30, 2024, there were 3,053,125 Private Placement Warrants outstanding (see Note 6: Warrant Liabilities for further details), each of which entitles the holder to purchase one whole share of Class A Common Stock at a price of \$11.50 per share. Each warrant exercise is accompanied by a corresponding issuance of AST LLC Common Units to the Company, which results in a change in ownership and reduces the amount recorded as noncontrolling interest and increases additional paid-in capital.

In addition, the Fifth Amended and Restated Limited Liability Company Operating Agreement of AST LLC ("A&R Operating Agreement") permits the noncontrolling interest holders of AST LLC Common Units to exchange AST LLC Common Units, together with related shares of the Class B Common Stock or Class C Common Stock, for shares of the Class A Common Stock on a one-for-one basis or, at the election of the Company, for cash (a "Cash Exchange"). A Cash Exchange is limited to the amount of net proceeds from the issuance and sale of Class A Common Stock. Future redemptions or direct exchanges of AST LLC Common Units by the noncontrolling interest holders will result in a change in ownership and reduce the amount recorded as noncontrolling interest and increase additional paid-in capital. Certain members of AST LLC also hold incentive stock options that are subject to service or performance conditions (see Note 9: Stock-Based Compensation for further details), that are exercisable for AST LLC Common Units which will simultaneously be redeemed for Class A Common Stock. The exercise of the options results in a change in ownership and decreases the amount recorded as noncontrolling interest and increases additional paid-in capital.

The Company previously granted service-based and performance-based restricted stock units and service-based options that are exercisable for Class A Common Stock under the 2020 Incentive Award Plan. The Company now grants service-based and performance-based restricted stock units under the 2024 Incentive Award Plan (see Note 9: Stock-Based Compensation for further details). The vesting of the restricted stock units and the exercise of the options result in a change in ownership and decrease the amount recorded as noncontrolling interest and increase additional paid-in capital.

As of September 30, 2024 and December 31, 2023, the noncontrolling interest in AST LLC was approximately 41.0% and 58.7%, respectively. The decrease in noncontrolling interest percentage during the nine months ended September 30, 2024 was a result of the issuance of Class A Common Stock under the January 2024 Common Stock Offering, the 2022 Equity Distribution Agreement, the 2024 Equity Distribution Agreement, the exercises of Public Warrants and Private Placement Warrants, the redemption of AST LLC Common Units in exchange for Class A Common Stock, the exercise of options for Class A Common Stock, and the vesting of the Company's restricted stock units.

Common Stock Purchase Agreement

On May 6, 2022, the Company entered into a Common Stock Purchase Agreement and a Registration Rights Agreement (collectively referred to as the "Common Stock Purchase Agreement") with B. Riley Principal Capital, LLC ("B. Riley"). Pursuant to the Common Stock Purchase Agreement, the Company had the right, in its sole discretion, to sell to B. Riley up to \$75.0 million of shares of the Class A Common Stock at 97% of the volume weighted average price ("VWAP") of the Class A Common Stock calculated in accordance with the Common Stock Purchase Agreement, over a period of 24 months subject to certain limitations and conditions contained in the Common Stock Purchase Agreement. Sales and timing of any sales of Class A Common Stock were solely at the election of the Company, and the Company was under no obligation to sell any securities to B. Riley under the Common Stock Purchase Agreement.

Under the Common Stock Purchase Agreement, the Company had issued 1,756,993 shares of its Class A Common Stock as of December 31, 2023, aggregating to net proceeds of \$13.4 million. The Company did not issue any shares of its Class A Common Stock under the Common Stock Purchase Agreement during the nine months ended September 30, 2024. Proceeds from the sale of the Class A Common Stock under the Common Stock Purchase Agreement were used for general corporate purposes. The Common Stock Purchase Agreement expired on August 1, 2024.

2022 Equity Distribution Agreement

On September 8, 2022, the Company entered into an Equity Distribution Agreement (the "Sales Agreement" or "At The Market Equity Program") with Evercore Group L.L.C. and B. Riley Securities, Inc. (collectively, the "agents") to sell shares of the Class A Common Stock having an aggregate sale price of up to \$150.0 million through an "at the market offering" program under which the agents act as sales agents. The sales of the shares made under the Sales Agreement may be made by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 promulgated under the Securities Act. The agents sell the Class A Common Stock based upon the Company's instructions (including any price, time or size limits or other customary parameters or conditions the Company may impose). Under the Sales Agreement, the agents are entitled to total compensation at a commission rate of up to 3.0% of the gross sales price per share sold.

Under the Sales Agreement, the Company had issued 4,225,000 shares of its Class A Common Stock as of December 31, 2023, aggregating to proceeds of \$27.2 million, net of commissions paid to the agents and transaction costs. The Company issued an additional 2,552,496 shares and 12,277,653 shares of its Class A Common Stock under the Sales Agreement during the three and nine months ended September 30, 2024, respectively, and received proceeds of \$38.0 million and \$117.4 million, respectively, net of commissions paid to the agents and transaction costs for the shares settled during the three and nine months ended September 30, 2024. The At The Market Equity Program has been fully utilized as of September 30, 2024. Proceeds from the sale of the Class A Common Stock under the Sales Agreement were used for general corporate purposes.

January 2024 Common Stock Offering

On January 23, 2024, the Company issued 32,258,064 shares of Class A Common Stock in a public offering and received proceeds of \$93.6 million, net of underwriting commissions of \$6.0 million and transaction costs of \$0.4 million. The Company provided a 30-day option to the underwriting agent to purchase up to an additional 4,838,709 shares of Class A Common Stock (the "Option Shares") from us on the same terms and conditions. On January 25, 2024, the Option Shares were exercised in full. The offering of the Option Shares closed on January 29, 2024 for proceeds of \$14.1 million, net of underwriting commissions of \$0.9 million. Proceeds from the sale of our Class A Common Stock under the January 2024 Common Stock Offering were used for general corporate purposes.

2024 Equity Distribution Agreement

On September 5, 2024, the Company entered into a new Equity Distribution Agreement (the "2024 Sales Agreement" or "2024 At The Market Equity Program") with B. Riley Securities, Inc., Barclays Capital Inc., BofA Securities, Inc., Cantor Fitzgerald & Co., Deutsche Bank Securities Inc., Roth Capital Partners, LLC, Scotia Capital (USA) Inc. and UBS Securities LLC (collectively, the "agents") to sell shares of the Class A Common Stock having an aggregate sale price of up to \$400.0 million through an "at the market offering" program under which the agents act as sales agents. The sales of the shares made under the 2024 Sales Agreement may be made by any method

permitted by law deemed to be an "at the market offering" as defined in Rule 415 promulgated under the Securities Act. The agents sell the Class A Common Stock based upon the Company's instructions (including any price, time or size limits or other customary parameters or conditions the Company may impose). Under the 2024 Sales Agreement, the agents are entitled to total compensation at a commission rate of up to 3.0% of the gross sales price per share sold.

Under the 2024 Sales Agreement, the Company issued 3,911,053 shares of its Class A Common Stock during the three months ended September 30, 2024, and received proceeds of \$106.9 million, net of commissions paid to the agents and transaction costs. During the three months ended September 30, 2024, the Company paid commission of \$2.8 million to the agents with respect to such sales and incurred initial transaction costs of \$0.4 million. Proceeds from the sale of the Class A Common Stock under the 2024 Sales Agreement were and are expected to continue to be used for general corporate purposes.

9. Stock-Based Compensation

Stock-Based Compensation Expense

Stock-based compensation, measured at the grant date based on the fair value of the award, is typically recognized ratably over the requisite services period, using the straight-line method of expense attribution. The Company recorded stock-based compensation expense in the following categories of its unaudited condensed consolidated statements of operations (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Engineering services costs	\$ 3,431	\$ 1,507	\$ 7,069	\$ 7,357
General and administrative costs	3,379	1,082	13,548	3,238
Total	\$ 6,810	\$ 2,589	\$ 20,617	\$ 10,595

The Company estimates the fair value of the stock option awards to employees and non-employees using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including (i) the expected volatility of the Company's stock, (ii) the expected term of the award, (iii) the risk-free interest rate, and (iv) any expected dividends. Due to the lack of company-specific historical and implied volatility data, the Company based the estimate of expected volatility on the estimated and expected volatilities of a representative group of publicly traded companies. For these analyses, the Company selects companies with comparable characteristics including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. The Company computes the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of the stock-based awards. The Company will continue to apply this process until a sufficient amount of historical information regarding the volatility of the Company's stock price becomes available. For awards that qualify as "plain-vanilla" options, the Company estimates the expected life of the employee stock options using the "simplified" method, whereby the expected life equals the average of the vesting term and the original contractual term of the option. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future. The Company elects to account for forfeitures as they occur rather than apply an estimated forfeiture rate to stock-based compensation expense.

The fair value of restricted stock units granted to employees, non-employees, and non-employee members of the Board of Directors is based on the fair value of the Company's stock on the grant date. The Company elects to account for forfeitures as they occur rather than apply an estimated forfeiture rate to stock-based compensation expense.

AST LLC 2019 Equity Incentive Plan

Prior to the Business Combination, under the 2019 Equity Incentive Plan ("AST LLC Incentive Plan"), AST LLC was authorized to issue ordinary shares, as well as options exercisable for ordinary shares, as incentives to its employees, non-employees, and non-employee members of its Board of Directors. Following the Business Combination, no further grants were made or will be made under the AST LLC Incentive Plan. In connection with the Business Combination, the existing AST LLC options were reclassified into options to acquire AST LLC Incentive Equity Units, and there was no incremental compensation cost and the terms of the outstanding awards, including fair value, vesting conditions and classification, were unchanged. Each AST LLC Incentive Equity Unit is convertible into one AST LLC Common Unit and each AST LLC Common Unit is redeemable for one share of Class A Common Stock on the later of the (i) 24-month anniversary of the consummation of the Business Combination and (ii) six-month anniversary from the vesting date. The AST LLC Incentive Plan continues to govern the terms and conditions of the outstanding awards granted under it, except that in

lieu of ordinary shares, holders of options under the AST LLC Incentive Plan have the right to exercise for AST LLC Incentive Units, which may then be converted into AST LLC Common Units, which may further be converted into shares of the Class A Common Stock.

There were two types of options granted under the AST LLC Incentive Plan: (1) service-based options and (2) performance-based options. Service-based options typically vest over a five year service period with 20% of the award vesting on the first anniversary of the employee's commencement date, and the balance thereafter in 48 equal monthly installments. Certain service-based options also provide for accelerated vesting if there is a change in control or other performance condition as defined by the AST LLC Incentive Plan. Performance-based options typically vest on the earliest date that any of the following occurs: (i) AST LLC effects an initial public offering and becomes a reporting company, (ii) AST LLC experiences a change of control, or (iii) other specified performance conditions. Both service-based and performance-based options typically expire no later than 10 years from the date of grant.

As of September 30, 2024, AST LLC was authorized to issue a total of 12,812,959 Incentive Equity Units under a reserve set aside for equity awards. As of September 30, 2024, there were options to acquire 6,801,763 Incentive Equity Units outstanding under the AST LLC Incentive Plan.

The following table summarizes AST LLC's option activity for the nine months ended September 30, 2024:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding at December 31, 2023	7,770,421	\$ 1.11	5.76
Granted	-	-	-
Exercised	(769,263)	0.11	
Cancelled or forfeited	(199,395)	4.36	
Outstanding at September 30, 2024	6,801,763	\$ 1.12	5.04
Options exercisable as of September 30, 2024	5,863,333	\$ 1.03	4.97
Vested and expected to vest at September 30, 2024	6,045,907	\$ 1.21	5.00

The following table summarizes the AST LLC's unvested option activity for the nine months ended September 30, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2023	1,809,555	\$ 0.80
Granted	-	-
Vested	(729,372)	7.13
Forfeited	(141,753)	1.61
Unvested at September 30, 2024	938,430	\$ 0.75

There were no stock options granted during the nine months ended September 30, 2024 and 2023.

As of September 30, 2024, total unrecognized compensation expense related to the unvested stock options was \$0.5 million, which is expected to be recognized over a weighted average period of 0.9 years.

SpaceMobile 2020 Incentive Award Plan

In connection with the Business Combination, the Company adopted the 2020 Incentive Award Plan (the "2020 Plan"). Awards may be made under the 2020 Plan covering an aggregate number of Class A Common Stock shares equal to 10,800,000. Any shares distributed pursuant to an award may consist, in whole or in part, of authorized and unissued common stock, treasury common stock or common stock purchased on the open market. The 2020 Plan provided for the grant of stock options, restricted stock, dividend equivalents, restricted stock units, incentive unit awards, stock appreciation rights, and other stock or cash-based awards. Each incentive unit issued pursuant to an award, if any, counted as one share for purposes of calculating the aggregate number of shares available for issuance under the 2020 Plan. On July 29, 2024, the 2020 Plan was replaced and superseded by the AST SpaceMobile, Inc. 2024 Incentive Award Plan. No new awards may be made under the 2020 Plan, although outstanding awards previously made under the 2020 Plan continue to be governed by the terms of the 2020 Plan. Refer below for further detail.

Two types of equity awards have been granted under the 2020 Plan: (1) service-based options and (2) service-based and performance-based restricted stock units. Service-based options typically vest over a four year service period with 25% of the award vesting on the first anniversary of the employee's commencement date, and the balance thereafter in 36 equal monthly installments. Service-based restricted stock units typically vest over a four year service period with 25% of the award vesting on each anniversary of the employee's vesting commencement date. Performance-based restricted stock units typically vest on the earliest date that any of the following occurs: (i) the Company attains an incremental capital investment, or (ii) other specified performance conditions. Options typically expire no later than 10 years from the date of grant.

Stock Options

As of September 30, 2024, there were 3,836,306 service-based options outstanding under the 2020 Plan.

The following table summarizes the Company's option activity under the 2020 Plan for the nine months ended September 30, 2024:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding as of December 31, 2023	3,313,080	\$ 9.27	8.29
Granted	1,177,000	9.01	
Exercised	(362,541)	9.76	
Cancelled or forfeited	(291,233)	8.66	
Outstanding as of September 30, 2024	3,836,306	\$ 9.19	8.14
Options exercisable as of September 30, 2024	1,812,990	\$ 9.04	7.50
Vested and expected to vest as of September 30, 2024	3,836,306	\$ 9.19	8.14

The following table summarizes the Company's unvested option activity under the 2020 Plan for the nine months ended September 30, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested as of December 31, 2023	1,729,909	\$ 3.96
Granted	1,177,000	4.81
Vested	(722,029)	3.61
Forfeited	(161,564)	3.60
Unvested at September 30, 2024	2,023,316	\$ 4.61

The weighted-average grant-date fair value per share of stock options granted during the nine months ended September 30, 2024 under the 2020 Plan was \$4.81.

As of September 30, 2024, total unrecognized compensation expense related to the unvested stock options was \$9.0 million, which is expected to be recognized over a weighted average period of 2.56 years.

Restricted Stock Units

As of September 30, 2024, there were 3,183,941 restricted stock units outstanding under the 2020 Plan.

The following table summarizes the Company's unvested restricted stock unit activity under the 2020 Plan for the nine months ended September 30, 2024:

	<u>Number of Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>
Unvested as of December 31, 2023	2,879,418	\$ 8.51
Granted	2,632,993	11.79
Vested	(1,510,273)	7.90
Forfeited	(818,197)	6.36
Unvested at September 30, 2024	3,183,941	\$ 12.06

As of September 30, 2024, total unrecognized compensation expense related to the unvested restricted stock units was \$28.8 million, which is expected to be recognized over a weighted average period of 2.60 years.

SpaceMobile 2024 Incentive Award Plan

On September 10, 2024, the Company's stockholders approved the AST SpaceMobile, Inc. 2024 Incentive Award Plan (the "2024 Plan"), which replaced and superseded the 2020 Plan, effective July 29, 2024 (the "Effective Date"). Awards may be made under the 2024 Plan covering an aggregate number of Class A Common Stock shares not to exceed the sum of (i) 2,000,000 shares, plus (ii) one share for every one share available for award under the 2020 Plan. Any shares subject to an award under the 2024 Plan or the 2020 Plan that expires, is forfeited, otherwise terminates or is settled in cash, after the Effective Date, shall be added to the shares reserved for issuance under the 2024 Plan. In addition, the number of shares available for issuance under the 2024 Plan may increase on each January 1st occurring following the Effective Date in an amount up to 2,000,000 shares by action of the Company's Board of Directors or its committee as applicable. Any shares distributed pursuant to an award may consist, in whole or in part, of authorized and unissued common stock, treasury common stock or common stock purchased on the open market. The 2024 Plan provides for the grant of stock options, restricted stock, dividend equivalents, restricted stock units, incentive unit awards, stock appreciation rights, and other stock or cash-based awards. Each incentive unit issued pursuant to an award, if any, shall count as one share for purposes of calculating the aggregate number of shares available for issuance under the 2024 Plan.

One type of equity awards have been granted under the 2024 Plan: service-based and performance-based restricted stock units. Service-based restricted stock units typically vest over a four year service period with 25% of the award vesting on each anniversary of the employee's vesting commencement date. Performance-based restricted stock units typically vest on the earliest date that any of the following occurs: (i) the Company attains an incremental capital investment, or (ii) other specified performance conditions.

Restricted Stock Units

As of September 30, 2024, there were 1,109,259 restricted stock units outstanding under the 2024 Plan.

The following table summarizes the Company's unvested restricted stock unit activity under the 2024 Plan for the nine months ended September 30, 2024:

	<u>Number of Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>
Unvested as of December 31, 2023	-	\$ -
Granted	1,109,259	31.36
Vested	-	-
Forfeited	-	-
Unvested at September 30, 2024	1,109,259	\$ 31.36

As of September 30, 2024, total unrecognized compensation expense related to the unvested restricted stock units was \$10.2 million, which is expected to be recognized over a weighted average period of 3.19 years.

SpaceMobile 2020 Employee Stock Purchase Plan

In connection with the Business Combination, the Company adopted the 2020 Employee Stock Purchase Plan (the "ESPP"). The aggregate number of common stock shares that may be issued pursuant to rights granted under the ESPP is 2,000,000 shares. If any right granted under the ESPP terminates for any reason without having been exercised, the shares not purchased under such right become available again for issuance under the ESPP. As of September 30, 2024, the Company had not issued any awards under this plan.

10. Income Taxes

The Company, organized as a C corporation, owns an equity interest in AST LLC in what is commonly referred to as an "Up-C" structure. For U.S. federal and state income tax purposes, AST LLC has elected to be treated as a partnership and does not pay any income taxes since its income and losses are included in the returns of the members. The portion of the Company's taxable income or loss attributable to the noncontrolling interests of AST LLC is taxed directly to such members. Consequently, no provision for income taxes has been included in the financial statements related to this portion of taxable income. Certain foreign wholly-owned entities are taxed as corporations in the jurisdictions in which they operate, and accruals for such taxes are included in the consolidated financial statements. The Company has operations in India, Scotland, Spain, and Israel, with tax filings in each foreign jurisdiction.

The consolidated effective tax rate for the three and nine months ended September 30, 2024 was (0.21)% and (0.25)%, respectively, and the consolidated effective tax rate for the three and nine months ended September 30, 2023 was (0.53)% and 0.28% respectively. The difference between the federal statutory tax rate of 21% and the effective tax rate is primarily driven by the Company's Up-C organizational structure and allocation of AST LLC results to noncontrolling interest holders and the valuation allowance recorded against the Company's net deferred tax assets.

The Company recorded a net deferred tax asset for the difference between the book value and tax basis of the Company's investment in AST LLC at the time of the Business Combination. The Company has assessed the realizability of their deferred tax assets and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. As a result, the Company has recorded a full valuation allowance against its deferred tax asset resulting from the Business Combination. As of September 30, 2024, there is no valuation allowance recorded against the foreign deferred tax assets as it is more likely than not that the foreign deferred tax assets will be fully realized. The foreign deferred tax assets are subject to foreign exchange risk, which could reduce the amount the Company may ultimately realize.

The Company had no uncertain tax positions as of September 30, 2024 and December 31, 2023.

In conjunction with the Business Combination, the Company also entered into the Tax Receivable Agreement ("TRA") with AST LLC. Pursuant to the TRA, the Company is required to pay TRA holders (as defined in the TRA) (i) 85% of the amount of savings, if any, in U.S. federal, state, local and foreign income tax that the Company actually realizes as a result of (A) existing tax basis of certain assets of AST LLC and its subsidiaries attributable to the AST LLC Common Units, (B) tax basis adjustments resulting from taxable exchanges of AST LLC Common Units acquired by the Company, (C) tax deductions in respect of portions of certain payments made under the TRA, and (D) certain tax attributes that are acquired directly or indirectly by the Company pursuant to a reorganization transaction. All such payments to the TRA holders (as defined in the TRA) are the obligations of the Company, and not those of AST LLC. As of September 30, 2024, there have been no TRA liabilities recorded.

11. Net Loss per Share

Basic and diluted net loss per share attributable to the holders of Class A Common Stock is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of Class A Common Stock outstanding during the period.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted net loss per share of Class A Common Stock (in thousands, except share and per share data):

	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
Numerator		
Net loss before allocation to noncontrolling interest	\$ (303,080)	\$ (474,234)
Net loss attributable to noncontrolling interest	(131,134)	(210,008)
Net loss attributable to common stockholders - basic and diluted	<u>\$ (171,946)</u>	<u>\$ (264,226)</u>
Denominator		
Weighted-average shares of Class A Common Stock outstanding - basic and diluted	155,644,888	139,485,036
Net loss per share attributable to holders of Class A Common Stock - basic and diluted	\$ (1.10)	\$ (1.89)
	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Numerator		
Net loss before allocation to noncontrolling interest	\$ (50,748)	\$ (145,553)
Net loss attributable to noncontrolling interest	(29,839)	(89,918)
Net loss attributable to common stockholders - basic and diluted	<u>\$ (20,909)</u>	<u>\$ (55,635)</u>
Denominator		
Weighted-average shares of Class A Common Stock outstanding - basic and diluted	89,514,621	79,065,471
Net loss per share attributable to holders of Class A Common Stock - basic and diluted	\$ (0.23)	\$ (0.70)

As of September 30, 2024, the Company excluded from the calculation of diluted earnings per share 39,747,447 shares of Class B Common Stock, 78,163,078 shares of Class C Common Stock, 3,053,125 Private Placement Warrants, 1,400,506 unvested performance-based restricted stock units, and 25,732,053 shares of Class A Common Stock issuable upon conversion of the Convertible Notes (on an as-converted basis) as their effect would have been to reduce the net loss per share. Therefore, the weighted-average number of shares of Class A Common Stock outstanding used to calculate both basic and diluted net loss per share of Class A Common Stock is the same.

Shares of the Class B Common Stock and Class C Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B Common Stock and Class C Common Stock under the two-class method has not been presented.

12.Related Parties

Vodafone

AST LLC and Vodafone have agreed to enter into one or more definitive agreements for a commercial partnership that is anticipated to use the SpaceMobile Service (the "Vodafone Commercial Agreements"). In connection with the commercial agreement, AST LLC, its subsidiaries, and affiliates have agreed not to enter into any agreement, term sheet, or letter of intent that grants another party the rights related to the provision of mobile services in the Vodafone markets or Vodafone partner markets prior to the execution of the Vodafone Commercial Agreements.

The Vodafone Commercial Agreements are to include mutual exclusivity, conditioned upon Vodafone making the SpaceMobile Service available to all of its customers and certain promotional efforts, within all Vodafone markets for five years commencing on the launch of a commercial service in all of the Vodafone markets; preferential commercial terms in Vodafone partner markets; 50/50 revenue share for the SpaceMobile Service in Vodafone exclusivity markets; and the procurement, building and operating of mobile network ground stations at a mutually agreed cost by Vodafone. No payments have been made to date between AST LLC and Vodafone pursuant to the anticipated Vodafone Commercial Agreements. Vodafone has the right to designate one individual to the Company's Board of Directors. Currently, Vodafone's designee is Luke Ibbetson, Head of Group Research & Development, Vodafone.

AST LLC entered into a side letter with Vodafone dated December 15, 2020, under which AST LLC has agreed (i) not to enter into any material corporate strategic relationship or material commercial agreement with a party other than Vodafone and its affiliates that would be reasonably expected to materially frustrate AST LLC's ability to satisfy the obligations under the Vodafone Commercial Agreements with certain exceptions; (ii) to allocate sufficient funds in the capital budget to facilitate compliance with the obligations under the Vodafone Commercial Agreements; and (iii) not to alter the business plan in a manner that is materially detrimental to AST LLC's ability to satisfy the obligations under the Vodafone Commercial Agreements.

On January 16, 2024, the Company entered into the Investment Agreement with Vodafone, among others. Pursuant to the Investment Agreement, Vodafone purchased the Company's Convertible Notes for an aggregate principal amount of \$25.0 million. In connection with the investment, Vodafone Group Services Limited ("Vodafone Group Services") entered into a letter agreement with AST LLC and the Company (the "Letter Agreement"). The Letter Agreement between Vodafone Group Services and AST LLC provides, among other things, for an initial revenue commitment of \$25.0 million to AST LLC to be paid by Vodafone Group Services over a two and a half year period to be defined in a future definitive agreement for AST LLC to provide connectivity services. Also, Vodafone submitted a purchase order for network equipment from AST LLC to support planned commercial service.

American Tower

AST LLC and American Tower have entered into a side letter agreement which was subsequently amended and restated on December 15, 2020. The side letter contemplates that AST LLC and American Tower will enter into commercial agreements to use American Tower facilities for the terrestrial gateway facilities in certain markets. The term of the operational agreement with American Tower is for an anticipated five years after the initial launch of commercial mobile services by AST LLC.

On March 22, 2022, AST LLC and American Tower entered into a non-binding term sheet reflecting the terms and conditions for the deployment of AST LLC gateway satellite technology equipment on property owned and operated by American Tower. Under the agreement, American Tower will provide AST LLC leased space and managed services at its current and future tower sites and data centers under the global master lease agreement to be entered into by the parties.

The usage of any American Tower services in a Vodafone market will be memorialized in a commercial agreement among all three parties. In markets where Vodafone does not operate ("Carrier Neutral Markets"), AST LLC and American Tower may enter into an agreement for American Tower to manage the operation of our deployed gateway facility in such market. In Carrier Neutral Markets where the Company requires a third party to provide a gateway facility or services, AST LLC agrees to not accept any bid that is inferior to American Tower's best and final proposal for such gateway facility or services. AST LLC also agrees to use commercially reasonable efforts to utilize American Tower facilities in (i) Vodafone markets where Vodafone decides to not use its facilities, (ii) in Carrier Neutral Markets, and (iii) instances where the Company requires a third-party vendor.

Additionally, AST LLC will work with American Tower to evaluate and plan gateway facility and radio access network data center deployments with preferred vendor status to offer carrier-neutral hosting facilities in certain equatorial markets. American Tower will serve as the preferred vendor for carrier neutral hosting facilities. AST LLC will pay American Tower a monthly connection fee for use of a carrier neutral hosting facility, which AST LLC expects will be charged back to each applicable Mobile Network Operator ("MNO"). If AST LLC and American Tower agree to construct a new carrier neutral hosting facility or improve an existing one and American Tower elects to fund all such capital expenditures, American Tower will provide AST LLC with a fair-market, long-term lease to such facility. No payments have been made to date between AST LLC and American Tower under the amended and restated letter agreement. American Tower has the right to designate one individual to the Company's Board of Directors. Currently, American Tower's designee is Ed Knapp, Chief Technology Officer, American Tower.

Rakuten

On February 4, 2020, AST LLC entered into a commercial agreement with Rakuten for the development of exclusive network capabilities in Japan compatible with the mobile network of Rakuten and its affiliates, which agreement was amended and restated as of December 15, 2020 (the "Rakuten Agreement"). Under the terms of the Rakuten Agreement, AST LLC agreed to make investments in building network capabilities in Japan that are compatible with the mobile network of Rakuten and its affiliates. Furthermore, AST LLC will collaborate with Rakuten to ensure network capability with Rakuten's licensed frequencies, including full coverage in Japan with 3GPP Band 3 frequencies with multiple input multiple output ("MIMO") capability. Upon the launch of such coverage, Rakuten will receive unlimited, exclusive rights and usage capacity in Japan in exchange for a \$0.5 million annual maintenance fee payable to AST LLC or our successors. Furthermore, AST LLC will make \$5.0 million (or such lesser amount as mutually agreed upon the parties) in capital investments towards the design, assembly, acquisition and implementation of ground communication assets. AST LLC and Rakuten will receive unlimited rights and usage of the ground assets for their respective operations, including, but not limited to, satellite and other telecommunication communications. The term of the Rakuten Agreement shall remain in effect until AST LLC fulfills obligations under the Rakuten Agreement. Rakuten has the right to designate two individuals to the Company's Board of Directors.

Currently, Rakuten has designated Hiroshi Mikitani, Founder, Chairman and Chief Executive Officer, Rakuten, Inc. as a director and has the right to designate another individual.

The Rakuten Agreement includes key performance indicators ("KPIs") associated with the number of satellites launched, timing and coverage of the SpaceMobile Service in Japan in a phased manner that AST LLC was obligated to meet by June 2023. In connection with AST LLC's inability to meet the applicable KPIs stated in the Rakuten Agreement by the deadline, the Company recognized an expense of \$10.0 million recorded in Other (expense) income, net in the first quarter of 2023 and paid the amount in the third quarter of 2023.

On October 10, 2024, the Company and Rakuten Mobile USA Service Inc. ("Rakuten USA") completed a series of transactions (including a Blocker Merger Transaction as defined in the A&R Operating Agreement, the "Rakuten Transactions") resulting in the acquisition by Rakuten Mobile, Inc. of 28,520,155 shares of Class A Common Stock in exchange for 28,520,155 shares of AST Common Units previously held by Rakuten USA. As part of the Rakuten Transactions, 28,520,155 shares of Class B Common Stock previously held by Rakuten USA were transferred to the Company and immediately cancelled thereby. After giving effect to the Rakuten Transactions, the separate existence of Rakuten USA ceased.

Invesat and Antares Technologies

On March 4, 2024, the Company and Invesat LLC ("Invesat"), which is part of the Cisneros Group of Companies, of which Ms. Adriana Cisneros, a member of the Company's Board of Directors, is the Chief Executive Officer, completed a series of transactions (including a Blocker Merger Transaction as defined in the A&R Operating Agreement, the "Antares Transactions") resulting in the acquisition by Antares Technologies LLC ("Antares") of 10,445,200 shares of the Company's Class A Common Stock. As part of the Antares Transactions, Invesat exercised 319,033 AST Incentive Equity Options and 9,932,541 shares of the Company's Class B Common Stock and 200,000 shares of the Company's Class A Common Stock previously held by Invesat were cancelled. In addition, the Company received 10,245,200 AST LLC Common Units held by Invesat prior to the Antares Transactions. After giving effect to the Antares Transactions, the separate limited liability company existence of Invesat ceased.

In connection with the Antares Transactions, the Stockholders' Agreement and the Registration Rights Agreement were amended to add an affiliate of Invesat, Antares, and remove Invesat as a party thereto to allow Antares to benefit from all of the rights previously held by Invesat thereunder. Antares has the right to designate one individual to our Board. Currently, Antares has designated Ms. Adriana Cisneros as a director.

13. Subsequent Events

Subsequent events have been evaluated through the date of the issuance of the financial statements. As of such date, there were no subsequent events identified that required recognition or disclosure other than as described in the footnotes herein.

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

Except as otherwise noted or where the context requires otherwise, references in this report (the "Quarterly Report") to "we," "us" or the "Company" refer to AST SpaceMobile, Inc. and references to our "management" or our "management team" refer to our officers.

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in Item 1 of the Quarterly Report and with our Annual Report on Form 10-K for the year ended December 31, 2023, including our audited consolidated financial statements and related notes contained therein. Unless otherwise indicated, all references to "dollars" and "\$" in the Quarterly Report are to, and all monetary amounts in the Quarterly Report are presented in, U.S. dollars.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" for the purposes of federal securities laws that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in the Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek," "plan," "predict," "potential," and variations and similar words and expressions are intended to identify such forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in, or implied by, the forward-looking statements, please refer to Part I, Item 1A. Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2023 and in Part II, Item 1A. Risk Factors included in the Quarterly Report. The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

We are building the first and only global Cellular Broadband network in space to be accessible directly by everyday smartphones (2G/4G-LTE/5G devices) for commercial use, and other applications for government use utilizing our extensive intellectual property ("IP") and patent portfolio. Our SpaceMobile Service is being designed to provide cost-effective, high-speed Cellular Broadband services to end-users who are out of terrestrial cellular coverage using existing mobile devices. The SpaceMobile Service currently is planned to be provided by a constellation of high-powered, large phased-array satellites in Low Earth Orbit ("LEO") using low band and middle band spectrum controlled by Mobile Network Operators ("MNOs"). We are headquartered in Texas where we operate 185,000 square feet satellite assembly, integrating and testing ("AIT") facilities. Our IP portfolio is diverse, containing numerous and various innovations of the direct-to-cell satellite ecosystem from space to Earth. Our IP portfolio consists of 36 patent families worldwide. As of September 30, 2024, we had more than 3,450 patent and patent pending claims worldwide, of which approximately 1,390 have been officially granted or allowed.

We intend to work with MNOs to offer the SpaceMobile Service to the MNOs' end-user customers. Our vision is that users will not need to subscribe to the SpaceMobile Service directly through us, nor will they need to purchase any new or additional equipment. Instead, users will be able to access the SpaceMobile Service when prompted on their mobile device that they are no longer within range of the land-based facilities of the MNO operator or will be able to purchase a plan directly with their existing mobile provider. We intend to seek to use a revenue-sharing business model for SpaceMobile Service in our agreements with MNOs.

The SpaceMobile Service is expected to be highly attractive to MNOs as it will enable them to improve and differentiate their service offering without significant incremental capital investments. The SpaceMobile Service is expected to enable MNOs to augment and extend their coverage without building towers or other land-based infrastructure, including where it is not cost-justified or is difficult due to geographical challenges. As a result of the incremental coverage created by the planned SpaceMobile Service, we believe that MNOs will have the opportunity to increase subscribers' average revenue per user ("ARPU").

On April 1, 2019, we launched our first test satellite, BW1, which was used to validate our satellite to cellular architecture and was capable of managing communications delays from LEO and the effects of doppler in a satellite to ground cellular environment using the 4G-LTE protocol.

We launched our BlueWalker 3 ("BW3") test satellite on September 10, 2022, and announced the completion of the deployment of the communication phased array antenna of the BW3 test satellite in orbit on November 14, 2022. During 2023, using the BW3 test satellite, we successfully completed two-way voice calls directly to standard unmodified smartphones, achieved repeated successful 4G download speeds of above 10 megabits per second ("Mbps") to standard unmodified smartphones and successful two-way voice calls directly to standard unmodified smartphones using 5G connectivity and successful download speeds of approximately 14 Mbps utilizing 5 megahertz ("MHz") of low band spectrum. Since then, we have achieved successful download speeds above 21 Mbps, spectral efficiency of approximately 3 bits per hertz, and have also successfully completed initial in-orbit and ground testing for non-communication government applications. We intend to continue testing capabilities of the BW3 test satellite, including further testing with cellular service providers and the government.

We launched five first generation commercial BB satellites ("Block 1 BB satellites") on September 12, 2024. In October 2024, we completed the deployment of the communication phased array antennas and Q/V antennas in orbit and performed a series of monitoring tests and activities to confirm the successful initial operations of the Block 1 BB satellites. Accordingly, we determined that the five Block 1 BB satellites were ready for their intended use as of October 29, 2024. The total cost incurred for the assembly, integration, testing, launch and deployment of the five Block 1 BB satellites includes direct materials, launch costs, direct labor and overheads including launch insurance attributable to bringing the five Block 1 BB satellites to a working condition and desired location for the intended use. As of September 30, 2024, we incurred approximately \$119.0 million, an increase of 3.3% over the previous estimate of \$115.0 million, in direct materials and launch costs in connection with the five Block 1 BB satellites.

The SpaceMobile Service has not been launched and therefore has not yet generated any revenue. We currently plan to utilize the five Block 1 BB satellites to initiate a limited, noncontinuous SpaceMobile Service in targeted geographical areas, including in the United States, and validate and test non-commercial government applications and seek to generate revenue from such services. Prior to initiating SpaceMobile Service in each jurisdiction, we will need to obtain regulatory approvals in each jurisdiction where we would provide such service and would need to enter into commercial agreements with MNOs relating to the offering of such service in each jurisdiction. We have received an initial license from the United States Federal Communications Commission ("FCC") to launch and operate the first five Block 1 BB satellites using S- and UHF-band frequencies to support telemetry, tracking, and control operations. We have entered into a space-based wireless connectivity agreement with AT&T Services, Inc. ("AT&T Services") to provide SpaceMobile Service to AT&T Services' end users for use within the continental United States (excluding Alaska) and Hawaii. We also plan to enter into similar commercial agreements with Verizon in the United States. Before we begin providing full commercial SpaceMobile Service in the United States, we will need to obtain additional approvals from the FCC. We are expanding our efforts on ground infrastructure development for commercial readiness and integrating our SpaceMobile Service into the MNOs' infrastructure to initiate commercial services.

Beginning in the first quarter of 2024, we have recognized revenue from completion of performance obligations under an agreement with a prime contractor for the U.S. Government and expect to continue to recognize revenue throughout 2024 as and when we complete the remaining performance obligations under the agreement. In 2024, we also expect to begin generating revenue from the resale of gateway equipment and associated services to MNOs and other third parties. We believe initiation of limited, noncontinuous SpaceMobile Service, as well as completing the milestones under the agreement with a prime contractor for the U.S. Government, will help to demonstrate the advantages of our satellite-based Cellular Broadband service in the market. These market activities will commence while we continue the development and testing of the next generation of commercial BB satellites.

Our next generation of commercial BB satellites ("Block 2 BB satellites") are expected to derive greater performance through the introduction of our own AST5000 Application Specific Integrated Circuit ("ASIC") chip, which we believe will enable materially greater throughput capacity of up to 40 MHz per beam to support 120 Mbps peak data rates and up to 10,000 MHz of processing bandwidth per Block 2 BB satellite, require less power and offer a lower overall unit cost. As of the date of this report, we have completed the design and tape-out of our ASIC chip. Until the qualification and assembly of our ASIC chip is complete, we expect to continue to manufacture and launch Block 2 BB satellites that are based on a FPGA ("Field Programmable Gate Arrays") chip. The Block 2 BB satellites, featuring up to approximately 2,400 square feet communications array, the largest communication array ever deployed in a LEO for commercial use and more than 3 times bigger than the communications array of the Block 1 BB satellites, are designed to deliver up to 10 times the bandwidth capacity of the Block 1 BB satellites in orbit today. We believe the larger aperture array is expected to provide greater spectrum reuse, enhanced signal strength and increased capacity, thereby reducing the necessary number of satellites to achieve service coverage as compared to smaller apertures.

We continue to make progress towards the completion of the design and development of our Block 2 BB satellites. We are leveraging the technological expertise and manufacturing know-how derived from the assembly and testing of our Block 1 BB satellite in the development and assembly of our Block 2 BB satellites. We are vertically integrated for manufacturing of satellite components and subsystems to reduce our dependency on suppliers, ensure timely supply of satellite components and subsystems to meet our launch timeline, and lower the overall cost of BB satellites. We own or license the IP and control the manufacturing process, either internally or with contract manufacturers, for approximately 95% of the sub-systems planned to be used in our Block 2 BB satellites. We are

actively engaged in planning and procurement of materials needed for assembly and readiness of the Block 2 BB satellites to meet our planned launches in 2025 and 2026. Our manufacturing, assembly, and testing strategy includes continuous production and assembly of various components and subsystems for economies of scale, cost efficiencies, and unlocking capacity constraints to complete the final assembly of the Block 2 BB satellites closer to the planned launch timelines.

We have entered into launch agreements with multiple launch service providers which will enable us to commence a planned launch campaign during 2025 and 2026 to launch up to approximately 45 Block 2 BB satellites, with options available to us for additional launch vehicles, up to a total of approximately 60 Block 2 BB satellites. We have commenced assembling and testing the Block 2 BB satellites in accordance with our plan to meet this launch campaign to enable continuous space-based cellular broadband service coverage across key markets such as the United States, Europe, Japan, the U.S. Government and other strategic markets. We expect to send the first next-generation Block 2 BB satellite to the launch provider in March or April 2025, which will commence our launch campaign of up to an additional approximately 60 Block 2 BB satellites in 2025 through 2026. The timing of these launches is contingent on satisfactory and timely completion of the design, assembly and testing of the Block 2 BB satellites, regulatory approvals, readiness of the launch vehicles, availability of launch windows by the launch providers, logistics, our ability to raise capital for manufacturing of satellites and launch payments, and other factors, many of which are beyond our control.

We are developing a phased satellite deployment plan and corresponding commercial launch plan of the SpaceMobile Service based on targeted geographical areas to provide the SpaceMobile Service to the most commercially attractive MNO markets. This prioritization of coverage is designed to minimize the capital required to initiate and operate commercial service that generates cash flows from operating activities sooner. We expect that such a successful commercial service would enable us to attract additional capital to continue to assemble and launch additional BB satellites to expand our capacity and geographic coverage area, although there can be no assurance that such capital would be available on terms acceptable to us, or at all.

We plan to achieve service in the selected, targeted geographical areas with the launch and operation of 25 BB satellites (five Block 1 BB satellites and 20 Block 2 BB satellites) and achieve substantial service in all targeted geographical areas to meet our long term business goals with the launch and operation of approximately 95 BB satellites. We anticipate launching and deploying additional satellites beyond the initial 95 satellites in order to enhance coverage and system capacity in response to incremental market demand. Our current plan is subject to numerous uncertainties, many of which are beyond our control, including timely supply of materials and components, satisfactory and timely completion of design, assembly and testing of the satellites, availability of launch vehicles aligned with our timeline, availability of launch windows by the launch providers, proposed orbits and resulting satellite coverage, launch costs, ability to enter into agreements with MNOs, regulatory approvals, our ability to raise capital, and other factors. We may adopt a strategy for commercial launch of the SpaceMobile Service, including the nature and type of services offered and the geographic areas where we may launch such services, that may differ materially from our current plan.

We are an early stage and emerging growth company and, as such, we are subject to all of the risks associated with early stage and emerging growth companies. Please refer to Risk Factors contained in Part I, "Item 1A. Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023 and in Part II, Item 1A. Risk Factors included in the Quarterly Report.

Recent Developments

2024 Equity Distribution Agreement

On September 5, 2024, we entered into a new Equity Distribution Agreement (the "2024 Sales Agreement") with B. Riley Securities, Inc., Barclays Capital Inc., BofA Securities, Inc., Cantor Fitzgerald & Co., Deutsche Bank Securities Inc., Roth Capital Partners, LLC, Scotia Capital (USA) Inc. and UBS Securities LLC (collectively, the "agents") to sell shares of our Class A common stock having an aggregate sales price of up to \$400.0 million (the "Shares") through an "at the market offering" program under which the agents act as sales agents. The sales of the Shares made under the 2024 Sales Agreement may be made by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 promulgated under the Securities Act. The agents sell the Shares based on our instructions (including any price, time or size limits or other customary parameters or conditions we may impose). Under the 2024 Sales Agreement, the agents are entitled to total compensation at a commission rate of up to 3.0% of the gross sales price per share sold.

Under the 2024 Sales Agreement, we issued 3,911,053 shares of our Class A Common Stock during the three months ended September 30, 2024, and received proceeds of \$106.9 million, net of commissions paid to the agents and transaction costs. During the three months ended September 30, 2024, we paid commission of \$2.8 million to the agents with respect to such sales and incurred initial transaction costs of \$0.4 million. Proceeds from the sale of the Class A Common Stock under the 2024 Sales Agreement were and are expected to continue to be used for general corporate purposes.

Exercises and Redemption of Publicly Traded Warrants (“Public Warrants”)

On August 28, 2024, we announced that we would redeem all of our Public Warrants that remained outstanding at 5:00 p.m. New York City time on September 27, 2024 (the “Redemption Date”) for a redemption price of \$0.01 per warrant. As a result, during the three months ended September 30, 2024, 13,358,174 Public Warrants were exercised resulting in net proceeds of \$153.3 million. In addition, during the three months ended September 30, 2024, 950,000 Private Placement Warrants were exercised on a cashless basis. On the Redemption Date, a total of 236,294 Public Warrants remained unexercised as of 5:00 p.m. New York City time, and we redeemed those Public Warrants for an aggregate redemption price of \$2,363. Following the Redemption Date, we had no Public Warrants outstanding. In connection with the redemption, the Public Warrants ceased trading on the Nasdaq and were delisted. Proceeds from the exercises of Public Warrants were and are expected to continue to be used for general corporate purposes.

Impact of Global Macroeconomic Conditions and Geopolitical Conflicts

We continue to closely monitor the impact of macroeconomic conditions, including heightened inflation, changes to fiscal and monetary policies, higher interest rates, volatility in the capital markets, supply chain challenges, and geopolitical conflicts on all aspects of our business across geographies, including how it has and may continue to impact our operations, workforce, suppliers, and our ability to raise additional capital to fund operating and capital expenditures.

Changes in the prices of satellite materials due to inflation, supply chain challenges, and other macroeconomic factors, as well as changes in the launch costs, may affect our capital costs estimates to build and launch the satellite constellation and adversely affect our financial condition. The extent of impact of these factors on our business will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time.

We operate from multiple locations that include our corporate headquarters and 185,000 square feet AIT facilities in Texas where the final AIT is performed, and engineering and development centers elsewhere in the United States and in India, Scotland, Spain and Israel. Our operations in Israel constitute approximately 1% of our total assets as of September 30, 2024 and approximately 9% of total operating expenses for the three and nine months ended September 30, 2024. To date, our operations in Israel have not been materially impacted by the geopolitical conflict in the Middle East. We currently do not expect potential interruptions to our operations in Israel to have a material impact on the Company.

Factors Affecting Comparability of Our Future Results of Operations to Our Historical Results of Operations

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to execute on our strategy. We believe that our future results of operations could differ materially from the historical results of operations as we initiate the limited, noncontinuous SpaceMobile Service in certain targeted geographical areas, secure contracts with the U.S. government or its prime contractors for non-commercial use of our BB satellites, complete the qualification and assembly of our ASIC chip, complete the development of the Block 2 BB satellites, increase our capacity and scale to manufacture BB satellites, enter into and operate under launch contracts with multiple launch providers, launch the Block 2 BB satellites, and enter into commercial arrangements with MNOs.

Components of Results of Operations

Revenues

To date, we have not generated any revenues from our SpaceMobile Service and do not expect to generate revenue until we launch the SpaceMobile Service. All revenues recognized during the three and nine months ended September 30, 2024 were generated from completion of performance obligations under an agreement with a prime contractor for the U.S. Government. We expect to continue to recognize revenue under this agreement throughout 2024 as and when we complete the remaining performance obligations under the agreement. We also expect to generate revenue from the resale of gateway equipment and associated services to the MNOs and third parties as and when we complete our performance obligations under these contracts with the customers.

Engineering Services Costs

Engineering services costs are charged to expense as incurred. Engineering services costs consist primarily of the cost of employees and consultants involved in the design and development of the BB satellites and fulfillment of performance obligations under contracts with the customers, managing the network and satellite operations centers, indirect costs related to the assembly, integration and testing of the BB satellites, license cost, and general expenses related to AIT facilities and engineering development centers.

General and Administrative Costs

General and administrative costs include the costs of insurance, cost of non-engineering personnel and personnel related expenses, software licensing and subscriptions, office and facilities expenses, investor relations, and professional services, including public relations, accounting and legal fees.

Research and Development Costs

R&D costs are charged to expense as incurred. R&D costs consist principally of development activities in which we typically engage third-party vendors and are largely driven by the achievement of milestones that trigger payments. It also includes costs of materials and supplies consumed in the R&D activities such as development of prototype components and subsystems, and production of engineering models to support assembly, integration and testing of the BB satellites. R&D costs are expected to fluctuate quarter over quarter depending on achievement of milestones.

Depreciation and Amortization

Depreciation and amortization expense includes depreciation expense related to property and equipment including the BW3 test satellite, as well as definite lived intangible assets. We began depreciating the BW3 test satellite as of April 25, 2023 over its expected remaining useful life of approximately 16 months and it is fully depreciated by August 2024. We expect to begin depreciating the five Block 1 BB satellites on October 29, 2024 over their expected useful life of approximately 60 months.

Gain (Loss) on Remeasurement of Warrant Liabilities

Public Warrants and private placement warrants ("Private Placement Warrants") issued by us are accounted for as liability-classified instruments at their initial fair value on the date of issuance. They are remeasured at the time of warrant exercises and on each balance sheet date and changes in the estimated fair value are recognized as an unrealized gain or loss in the unaudited condensed consolidated statements of operations.

Interest (Expense) Income, Net

Interest (expense) income, net consists of interest expense and amortization of debt issuance costs associated with our debt arrangements, including convertible notes, net of interest earned on cash and cash equivalents held in interest bearing demand deposit accounts. We expect interest expense to decrease in connection with the repayment of the Senior Secured Credit Facility Loan (as defined below) on November 13, 2024.

Other Income (Expense), Net

Other income (expense), net primarily consists of non-operating expense and income, including foreign exchange gains or losses. In connection with the repayment of the Senior Secured Credit Facility Loan on November 13, 2024, we expect a one-time loss of approximately \$11.0 million on extinguishment of debt.

Income Tax (Expense) Benefit

AST LLC is treated as a partnership for U.S. federal and state income tax purposes. Accordingly, all income, losses, and other tax attributes pass through to the members' income tax returns, and no U.S. federal and state and local provision for income taxes has been recorded for AST LLC in the unaudited condensed consolidated financial statements. Certain foreign wholly-owned entities are taxed as corporations in the jurisdictions in which they operate, and accruals for such taxes are included in the unaudited condensed consolidated financial statements.

Noncontrolling Interest

Noncontrolling interest primarily represents the equity interest in AST LLC held by members other than us. As of September 30, 2024, noncontrolling interest in AST LLC was approximately 41.0%. We attribute a portion of net income or loss generated at AST LLC to the noncontrolling interest based on their ownership interests.

Results of Operations

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

We report our results of operations under one operating segment. The following table sets forth a summary of our unaudited condensed consolidated statements of operations for the three months ended September 30, 2024 and 2023 (in thousands), and the discussion that follows compares the three months ended September 30, 2024 to the three months ended September 30, 2023.

	For the Three Months Ended September 30, (unaudited)					
	2024	2023	\$ Change	% Change	2024	2023
Revenues	\$ 1,100	\$ -	\$ 1,100	100 %	\$ 1,100	\$ -
<u>Operating expenses:</u>						
Engineering services costs	21,828	19,523	2,305	12		
General and administrative costs	15,551	10,995	4,556	41		
Research and development costs	14,724	9,418	5,306	56		
Depreciation and amortization	14,543	19,029	(4,486)	(24)		
Total operating expenses	66,646	58,965	7,681	13		
<u>Other income (expense):</u>						
(Loss) gain on remeasurement of warrant liabilities	(236,912)	7,481	(244,393)	(3,267)		
Interest (expense) income, net	(1,386)	495	(1,881)	(380)		
Other income (expense), net	1,410	507	903	(178)		
Total other income (expense), net	(236,888)	8,483	(245,371)	(2,893)		
<u>Loss before income tax (expense) benefit</u>						
Income tax (expense) benefit	(646)	(266)	(380)	143		
Net loss before allocation to noncontrolling interest	(303,080)	(50,748)	(252,332)	(497)		
Net loss attributable to noncontrolling interest	(131,134)	(29,839)	(101,295)	(339)		
Net loss attributable to common stockholders	\$ (171,946)	\$ (20,909)	\$ (151,037)	(722) %		

Revenues

Revenues for the three months ended September 30, 2024 were attributable to completion of performance obligations under an agreement with a prime contractor for a U.S. Government contract, which was entered into in the first quarter of 2024. We had no such agreements in the three months ended September 30, 2023.

Engineering Services Costs

Total engineering services costs increased by \$2.3 million, or 12%, to \$21.8 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily attributable to an increase of \$2.5 million in payroll and employee related costs, partially offset by a decrease of \$0.2 million in AIT facilities and engineering development centers costs, including managing mission operations and ground infrastructure.

General and Administrative Costs

Total general and administrative costs increased by \$4.6 million, or 41%, to \$15.6 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The increase was primarily driven by a \$3.3 million increase in stock-based compensation expense and other employee related costs and a \$1.3 million increase in professional services fees.

Research and Development Costs

Total R&D costs increased by \$5.3 million, or 56%, to \$14.7 million for the three months ended September 30, 2024 as compared to three months ended September 30, 2023. The increase in R&D costs was primarily related to the tape-out, which is the final pre-production step, of our ASIC chip. This increase was marginally offset by a decrease in R&D costs associated with the completion and launch of the Block 1 BB satellites.

Depreciation and Amortization

Total depreciation and amortization expense decreased by \$4.5 million, or 24%, to \$14.5 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. The decrease was primarily due to the BW3 test satellite being fully depreciated as of August 30, 2024.

(Loss) gain on Remeasurement of Warrant Liabilities

The increase in fair value of warrant liabilities at the time of warrant exercises and the fair value adjustment at September 30, 2024 for Private Placement Warrants resulted in a loss of \$236.9 million for the three months ended September 30, 2024 as compared to a gain of \$7.5 million for the three months ended September 30, 2023. The increase was largely due to redemption of the Public Warrants that resulted in a significant number of Public Warrant exercises as well as a significant increase in our share price.

Interest (Expense) Income, Net

Interest expense, net was \$1.4 million for the three months ended September 30, 2024, as compared to interest income, net of \$0.5 million for the three months ended September 30, 2023. The net change of \$1.9 million was primarily attributed to an increase of \$4.0 million in interest expense and amortization of debt issuance costs incurred in connection with our debt arrangements, partially offset by a \$2.1 million increase in interest income earned on cash and cash equivalents held in interest bearing demand deposit accounts.

Other Income (Expense), Net

Other income, net was \$1.4 million for the three months ended September 30, 2024, as compared to other income, net of \$0.5 million for the three months ended September 30, 2023. The net change of \$0.9 million was primarily due to a \$2.0 million increase in other non-operating income, partially offset by a \$1.1 million increase largely due to foreign exchange loss.

Income Tax (Expense) Benefit

The income tax expense was \$0.6 million and \$0.3 million for the three months ended September 30, 2024 and 2023, respectively. The consolidated effective tax rate for the three months ended September 30, 2024 and 2023 was (0.21)% and (0.53)%, respectively. Refer to Note 10: Income Taxes in the accompanying notes to the unaudited condensed consolidated financial statements for further information.

Net Loss Attributable to Noncontrolling Interest

Net loss attributable to noncontrolling interest was \$131.1 million for the three months ended September 30, 2024 as compared to \$29.8 million in the three months ended September 30, 2023. This increase in net loss correlates with the increase in net loss generated at AST LLC given the noncontrolling interest represents a portion of such net loss.

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

We report our results of operations under one operating segment. The following table sets forth a summary of our unaudited condensed consolidated statements of operations for the nine months ended September 30, 2024 and 2023 (in thousands), and the discussion that follows compares the nine months ended September 30, 2024 to the nine months ended September 30, 2023.

	For the Nine Months Ended September 30, (unaudited)				
	2024	2023	\$ Change	% Change	
Revenues	\$ 2,500	\$ -	\$ 2,500	100 %	
Operating expenses:					
Engineering services costs	62,546	58,818	3,728	6	
General and administrative costs	45,677	31,073	14,604	47	
Research and development costs	23,435	36,721	(13,286)	(36)	
Depreciation and amortization	54,880	34,877	20,003	57	
Total operating expenses	186,538	161,489	25,049	16	
Other income (expense):					
(Loss) gain on remeasurement of warrant liabilities	(284,839)	21,454	(306,293)	(1,428)	
Interest (expense) income, net	(5,846)	4,311	(10,157)	(236)	
Other income (expense), net	1,661	(10,237)	11,898	116	
Total other income (expense), net	(289,024)	15,528	(304,552)	(1,961)	
Loss before income tax (expense) benefit					
Income tax (expense) benefit	(1,172)	408	(1,580)	(387)	
Net loss before allocation to noncontrolling interest	(474,234)	(145,553)	(328,681)	(226)	
Net loss attributable to noncontrolling interest	(210,008)	(89,918)	(120,090)	(134)	
Net loss attributable to common stockholders	\$ (264,226)	\$ (55,635)	\$ (208,591)	(375) %	

Revenues

Revenues for the nine months ended September 30, 2024 were attributable to completion of performance obligations under an agreement with a prime contractor for a U.S. Government contract, which was entered into in the first quarter of 2024. We had no such agreements in the nine months ended September 30, 2023.

Engineering Services Costs

Total engineering services costs increased by \$3.7 million, or 6%, to \$62.5 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily attributable to an increase of \$4.3 million in AIT facilities and engineering development centers costs including managing mission operations and ground infrastructure and an increase of \$1.1 million in travel expenses, partially offset by a \$1.7 million decrease in payroll and employee related costs.

General and Administrative Costs

Total general and administrative costs increased by \$14.6 million, or 47%, to \$45.7 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily driven by a \$12.4 million increase in stock-based compensation expense and other employee related costs, a \$0.8 million increase in professional services, a \$1.0 million increase in office and facilities expenses, and a \$0.4 million increase in travel expenses.

Research and Development Costs

Total R&D costs decreased by \$13.3 million, or 36%, to \$23.4 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The decrease in R&D costs were driven by completion of design and development of certain sub systems for the Block 2 BB satellites, completion of certain milestones related to the development of ground infrastructure programs for commercial readiness, and overall completion and launch of the Block 1 BB satellites. While overall R&D costs decreased, expenses related to our ASIC chip increased due to the tape-out, which is the final pre-production step of our ASIC chip.

Depreciation and Amortization

Total depreciation and amortization expense increased by \$20.0 million, or 57%, to \$54.9 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. The increase was primarily due to the commencement of the BW3 test satellite depreciation from April 25, 2023.

(Loss) Gain on Remeasurement of Warrant Liabilities

The increase in fair value of warrant liabilities at the time of warrant exercises and the fair value adjustment at quarter end for Private Placement Warrants resulted in a loss of \$284.8 million for the nine months ended September 30, 2024 as compared to a gain of \$21.5 million during the nine months ended September 30, 2023. The increase was largely due to the redemption of the Public Warrants that resulted in a significant number of Public Warrant exercises as well as a significant increase in our share price.

Interest (Expense) Income, Net

Interest expense, net was \$5.8 million for the nine months ended September 30, 2024, as compared to the interest income, net of \$4.3 million for the nine months ended September 30, 2023. The net change of \$10.1 million was primarily attributed to an increase of \$13.2 million in interest expense and amortization of debt issuance costs incurred in connection with our debt arrangements, partially offset by a \$3.1 million increase in interest income earned on cash and cash equivalents held in interest bearing demand deposit accounts.

Other Income (Expense), net

Other income, net was \$1.7 million for the nine months ended September 30, 2024 as compared to other expense, net of \$10.2 million for the nine months ended September 30, 2023. The net change of \$11.9 million was primarily due to a nonrecurring \$10.0 million payment due to a related party recognized in the first quarter of 2023 and a \$4.6 million increase in other non-operating income, partially offset by a \$2.2 million increase in loss on disposal of fixed assets and a \$0.5 million increase in foreign exchange loss.

Income Tax (Expense) Benefit

The income tax expense was \$1.2 million for the nine months ended September 30, 2024 as compared to the income tax benefit of \$0.4 million for the nine months ended September 30, 2023. The consolidated effective tax rate for the nine months ended September 30, 2024 and 2023 was (0.25)% and 0.28%, respectively. Refer to Note 10: Income Taxes in the accompanying notes to the unaudited condensed consolidated financial statements for further information.

Net Loss Attributable to Noncontrolling Interest

Net loss attributable to noncontrolling interest was \$210.0 million for the nine months ended September 30, 2024 as compared to \$89.9 million for the nine months ended September 30, 2023. This increase in net loss correlates with the increase in net loss generated at AST LLC given the noncontrolling interest represents a portion of such net loss.

Liquidity and Capital Resources

Our current sources of liquidity are cash and cash equivalents on hand and access to the 2024 ATM Equity Program (as described below). As of September 30, 2024, we had \$518.9 million of cash and cash equivalents on hand, which included \$2.5 million of restricted cash. During the three months ended September 30, 2024, we raised a total of \$298.2 million in net proceeds from the exercises of Public Warrants (as described below) and the sale of shares of our Class A Common Stock under the 2022 ATM Equity Program (as described below) and the 2024 ATM Equity Program. We believe our cash and cash equivalents on hand and our ability to raise capital through access to the 2024 ATM Equity Program will be sufficient to meet our current working capital needs, planned operating expenses and capital expenditures for a period of 12 months from the date of this Quarterly Report.

The design, assembly, integration, testing and launch of satellites and related ground infrastructure is capital intensive. As of September 30, 2024, we incurred approximately \$119.0 million in direct materials and launch costs in connection with the five Block 1 BB satellites launched on September 12, 2024. We currently estimate the average capital costs, consisting of direct materials and launch costs, for a constellation of 90 Block 2 BB satellites to be approximately \$19.0 million to \$21.0 million per satellite. The increase from previous estimates of \$16.0 million to \$18.0 million per satellite is driven by higher launch costs based on the recently executed multi-launch services agreements. The estimated average capital cost per Block 2 BB satellite is based on securing future launch contracts with more favorable terms, diversifying our supply chain to include cost-effective and low-cost suppliers, cost reductions due to the benefits of economies of scale, continuous process improvements, and other factors. If we are unable to achieve the supply chain diversifications,

cost reductions, process improvements, and secure favorable future launch contracts, the average capital cost of the Block 2 BB satellites will be higher and such variations could be material.

We believe we need to launch and operate 25 BB satellites (five Block 1 BB satellites and 20 Block 2 BB satellites) in order to provide coverage to the most commercially attractive MNO markets. In addition to the cash and cash equivalents we had on hand as of September 30, 2024, we currently estimate we will need to raise approximately \$120.0 million to \$170.0 million to meet our current working capital needs including debt repayments, fund operating expenses and capital expenditures necessary to design, assemble and launch 20 Block 2 BB satellites and operate a constellation of 25 BB satellites. We believe the operation of a constellation of 25 BB satellites will enable us to secure additional sources of financing, including potentially generating free cash flows, to fund the buildup of the remaining constellation. Our launch agreements with multiple launch providers enable us to commence a planned launch campaign during 2025 and 2026 to launch up to approximately 45 Block 2 BB satellites, with options available to us for additional launch vehicles, up to a total of approximately 60 Block 2 BB satellites. Subject to our ability to raise additional capital, this provides us with a flexible option to opportunistically accelerate the buildup of the constellation of up to approximately 65 BB satellites (five Block 1 BB satellites and 60 Block 2 BB satellites) needed to enable continuous space-based cellular broadband service coverage across key markets such as the United States, Europe, Japan, the U.S. Government and other strategic markets.

We evaluate our market, product and coverage plans based upon the attractiveness of certain markets, our technology, regulatory concerns and our access to capital and other resources. We believe we can develop satellite configurations which target delivering service to certain attractive markets without the necessity of building a constellation which covers the entire globe. This modularity of our satellite configuration enables us to alter the timing and size of our satellite roll out and provides us flexibility to dynamically change our market plans and capital requirements. As a result, we believe we have the ability to accelerate or slow down our business plan depending upon the availability of capital to support our strategies.

We plan to raise additional capital through the issuance of equity, equity-linked or debt securities (secured or unsecured), secured or unsecured loans or other debt facilities, and credit from government or financial institutions or commercial partners. Our ability to access the capital markets during this period of volatility may require us to modify our current expectations. There can be no assurance that additional funds will be available to us on favorable terms or at all. If we cannot raise additional funds when needed in the future, our financial condition, results of operations, business and prospects may be materially and adversely affected.

Commitments

Pursuant to the Convertible Security Investment Agreement (as described below) which we entered into with certain investors, we issued subordinated convertible notes (the "Convertible Notes") for an aggregate principal amount of \$110.0 million on January 16, 2024 to AT&T Venture Investments, LLC ("AT&T"), Google LLC ("Google") and Vodafone Ventures Limited ("Vodafone"), and for an aggregate principal amount of \$35.0 million on May 23, 2024 to Verizon Communications, Inc. ("Verizon"). The Convertible Notes bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 30 and December 30 of each year, beginning on June 30, 2024. The AT&T, Google and Vodafone Convertible Notes have a 10-year term and the Verizon Convertible Notes have a 9 years and 9 months term unless earlier converted into Class A Common Stock at the option of the holder or us in accordance with the terms of the Convertible Security Investment Agreement.

During the nine months ended September 30, 2024, there were no material changes in the contractual minimum principal and interest payments required on all of our outstanding debt and operating leases described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, other than above, and the mandatory prepayment of the Senior Secured Credit Facility Loan related to raising capital from the issuance of equity interests in excess of the defined threshold as described below.

As of September 30, 2024, we had contractual commitments with third parties in the aggregate amount of \$130.7 million related to the procurement of BB satellite components, R&D programs, capital improvements, and future launch payments for a Block 2 BB satellite under a certain launch agreement. We entered into additional launch agreements with multi-launch service providers during the fourth quarter of 2024. In accordance with the agreements, the launch payments are payable in installments based on certain milestones, and in certain cases, are contingent upon launch providers meeting certain milestones as defined in the agreements. If the launch providers do not meet these milestones, we have rights to cancel launches or terminate the agreement without incurring a fee. The minimum commitments under these launch agreements are approximately \$105.0 million.

2022 Equity Distribution Agreement

On September 8, 2022, we entered into an Equity Distribution Agreement (the "Sales Agreement" or "2022 ATM Equity Program") with Evercore Group L.L.C. and B. Riley Securities, Inc. (collectively, the "agents") to sell shares of our Class A Common Stock having an aggregate sales price of up to \$150.0 million through an "at the market offering" program under which the agents acted as sales agents. The agents were entitled to total compensation at a commission rate of up to 3.0% of the gross sales price per share sold. As of

September 30, 2024, we have sold shares of our Class A Common Stock up to the authorized amount under the Sales Agreement; accordingly, the Sales Agreement has terminated pursuant to its terms. Proceeds from the sale of our Class A Common Stock under the Sales Agreement were used for general corporate purposes.

2024 Equity Distribution Agreement

On September 5, 2024, we entered into a new Equity Distribution Agreement (the "2024 Sales Agreement" or "2024 ATM Equity Program") with B. Riley Securities, Inc., Barclays Capital Inc., BofA Securities, Inc., Cantor Fitzgerald & Co., Deutsche Bank Securities Inc., Roth Capital Partners, LLC, Scotia Capital (USA) Inc. and UBS Securities LLC (collectively, the "agents") to sell shares of our Class A Common Stock having an aggregate sales price of up to \$400.0 million through an "at the market offering" program under which the agents will act as sales agents. The agents are entitled to total compensation at a commission rate of up to 3.0% of the gross sales price per share sold. We plan to raise capital, as and when needed, under the 2024 Sales Agreement at our sole discretion. Proceeds from the sale of our Class A Common Stock under the 2024 Sales Agreement were and will continue to be used for general corporate purposes.

Public Warrants Exercises

On August 28, 2024, we announced that we would redeem all of our Public Warrants that remained outstanding at 5:00 p.m. New York City time on September 27, 2024 for a redemption price of \$0.01 per warrant. As a result, 13,358,174 Public Warrants were exercised for shares of our Class A Common Stock during the nine months ended September 30, 2024 resulting in net proceeds of \$153.3 million. Proceeds from the exercise of Public Warrants were used for general corporate purposes.

Term Loan

In December 2021, concurrent with the purchase of real property and equipment in Midland, Texas, our wholly-owned subsidiary, AST & Science Texas, LLC ("AST Texas"), entered into a credit agreement with Lone Star State Bank of West Texas (the "Term Loan Credit Agreement") providing for a \$5.0 million term loan secured by the property. Borrowings under the term loan bear interest at a fixed rate equal to 4.20% per annum until December 7, 2026, and from December 8, 2026 until December 8, 2028 at a fixed rate per annum equal to 4.20% plus adjustment if the index rate as defined in the Term Loan Credit Agreement is greater than 4.20%, subject to a maximum interest rate of 4.90% per annum. Refer to Note 5: Long-Term Debt in the accompanying notes to the unaudited condensed consolidated financial statements for further information.

The Term Loan Credit Agreement contains certain customary events of default, and certain covenants that limit AST Texas' ability to, among other things, create liens on collateral, consolidate, merge, sell, or otherwise dispose of all or substantially all of their assets, and enter into certain transactions with their affiliates. If AST Texas fails to perform its obligations under these and other covenants, or should any event of default occur, the term loan may be terminated and any outstanding borrowings, together with unpaid accrued interest, could be declared immediately due and payable, and the lender will be authorized to take possession of the collateral.

Senior Secured Credit Facility Loan

On August 14, 2023, we entered into a senior secured term loan credit agreement with ACP Post Oak Credit II LLC as administrative agent and collateral agent and Atlas Credit Partners, LLC ("Atlas") as lender, providing for a principal loan commitment of up to \$100.0 million (the "Atlas Credit Agreement"), of which \$48.5 million was borrowed upon closing.

The initial borrowing of \$48.5 million accrued interest at a fixed rate equal to the three-month secured overnight financing rate ("SOFR") as of the closing date plus 9.625% per annum equal to 14.75% (the "Atlas Fixed Rate"), payable on the last business day of each fiscal quarter.

The borrowing amounts are payable at maturity on August 14, 2026 and are subject to mandatory prepayments upon the occurrence of certain specified events, including raising capital from issuance of equity interests in excess of certain threshold as defined in the Atlas Credit Agreement.

As of September 30, 2024, the mandatory prepayment event related to raising capital from issuance of equity interests in excess of the defined threshold was triggered. On November 13, 2024, we repaid the principal amount, including the exit fee, call premium and accrued interest aggregating to approximately \$54.9 million.

Capital Equipment Loan

On August 14, 2023, we entered into a loan agreement with Lone Star as lender, providing for a \$15.0 million principal term loan commitment secured by certain real property fixtures and equipment in one of our Texas facilities (the "Lone Star Loan Agreement").

Borrowings accrue interest at the Prime Rate plus 0.75%, subject to a ceiling rate. Interest payments are due and payable on a monthly basis. Interest payments began in September 2023 and principal payments will begin in April 2025. Principal repayments are thereafter due in 48 equal monthly installments until January 2029, the maturity date of the loan. In connection with the Lone Star Loan Agreement, we deposited a cash balance of \$15.0 million in the Lone Star Bank Money Market Fund. This cash balance will be converted to restricted cash if we fail to maintain a consolidated balance of cash and cash equivalents of at least \$75.0 million. This restricted cash will be used to offset against the term loan obligations if we fail to maintain a consolidated balance of cash and cash equivalents of at least \$50.0 million. In addition, the Lone Star Loan Agreement includes certain customary affirmative and negative covenants.

We drew the entire \$15.0 million facility on September 19, 2023 and incurred \$0.1 million of transaction costs. The net proceeds were used for general corporate purposes.

Convertible Security Investment Agreement

Pursuant to the Convertible Security Investment Agreement which we entered into with certain investors, we issued Convertible Notes for an aggregate principal amount of \$110.0 million on January 16, 2024 to AT&T, Google, and Vodafone, and for an aggregate principal amount of \$35.0 million on May 23, 2024 to Verizon. The Convertible Notes bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 30 and December 30 of each year, beginning on June 30, 2024. We have the option to pay interest on the Convertible Notes in cash or in kind. We elected to pay interest on the Convertible Notes in kind on June 30, 2024, resulting in the principal amount of the Convertible Notes being increased by approximately \$3.0 million. Interest will accrue on such increased principal amount in subsequent interest periods. The AT&T, Google and Vodafone Convertible Notes have a 10-year term unless earlier converted and the Verizon Convertible Notes have a 9 years and 9 months term unless earlier converted. The net proceeds of the Convertible Notes were and will continue to be used for general corporate purposes.

The Holders of the Convertible Notes may convert the Convertible Notes (subject to certain exceptions) at an initial conversion rate of 173.9130 shares of Class A Common Stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of \$5.75 per share of Class A Common Stock). The Holders may convert their Convertible Notes at their option on the Conversion Date, which is on or after January 16, 2025. On or after the Conversion Date, we may require the Holders to convert the Convertible Notes (subject to certain exceptions), at an initial conversion rate of 173.9130 shares of Class A Common Stock per \$1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of \$5.75 per share of Class A Common Stock) at our option, if the VWAP of the Class A Common Stock has been at least 130% of the conversion price then in effect for 30 consecutive trading days, on the immediately succeeding trading day after the last trading day of such 30 day period. The Convertible Notes may be accelerated upon the occurrence of certain events of default and fundamental change.

January 2024 Common Stock Offering

On January 23, 2024, we issued 32,258,064 shares of Class A Common Stock in a public offering and received proceeds of \$93.6 million, net of underwriting commissions of \$6.0 million and transaction costs of \$0.4 million. We provided a 30-day option to the underwriting agent to purchase up to an additional 4,838,709 shares of Class A Common Stock (the "Option Shares") from us on the same terms and conditions. On January 25, 2024, the Option Shares were exercised in full. The offering of the Option Shares closed on January 29, 2024 for proceeds of \$14.1 million, net of underwriting commissions of \$0.9 million. Proceeds from the sale of our Class A Common Stock under the January 2024 Common Stock Offering were used for general corporate purposes.

Commercial Prepayments

On May 23, 2024, in connection with the Verizon Investment, Cellco Partnership, a Delaware general partnership doing business as Verizon Wireless, on behalf of itself and its controlled and/or managed affiliates ("Verizon Wireless"), entered into a Memorandum of Understanding with AST LLC and us (the "MOU"). The MOU provides, among other things, that Verizon Wireless will make (i) an initial \$20.0 million commercial payment for prepaid service revenue, creditable against future service revenue of AST LLC and (ii) a second \$45.0 million commercial payment for prepaid service revenue, creditable against future service revenue of AST LLC, subject to us receiving certain regulatory approvals for our SpaceMobile Service and entry into a definitive commercial agreement. We have received the initial \$20.0 million prepayment from Verizon and recognized it as contract liabilities. Refer to Note 2: Summary of Significant Accounting Policies in the accompanying notes to the unaudited condensed consolidated financial statements for further information.

On May 10, 2024, AST LLC and AT&T Services entered into the AT&T Commercial Agreement for AST LLC to provide, and AT&T Services to purchase access to and utilize our network and satellite services to provide service offerings to AT&T Services' end users enabled by the satellite services for use within the continental United States (excluding Alaska) and Hawaii. AT&T Services will pay to AST LLC a percentage of the gross monthly revenue AT&T Services bills to its end users for the services enabled by the satellite services. In addition, with the launch and successful initial operation of the five Block 1 BB satellites, a non-refundable commercial payment of \$20.0 million is due to AST LLC from AT&T Services. This payment will be credited against AST LLC's future share of gross monthly revenue. The AT&T Commercial Agreement expires on December 31, 2030, subject to auto-renewal for successive two-year periods unless either party terminates in accordance with the terms of the AT&T Commercial Agreement.

Cash Flows

Historical Cash Flows

The following table summarizes our sources and uses of cash for the nine months ended September 30, 2024 and 2023 (in thousands):

	For the Nine Months Ended September 30, (unaudited)	
	2024	2023
Cash, cash equivalents, and restricted cash	\$ 518,886	\$ 135,726
Cash used in operating activities	(97,703)	(124,041)
Cash used in investing activities	(92,095)	(96,462)
Cash provided by financing activities	620,426	117,368

Operating activities

Cash used in operating activities was \$97.7 million for the nine months ended September 30, 2024, as compared to cash used in operating activities of \$124.0 million for the nine months ended September 30, 2023. The \$26.3 million decrease was attributable to a decrease of \$15.5 million in expenses to support operations during the nine months ended September 30, 2024 and a decrease of \$10.8 million in working capital.

Investing activities

Cash used in investing activities was \$92.1 million for the nine months ended September 30, 2024, as compared to cash used in investing activities of \$96.5 million for the nine months ended September 30, 2023. The \$4.4 million decrease in cash used in investing activities was attributable to a decrease in purchases of property and equipment, including procurement of BB satellite materials.

Financing activities

Cash provided by financing activities was \$620.4 million during the nine months ended September 30, 2024, as compared to cash provided by financing activities of \$117.4 million during the nine months ended September 30, 2023. The \$503.0 million increase in cash provided by financing activities was attributable to an additional \$81.7 million in net proceeds from the issuance of debt, including convertible notes, \$153.3 million increase in proceeds from exercise of Public Warrants, a \$268.6 million increase in net proceeds from the sale of Class A Common Stock from public offerings and under the 2022 and 2024 ATM Equity Program and a \$0.4 million net decrease related to stock-based compensation awards.

Impact of inflation

While inflation may impact our capital and operating expenditures, we believe the effects of inflation, if any, on our results of operations and financial condition have not been significant. However, there can be no assurance that our results of operations and financial condition will not be materially impacted by inflation in the future, including by heightened levels of inflation experienced globally as a consequence of the rapidly changing market and economic conditions.

Funding Requirements

We believe our existing cash and cash equivalents on hand will be sufficient to meet anticipated cash requirements for the next 12 months from the date hereof. However, our forecast of the period of time through which our financial resources will be adequate to support operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could expend capital resources sooner than we expect.

Future capital requirements will depend on many factors, including:

- Establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate, in both amount and quality, products and services to support our satellite development;
- Technological or manufacturing difficulties, design issues or other unforeseen matters;
- Negotiation of launch agreements (including launch costs), launch delays or failures, deployment failures, or in-orbit satellite failures;
- Seeking and obtaining necessary regulatory approvals;
- Timing of the launch of our satellites and subsequent initiation of service in various markets, delays in which will result in increased operating expenses;
- Addressing any competing technological and market developments;
- Ability to adjust our expenditures and contractual commitments based on capital availability;
- Ability to operate under the covenants in our debt agreements; and
- Attracting, hiring, and retaining qualified personnel.

Until such time, if ever, as we can generate substantial revenues to support our cost structure, we expect to finance cash needs through a combination of equity offerings, debt financings and commercial and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of stockholders will be, or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through commercial agreements, or other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies and/or future revenue streams, or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. Also, our ability to raise necessary financing could be impacted by recent geopolitical events, higher interest rates and inflationary economic conditions and their effects on the market conditions. If we are unable to raise additional funds through equity offerings, debt financings or commercial arrangements when needed, we may be required to delay, limit, reduce or terminate our commercialization efforts or grant rights to develop and market other services even if we would otherwise prefer to develop and market these services ourselves or potentially discontinue operations.

Critical Accounting Policies

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Preparation of the financial statements requires our management to make judgments, estimates and assumptions that impact the reported amount of revenue and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on our unaudited condensed consolidated financial statements. For a discussion of our critical accounting policies, see "Critical Accounting Policies" in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) as of September 30, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates 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 various legal proceedings and claims that have arisen in the ordinary course of business and that have not been fully adjudicated. In the opinion of management, there was not at least a reasonable possibility we may have incurred a material loss, or a material loss in excess of any recorded accrual, with respect to loss contingencies. However, the outcome of litigation is inherently uncertain. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these legal matters were resolved against us in a reporting period for amounts in excess of management's expectations, our consolidated financial statements for that reporting period could be materially adversely affected. Refer to Note 7: Commitments and Contingencies in the accompanying notes to the unaudited condensed consolidated financial statements for further information.

Delaware Class Action Litigations

Following books and records demands pursuant to 8 Del. C. § 220, two stockholders filed putative class action complaints in the Delaware Court of Chancery against the Company, certain current and former directors and officers of the Company and its predecessor entity and manager, New Providence Acquisition Corp. and New Providence Management LLC, and Abel Avellan, alleging claims of breach of fiduciary duties, aiding and abetting such breaches, and unjust enrichment, relating to the de-SPAC merger. The first of those complaints, Taylor v. Coleman, et al. (C.A. No. 2023-1292), was filed on December 27, 2023, and the second, Drulias v. New Providence Management LLC, et al., was filed on March 29, 2024 (collectively, the "Delaware Stockholder Class Actions"). On March 15, 2024, prior to the filing of the Drulias action, the defendants had moved to dismiss the Taylor action. On April 29, 2024, the court entered a stipulation by the parties to both actions to be consolidated under the caption In re AST SpaceMobile, Inc. Stockholders Litigation (C.A. No. 2023-1292), and for the plaintiffs to file a consolidated amended complaint by May 29, 2024. Plaintiffs filed a consolidated complaint on May 29, 2024, which asserts the same claims and seeks the same damages—equitable relief and unspecified monetary damages. On July 15, 2024, the defendants moved to dismiss the consolidated complaint. The court has scheduled a hearing on the Motion to Dismiss for February 3, 2025.

Federal Class Action Litigations

The Company and certain of its current executive officers have been named as defendants in a putative stockholder class action lawsuit pending in the United States District Court for the Western District of Texas. The action is styled Klarkowski v. AST SpaceMobile, Inc., No. 7:24-cv-00102-DC-RCG (W.D. Tex.) (the "Securities Class Action"). The complaint in the Securities Class Action, which was filed on April 17, 2024, alleges that defendants violated the Exchange Act and SEC Rule 10b-5 promulgated thereunder by making false and misleading statements and omissions relating to the status and timeline of satellite production, and that the current executive officers named as defendants are control persons under Section 20(a) of the Exchange Act. The complaint is filed on behalf of shareholders who purchased shares of the Company's common stock between November 14, 2023 and April 1, 2024 ("Class Period"), and seeks monetary damages on behalf of the purported class. On July 9, 2024, the Court appointed a Lead Plaintiff for the putative class and approved his choice of Lead Counsel. On September 9, 2024, the Lead Plaintiff voluntarily dismissed the Securities Class Action without prejudice.

The Company has been named as a nominal defendant and certain of its current and former executive officers and directors have been named as defendants in a derivative lawsuit pending in the United States District Court for the Western District of Texas. The action is styled Hanna v. Avellan, et al., No. 7:24-cv-00171-DC-RCG (W.D. Tex.) (the "Derivative Action"). The complaint in the Derivative Action, which was filed on July 23, 2024, asserts claims for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and violations of the Exchange Act against all defendants and claims for contribution under the federal securities laws against certain of the defendants. The parties filed an Agreed Motion for Voluntary Dismissal, which the court granted on October 16, 2024.

Item 1A. Risk Factors.

For a detailed discussion of the risks and uncertainties related to our business, please refer to the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on April 1, 2024. There have been no material changes from the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2023, except as specified below.

We will need to raise additional funds for continued operations and to initiate our planned SpaceMobile Service. These funds may not be available to us when we need them on favorable terms or at all. If we cannot raise additional funds when needed in the future, our financial condition and prospects will be negatively affected.

We will need to raise significant additional capital for operating and capital expenditures to design, assemble and launch our Block 2 BB satellites and operate a constellation needed to provide continuous global cellular broadband service coverage.

We currently estimate the average capital costs, consisting of direct materials and launch costs, for a constellation of 90 Block 2 BB satellites to be approximately \$19.0 million to \$21.0 million per satellite. We have entered into launch agreements with multiple launch service providers which will enable us to commence a planned launch campaign during 2025 and 2026 to launch up to approximately 45 Block 2 BB satellites, with options available to us for additional launch vehicles, up to a total of approximately 60 Block 2 BB satellites. While launch agreements for our satellites are critical in facilitating our ability to provide the SpaceMobile Service, these contracts and future contracts, once executed, increase our financial risks significantly.

We intend to seek to raise additional capital to fund the design, assembly and launch of our constellation and operation of the commercial services through the issuance of equity, equity-linked or debt securities (secured or unsecured), secured or unsecured loans or other debt facilities, and credit from government or financial institutions or commercial partners, including through our existing 2024 ATM Equity Program.

Our ability to access the capital markets during this period of volatility may require us to modify our current expectations. There can be no assurance that additional funds will be available to us on favorable terms or at all. If we cannot raise additional funds when needed in the future, our financial condition, results of operations, business and prospects will be materially and adversely affected, including as a result of the need to cancel launch agreements and related incurrence of significant termination fees to cancel those launch contracts.

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

Issuer Purchases of Equity Securities

The following table provides information about redemptions of our Public Warrants during the three months ended September 30, 2024:

Period	Total Number of Public Warrants Redeemed	Average Price Paid Per Public Warrant	Total Number of Public Warrants Redeemed as Part of Publicly Announced Program ⁽¹⁾	Maximum Number of Public Warrants that May Yet Be Redeemed Under the Plans or Programs ⁽¹⁾
July 1 through July 31, 2024	-	-	-	-
August 1 through August 31, 2024	-	-	-	-
September 1 through September 30, 2024	236,294	\$ 0.01	236,294	236,294
	<u>236,294</u>		<u>236,294</u>	

(1)On August 28, 2024, we announced that we would redeem all of our Public Warrants that remained outstanding at 5:00 p.m. New York City time on the Redemption Date for a redemption price of \$0.01 per warrant. On the Redemption Date, a total of 236,294 Public Warrants remained unexercised as of 5:00 p.m. New York City time, and we redeemed those Public Warrants for an aggregate redemption price of \$2,363. In connection with the redemption, the Public Warrants ceased trading on the Nasdaq and were delisted. Prior to the Redemption Date, a total of 13,358,174 Public Warrants were exercised resulting in issuances of 13,358,174 shares of our Class A Common Stock under such Public Warrants and net proceeds of \$153.3 million. Also during the three months ended September 30, 2024, a total of 950,000 Private Placement Warrants were exercised on a cashless basis, resulting in net issuances of 613,276 shares of our Class A Common Stock under such Private Placement Warrants.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

In the quarter ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement for the purchase or sale of our securities, within the meaning of Item 408 of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

10.1	Equity Distribution Agreement, among AST SpaceMobile, Inc., AST & Science, LLC and B. Riley Securities, Inc., Barclays Capital Inc., BofA Securities, Inc., Cantor Fitzgerald & Co., Deutsche Bank Securities Inc., Roth Capital Partners, LLC, Scotia Capital (USA) Inc. and UBS Securities LLC dated September 5, 2024 (incorporated by reference to Exhibit 1.1 to the registrant's Current Report on Form 8-K filed with the SEC on September 5, 2024).
10.2†	AST SpaceMobile, Inc. 2024 Incentive Award Plan. (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on September 10, 2024).
10.3	AST SpaceMobile, Inc. 2024 Incentive Award Plan - Form of Restricted Stock Unit Agreement
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of 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 Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Management contract or compensatory plan or arrangement

* Filed herewith

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.

AST SPACEMOBILE, INC.

Date: November 14, 2024

By: /s/ Abel Avellan

Name: Abel Avellan

Title: Chairman and Chief Executive Officer

Principal Executive Officer

Date: November 14, 2024

By: /s/ Andrew M. Johnson

Name: Andrew M. Johnson

Title: Chief Financial Officer and Chief Legal Officer

Principal Financial Officer

AST SPACEMOBILE, INC.

2024 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

AST SpaceMobile, Inc., a Delaware corporation (the “**Company**”), has granted to the participant listed below (“**Participant**”) the Restricted Stock Units (the “**RSUs**”) described in this Restricted Stock Unit Grant Notice (this “**Grant Notice**”), subject to the terms and conditions of the AST SpaceMobile, Inc. 2024 Incentive Award Plan (as may be amended from time to time, the “**Plan**”) and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

Participant	<input type="text"/>
Grant Date	<input type="text"/>
Number of RSUs	<input type="text"/>
Vesting Commencement Date	<input type="text"/>
Vesting Schedule	<input type="text"/>

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

AST SPACEMOBILE, INC. PARTICIPANT

By: --
Signature Signature

Name: _ Name: _

Title: _ Title: _

EXHIBIT A

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

ARTICLE I. GENERAL

1.1Award of RSUs. The Company has granted the RSUs to Participant effective as of the Grant Date set forth in the Grant Notice (the “**Grant Date**”). Each RSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the RSUs have vested.

1.2Incorporation of Terms of Plan. The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3Unsecured Promise. The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

ARTICLE II. VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture. The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

2.2 Settlement.

(a) The RSUs will be paid in Shares as soon as administratively practicable after the vesting of the applicable RSU, but in no event later than March 15 of the year following the year in which the RSU's vesting date occurs.

(b) Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)); provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

As used in this Agreement, "Cause" means any of the following events that the Board has determined, in good faith, has occurred: (i) Participant's failure to substantially perform Participant's duties (other than a failure resulting from Participant's disability), including Participant's failure to follow any lawful directive from the Board or Participant's immediate supervisor; (ii) Participant's violation of any code or standard of behavior generally applicable to Employees or executives of the Company; (iii) engaging in conduct that may reasonably result in reputational, economic or financial injury to the Company or its affiliates; (iv) Participant's commission of, indictment for or plea of nolo contendere to a felony, any crime involving fraud or embezzlement under federal, state or local laws or a crime involving moral turpitude; (v) Participant's failure to devote substantially all of Participant's working time to the business of the Company and its affiliates; (vi) Participant's unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its affiliates or while performing Participant's duties and responsibilities for the Company or any of its affiliates; (vii) Participant's commission of an act of fraud, willful misconduct or gross negligence with respect to the Company or its affiliates, or Participant's material breach of fiduciary duty against the Company or any of its affiliates; (viii) Participant's engaging in misconduct in connection with the performance of any of Participant's duties, including by embezzlement or theft from the Company or its affiliates, misappropriating funds from the Company or its affiliates or securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Company or its affiliates; or (ix) Participant's active disloyalty to the Company or its affiliates, including willfully aiding a competitor or improperly disclosing confidential information.

ARTICLE III. **TAXATION AND TAX WITHHOLDING**

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this award of RSUs (the "**Award**") and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) Unless the Administrator otherwise determines, the Company shall withhold, or cause to be withheld, Shares otherwise vesting or issuable under this Award (including the RSUs) in satisfaction of any applicable withholding tax obligations. The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a fair market value on the date of withholding no greater than the aggregate amount of such liabilities based on the maximum individual statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Affiliate takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Affiliate makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and its Affiliates do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

ARTICLE IV. OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.2 Clawback. The Award and the Shares issuable hereunder shall be subject to any clawback or recoupment policy in effect on the Grant Date or as may be adopted or maintained by the Company following the Grant Date, including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Chief Legal Officer at the Company's principal office or the Chief Legal Officer's then-current email address. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the Participant's designated beneficiary) at Participant's last known mailing address or email address in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice

will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service or when delivered by a nationally recognized express shipping company.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity with Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Law and, to the extent Applicable Law permits, will be deemed amended as necessary to conform to Applicable Law.

4.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to a single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Law permits, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement; Amendment. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall materially and adversely affect the RSUs without the prior written consent of Participant.

4.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual

obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms hereof.

4.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Affiliate or interferes with or restricts in any way the rights of the Company and any Affiliate, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or an Affiliate and Participant.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Abel Avellan, certify that:

- 1.I have reviewed this quarterly report on Form 10-Q of AST SpaceMobile, Inc.;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4.The registrant's other certifying officer(s) 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(s) 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: November 14, 2024

/s/ Abel Avellan

Abel Avellan
Chairman and Chief Executive Officer
Principal Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Andrew M. Johnson, certify that:

- 1.I have reviewed this quarterly report on Form 10-Q of AST SpaceMobile, Inc.;
- 2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4.The registrant's other certifying officer(s) 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; and
 - 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;
 - 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(s) 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: November 14, 2024

/s/ Andrew M. Johnson

Andrew M. Johnson
Chief Financial Officer and Chief Legal Officer
Principal Financial Officer

**CERTIFICATION PURSUANT TO
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 of AST SpaceMobile, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Abel Avellan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §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 as of and for the period covered by the Report.

Dated: November 14, 2024

/s/ Abel Avellan

Abel Avellan
Chairman and Chief Executive Officer
Principal Executive Officer

**CERTIFICATION PURSUANT TO
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 of AST SpaceMobile, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Andrew M. Johnson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §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 as of and for the period covered by the Report.

Dated: November 14, 2024

/s/ Andrew M. Johnson

Andrew M. Johnson
Chief Financial Officer and Chief Legal Officer
Principal Financial Officer

