UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022

OR

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

For the transition period from ____ to ____

Commission file number 001-39128

Momentus Inc.
(Exact name of registrant as specified in its charter)

Delaware	**84-1905538**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3901 N. First Street **San Jose, California**	**95134**
(Address of Principal Executive Offices)	(Zip Code)

(650) 564-7820
Registrant's telephone number, including area code

Securities registered pursuant to section 12(g) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock	MNTS	Nasdaq Stock Market LLC
Warrants	MNTSW	Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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” “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.
☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements.
☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant’s executive officers during the relevant recovery period pursuant to § 240.10D-1(b).
☐

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

The aggregate market value of voting stock held by non-affiliates of the Company on June 30, 2022, based on the closing price of $2.16 for shares of our Class A common stock, was approximately $137.1 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our Class A common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The registrant had outstanding 94,056,124 shares of common stock as of February 28, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Auditor Firm Id: 32	Auditor Name: Armanino LLP	Auditor Location: San Ramon, CA

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Form 10-K"), including, without limitation, statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Generally, statements that are not historical facts, including statements concerning Momentus Inc.'s (the "Company," "Momentus", "we," "us," or "our") possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, their negative or other variations or comparable terminology, but the absence of these words does not mean that a statement is not forward-looking. There can be no assurance that actual results will not materially differ from expectations.

The forward-looking statements contained in this Annual Report on Form 10-K are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, without limitation, the ability of the Company to raise additional capital to finance its longer-term business plan; the ability of the Company to obtain licenses and government approvals for its missions, which are essential to its operations; the ability of the Company to effectively market and sell satellite transport services and planned in-orbit services; the ability of the Company to protect its intellectual property and trade secrets; the development of markets for satellite transport and in-orbit services; the ability of the Company to develop, test and validate its technology, including its water plasma propulsion technology; delays or impediments that the Company may face in the development, manufacture and deployment of next generation satellite transport systems; the ability of the Company to convert backlog or inbound inquiries into revenue; changes in applicable laws or regulations and extensive and evolving government regulations that impact operations and business, including export control license requirements; the ability to attract or maintain a qualified workforce with the required security clearances and requisite skills; level of product service or product or launch failures or delays that could lead customers to use competitors' services; investigations, claims, disputes, enforcement actions, litigation and/or other regulatory or legal proceedings; the effects of the COVID-19 pandemic on the Company's business; the Company's ability to comply with the terms of its National Security Agreement and any related compliance measures instituted by the director who was approved by the Committee on Foreign Investment in the United States ("CFIUS") Monitoring Agencies (the "Security Director"); the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; and/or other risks and uncertainties described under Item 1A: "*Risk Factors*." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws. These risks and others described under Item 1A: "*Risk Factors*" may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results or developments may not be indicative of results or developments in subsequent periods.

Summary of Risk Factors

Risks Related to the Business and Industry of Momentus

- We may be unable to raise additional capital needed to execute our longer-term business plan.
- We have a limited history of delivering customer satellites using our service vehicles, and setbacks experienced during our demonstration and commercial missions could have a material adverse effect on our business, financial condition and results of operation and could harm our reputation.
- A key component of our business model is the delivery of satellites using our vehicles from low-earth orbit to other orbits. The technology for this maneuver is still in the development stage and development has not been completed.
- We may not receive all required governmental licenses and approvals
- We have incurred significant losses since inception, we expect to incur losses in the future and we may not be able to achieve or maintain profitability.
- We will require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all.
- We may not be successful in developing new technology, and the technology we are successful in developing may not meet the needs of our customers or potential new customers.
- We operate in highly competitive industries and in various jurisdictions across the world which may cause us to have to reduce our prices.
- Momentus' limited operating history makes it difficult to evaluate its future prospects and the risks and challenges it may encounter.
- The market for in-space infrastructure services has not been established with precision, may grow more slowly than expected.
- We may not be able to convert our orders in backlog into revenue.
- The cyclical nature of the space industry could negatively impact our ability to accurately forecast customer demand. We may not be able to maintain adequate gross margins or profits in these markets.
- We are dependent on third-party launch vehicles to launch our vehicles and customer payloads into space and any delay could have a material adverse impact to our financial condition and results of operations.

- We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.
- We may experience a total loss of our vehicle and our customers' payloads during the launch into space.
- Our business involves significant risks and uncertainties that may not be covered by insurance.
- If our spacecraft fail to operate as intended, it could have a material adverse effect on our business, financial condition and results of operations.
- We cannot provide assurances that our vehicles will continue to operate successfully in space throughout their expected operational lives.
- Our revenue, results of operations and reputation may be negatively impacted if our satellites fail to meet contractual requirements or our products contain defects or fail to operate in the expected manner.
- Our secured loan facility contains various covenants that limit our management's discretion in the operation of our business.
- We rely on a limited number of suppliers for certain raw materials and supplied components. We may not be able to obtain sufficient raw materials or supplied components to meet our manufacturing and operating needs.
- We expect to face intense competition in satellite transport and related services and other services which we may develop in the space transportation industry.
- If we fail to adequately protect our intellectual property rights or our intellectual property applications for registration fail to become issued or registered, our competitive position could be impaired.
- We may experience warranty claims for failures, schedule delays or other problems with our products.
- We are subject to various requirements and restrictions under the NSA, and we are incurring significant costs to comply with those requirements and may be subject to significant monetary penalties if we are found not to be in compliance with the requirements and restrictions under the NSA. In addition, restrictions under the NSA could limit our business activities.
- The Security Director required by the NSA has substantial latitude over certain business decisions and operations of Momentus, and to the extent that certain arrangements relating to the Security Director are determined not to be permitted by the Delaware General Corporation Law ("DGCL"), such arrangements could have a material adverse effect on our business, financial condition and results of operations.
- We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.
- Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide.
- If we fail to develop and maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be adversely affected, which may adversely affect investor confidence in us.
- We are currently, and may in the future be, subject to substantial litigation, regulatory actions, government investigations, proceedings and similar actions that could cause us to incur significant legal expenses and which could have a material adverse effect on our business, operating results or financial condition.
- Momentus' management team has limited experience managing a public company.

Regulatory Risks

- We are subject to stringent U.S. export and import control laws and regulations. Our failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations.
- Our business is subject to a wide variety of additional extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business.
- While Momentus currently has a contract with the U.S. Government, our customers and suppliers could be materially impacted by disruptions in U.S. government operations and funding, and the diminished funding as a result of such disruption could have a material adverse effect on our revenues, earnings and cash flows, and otherwise adversely affect our financial condition.

- Changes in U.S. government policy regarding use of commercial data or space infrastructure / mission providers, or material delay or cancellation of certain U.S. government programs, may have a material adverse effect on our business
- Contracts with the U.S. government subject us to risks including early termination, audits, investigations, sanctions and penalties.

Risks Related to Ownership of Class A Common Stock

- An active trading market for Class A common stock may never develop or be sustained, which may make it difficult to sell the shares of Class A common stock you receive.
- The market price of our Class A common stock and warrants may be volatile, which could cause the value of your investment to decline.
- Future sales of shares by Company officers, directors, other insiders or existing stockholders and future exercise of registration rights, or sales of a significant number of shares of our Class A common stock, or the perception that such sales may occur, may adversely affect the market price of our Class A common stock.
- We do not plan to declare any dividends in the foreseeable future.
- If securities and industry analysts do not publish or cease publishing research or reports, or publish inaccurate or unfavorable research or reports, about our business or our market, our stock price and trading volume could decline.
- Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of the Class A common stock.

PART I

ITEM 1. Business

Unless the context otherwise requires, all references in this section to the "Company," "we," "us," or "our" refer to Momentus.

Background and Business Combination

On August 12, 2021, the Company consummated a merger pursuant to certain Agreement and Plan of Merger, dated October 7, 2020, and as amended on March 5, 2021, April 6, 2021, and June 29, 2021 (the "Merger Agreement"), by and among Stable Road Acquisition Corp ("SRAC"), Project Marvel First Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of SRAC ("First Merger Sub"), and Project Marvel Second Merger Sub, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of SRAC ("Second Merger Sub"), pursuant to which First Merger Sub merged with and into Momentus Inc., a Delaware corporation ("Legacy Momentus") with Legacy Momentus as the surviving corporation of the First Merger Sub, and immediately following which Legacy Momentus merged with and into the Second Merger Sub, with the Second Merger Sub as the surviving entity (the "Business Combination"). In connection with the closing of the Business Combination (the "Closing"), the Company changed its name from Stable Road Acquisition Corp. to Momentus Inc., and Legacy Momentus changed its name to Momentus Space, LLC.

The Business Combination was accounted for as a reverse recapitalization under ASC 805, *Business Combinations* ("ASC 805") in accordance with accounting principles generally accepted in the United States ("GAAP"). Under this method of accounting, SRAC, who was the legal acquirer, is treated as the "acquired" company for financial reporting purposes and Legacy Momentus is treated as the accounting acquirer. Accordingly, for accounting purposes, the Business Combination is treated as the equivalent of a capital transaction in which Legacy Momentus issued stock for the net assets of SRAC, with no goodwill or other intangible assets recorded, and Legacy Momentus' financial statements became those of the Company. Reported shares and earnings per share available to holders of the Company's common stock, prior to the Business Combination, have been retroactively restated as shares reflecting the exchange ratio established in the Business Combination. See Note 3 for more information.

Pursuant to the Amended and Restated Certificate of Incorporation of the Company, at the Closing, each share of SRAC's Class B Common Stock, par value $0.0001 per share (the "Class B Common Stock"), converted into one share of SRAC's Class A Common Stock. After the Closing and following the effectiveness of the Second Amended and Restated Certificate of Incorporation of the Company, each share of Class A Common Stock was automatically reclassified, redesignated and changed into one validly issued, fully paid and non-assessable share of the Company's Class A common stock, par value $0.00001 per share, without any further action by the Company or any stockholder thereof.

Prior to the Business Combination, SRAC's units, public shares, and public warrants were listed on the Nasdaq under the symbols "SRACU," "SRAC," and "SRACW," respectively. On August 13, 2021, the Company's Class A common stock and public warrants began trading on the Nasdaq, under the symbols "MNTS" and "MNTSW," respectively.

On October 7, 2020 and subsequently amended on July 15, 2021, SRAC entered into subscription agreements with certain investors (the "PIPE Investors") to which such investors collectively subscribed for an aggregate of 11,000,000 shares of the Company's Class A common stock at $10.00 per share for aggregate gross proceeds of $110.0 million (the "PIPE Investment"). The PIPE Investors were also granted an equal number of private warrants to purchase the Company's Class A common stock at $11.50 per share. The warrants were recorded as a derivative liability under ASC 815, *Derivatives and Hedging* and the warrant liability was initially valued at $30.5 million. See Note 11 for more information. The PIPE Investment was consummated concurrently with the closing of the Business Combination.

Overview

Momentus is a U.S. commercial space company that offers transportation and infrastructure services to help enable the commercialization of space. Satellite operators are our principal customers and target customers. Services that we provide or plan to provide include "last mile" satellite transportation, payload-hosting, on-orbit satellite refueling, on-orbit inspection, on-orbit satellite maintenance, de-orbiting, debris removal, and other satellite-to-satellite service offerings. We believe our planned service offerings will increase deployment options for satellite operators and lower their operating costs relative to traditional approaches while also minimizing environmental impact given our choice of water as a propellant.

We plan to provide these services with Orbital Service Vehicles ("OSVs") that we design and manufacture. While we plan to eventually operate a family of progressively larger and more capable OSVs, we are currently focused on developing the first vehicle of the family, Vigoride, which will primarily operate in low-earth orbit (LEO). We believe that Vigoride, once further developed, tested and validated, will have the potential to deliver fast, versatile, and cost-effective transportation and infrastructure services to our customers. We conducted our inaugural test and demonstration mission with Vigoride in 2022 and began our second test and demonstration mission in January 2023. We plan to conduct two additional test and demonstration missions with Vigoride during 2023, subject to receipt of licenses and government approvals, and successful completion of our efforts to get the system ready for flight. Refer to our risk factor "*We may not receive all required governmental licenses and approvals.*"

Our transportation service offering will focus on delivering our customers' satellites to precision orbits of their choosing. To accomplish this, we plan to create a hub-and-spoke transportation network in partnership with leading launch service providers, such as SpaceX. Under this model, our customers' satellites would "ride share" from Earth to space on a midsized or large rocket. Our OSVs would then provide "last mile" transportation services from the rocket's drop-off orbit to a custom orbit of the satellite operator's choosing. We believe our hub-and-spoke model has the potential to expand our customers' deployment options relative to what they would be able to achieve with ride share launch alone, while reducing their costs relative to what they could achieve with a dedicated small launch vehicle. Over time, we plan to begin introducing additional services beyond "last mile" transportation.

Our OSVs will initially be expendable, meaning they will de-orbit themselves upon completion of their first mission. However, our goal is to eventually make our OSVs reusable, or capable of remaining in space to conduct follow-on missions, which has the potential to lower our cost to deliver services to our customers. To achieve reusability, we need to develop additional technologies that will allow our vehicles to 1.) locate and navigate to customer satellites in space, 2.) physically connect to them, and 3.) perform a variety of robotic operations including fluid transfer. We are developing these capabilities for Vigoride, however we expect them to be scalable to work with larger vehicles that we plan to develop in the future. Refer to "*Risk Factors — A key component of our business model is the delivery of satellites using our vehicles from low-earth orbit to other orbits. The technology for this maneuver is still in the development stage...*"

Since our founding in 2017, we have been working to develop, test and enhance our vehicles and supporting technologies, particularly our water plasma propulsion technology. As of February 28, 2023, we have signed contracts for approximately $33 million in backlog (potential revenue). These agreements include firm orders as well as options, which allow customers to opt-in to launches on shorter notice without requiring a separate agreement. The breadth of these signed contracts spans across 18 companies in 12 countries. In general, our customers have the right to cancel their contracts with the understanding that they will forgo their deposits. If a customer cancels a contract before it is required to pay non-refundable deposits, we may not receive revenue from these orders, except for an initial deposit which is paid at the time the contract is signed. Refer to "*Risk Factors — We may not be able to convert our orders in backlog into revenue.*"

Commercial Space Industry

Our services are made possible by the space industry's rapid technological developments over the past two decades, driven predominantly by significant decreases in launch costs, as well as the advent of smaller, lower-cost satellites. This convergence of trends has led to increased access to space, new market entrants and accelerated growth in the number of commercial satellites being placed into orbit.

In the launch market, we believe we are witnessing significant shifts caused by the emergence of large, partially reusable rockets such as SpaceX's Falcon-9 and Blue Origin's New Glenn, and the advent of new fully reusable vehicles such as SpaceX's Starship and Relativity's Terran R. Reliable, low-cost access to space is lowering the entry barriers for new service models and has allowed new entrants to grow quickly. In the future, we anticipate further disruption from a new breed of much larger, fully reusable rockets such as Starship. With these much larger rockets, launch costs could fall far enough to enable new applications that would not be economically viable with current generation launch vehicles.

Another paradigm shift in the commercial space market is the rise of the small satellite or "smallsat". Prior to 2018, only a few dozen smallsats (total mass below approximately 200 kg) were launched per year. Today, the number has grown to more than one thousand per year. Moreover, the rise of this market has also created a new market segment in microsatellites (total mass below approximately 100 kg) and nanosatellites (total mass below approximately 10 kg). While these satellites can be deployed individually, they can also be operated as part of a constellation, a large group of satellites interconnected to provide a service, such as the Starlink satellite constellation's offering of global internet connectivity.

Smallsat proliferation has led operators to explore new ways of accessing space. To meet their needs, small launch providers (i.e., small rockets carrying up to approximately 500kg) have emerged as options for smaller payloads. While accessing space often costs up to ten times more per kilogram on a small rocket compared to a large rocket, such as Falcon-9, it is often uneconomical for small satellite operators to purchase a dedicated large rocket that may have up to one hundred times more payload capacity than a small rocket. “Ride sharing” on a large rocket is a more accessible option as it can drastically lower the cost for a small satellite operator to reach space, albeit with reduced deployment options compared to a dedicated launch vehicle as “ride share” payloads are often all released into the same orbit. Conversely, a dedicated small rocket, while more expensive compared to ride sharing on a larger rocket, can increase deployment options for small satellite operators by offering them direct access to precision orbits of their choosing.

We anticipate there could be considerable growth over the coming years in the space transportation segment as companies continue to seek versatile and low-cost ways to deliver single satellites to specific orbits or deploy their satellite constellations. We anticipate that the need for small satellite transportation to LEO will continue to drive overall demand growth for space transportation services in the short-term as technology advancements continue to make space more accessible to new market entrants, although new applications beyond LEO are also emerging. We also believe that over the next decade, new space-based businesses may emerge, for example the generation of solar energy in space, space manufacturing or space data processing. The advent of these new business models could substantially increase demand for space transportation and other space infrastructure services.

Beyond transportation, we anticipate that growth of the satellite constellations market may drive demand for our hosted payload, on-orbit satellite refueling, on-orbit inspection, on-orbit satellite maintenance, de-orbiting, debris removal, and other satellite-to-satellite service offerings, if we are successful in executing on our business plan, including fully developing and validating our technology in space. Satellite constellations have relatively low lifespans and, in our view, will require maintenance, de-orbiting, and other general servicing with higher frequency.

Planned Service Offerings

We are developing our OSVs to provide safe, affordable, reliable, and regular in-space services to our customers, including space transportation, payload hosting, and in-orbit servicing. We have designed our Vigoride vehicle to deliver small customer payloads anywhere in LEO. However, we also plan to design larger vehicles to carry larger payloads to more distant orbits.

If our technology is fully developed and validated in the future, we currently plan to provide the following infrastructure services to the space economy:

- **Space Transportation:** We are developing a space transportation service based on a hub-and-spoke model, which combines ride share launch on a medium or large rocket with last-mile delivery using one of our OSVs. Under this model, our customers will deliver their payload to us a few months prior to launch for integration onto our vehicle. Once we have integrated our customers’ payloads, we will then ship our vehicle, holding the customer payload fixture, to the launch site, where it will be integrated onto the rocket. The rocket will then transport our vehicle to the drop-off orbit. After separation from the rocket, our vehicle will transport our customers’ payloads to their chosen final orbit.

  We believe our hub-and-spoke model has the potential to expand our customers’ deployment options relative to what they could achieve with ride share launch alone, while reducing their costs relative to what they could achieve with a dedicated small launch vehicle. For example, a microsatellite operator could ride share launch to a standard orbit on a large rocket for as little as $5,000-$6,000 per kilogram. Alternatively, transportation to a custom orbit on a dedicated small rocket could cost a microsat operator more than $70,000 per kilogram. We plan to price our hub-and-spoke transportation services to custom orbits above competing ride-share services to standard orbits, but below what a satellite operator would need to pay to access a custom orbit using a dedicated small rocket.

- **Hosted Payload:** We believe our customers can lower their manufacturing costs by applying modularity and standardization to a satellite’s design.We are developing a modular approach to satellite systems through our hosted payload service. This service is designed to help our customers avoid a meaningful capital outlay to design and manufacture a bespoke satellite as they would under traditional business models, which assumed tight integration of a given payload with its satellite bus.

  We have designed our transfer vehicles for modularity and ease of integration with customer payloads, and with a full suite of capabilities that our customers will need on orbit. Under our hosted payload model, our vehicle, after transporting a customer payload to a specific orbit, would stay connected to the payload for the duration of its mission to provide continuous power, orbit maintenance, orientation, and communications to support telemetry, commanding, and downlinking of payload data. Our objective is to offer a higher degree of modularity which we believe has the potential to significantly increase orbital accessibility and/or lower manufacturing costs for a wide range of satellite operators.

- **In-Orbit Servicing:** We view in-orbit servicing of satellites as a quickly growing business opportunity. As the number of satellites in space increases, so does their need to be serviced. We plan to design Momentus' future reusable vehicles to be capable of performing in-orbit servicing and are pursuing development activities that support this objective. Although we are still in very preliminary stages for developing this technology, our aim is to equip future vehicles with robotic arms and an ability to maneuver in close proximity to other spacecraft and dock or berth with them. Once fully developed, we believe these capabilities could allow us to offer a suite of different in-orbit services, such as inspection, refueling, life extension, re-positioning, salvage missions, maintenance and repair, and de-orbiting.

Total Addressable Market for Our Services

Space Foundation sized the broader space economy at $469 billion in its 2022 Space Report, representing approximately 9% growth from the prior year. According to Morgan Stanley, the space economy could grow to over $1 trillion by 2040.

Deutsche Bank estimates the current total addressable market ("TAM") for in-space transportation to be approximately $2 billion annually, and projects this market to approximately double to $4 billion by 2025 including $2-2.5 billion for onboard satellite propulsion and $1.5-2 billion for "space tugs" (OSVs). While this estimate excludes launch services, we would note that we generally bundle launch services from third-party providers with our in-space transportation services.

Our Service Vehicles

Our primary research and development objectives focus on the development of our existing and future in-space transfer and service vehicles and related water plasma propulsion technology.

Vigoride is the first vehicle that we are developing. Once fully developed, tested and validated in space, we expect Vigoride will be sufficient to meet our initial operating plan of offering in-space transportation services to small satellites in LEO as well as payload-hosting services. The success of our in-space infrastructure services business will depend on our ability to successfully and regularly deliver customer satellites into custom orbits. We have ground-tested several Vigoride vehicles in preparation for flight, including, where appropriate, subsystem- and system level environmental testing, performance testing, and life testing in relevant environments, and have launched two of these vehicles into space.

Vigoride is intended to transport up to 750 kg of customer payload in LEO, although our payload capacity will likely be lower in most common configurations. We have set the delta-v and host power objectives for Vigoride at 2 km/sec and 1 kW, respectively, which we believe we can achieve a few years into our product roadmap.

We conducted our inaugural test and demonstration mission with Vigoride during 2022 and began our second test and demonstration mission in January 2023. We plan to conduct two additional test and demonstration missions with Vigoride during 2023, subject to receipt of licenses and government approvals, and successful completion of our efforts to get the system ready for flight. Refer to our risk factor "*We may not receive all required governmental licenses and approvals"*

Our 2022 and 2023 launches were and are intended to be test and demonstration missions. While we have carried and will continue to carry relatively few paying customers on these early missions, the primary goals of our 2022 and 2023 missions were and are to test Vigoride in space, learn from any issues that we may encounter and incorporate lessons learned into future Vigoride vehicles as we seek to ultimately certify a design for production. While we conduct an extensive ground-test campaign to identify potential problems with each of our vehicles prior to launch, we have encountered anomalies with our vehicles and their operation in space, and we may encounter additional issues and anomalies in the future. Depending on the nature of issues and anomalies we may encounter, our schedule for future launches and other planned activities could be adversely affected. There can be no assurance that we will not experience operational or process failures and other problems during our test and demonstration missions or on any other mission. Any failures or setbacks could harm our reputation and have a material adverse effect on our business, financial condition and results of operation.

Because our technologies have not yet been fully tested, our service offerings to our customers during the test and development phase of our program are limited. To reflect this, we provide discounts to customers on these early missions relative to the price we intend to eventually charge for our transportation services.

Early Vigoride vehicles will not be reusable, meaning that we will de-orbit them following delivery of their customer payloads. However, around the middle of this decade, we plan to make our vehicles capable of reuse such that, upon delivery of their payloads, they will be able to remain in space to conduct follow-on missions. Establishing reusable vehicles will require significant additional research and technological developments. We believe our choice of water as a propellant will help with the creation of reusable vehicles because water can be stored without special conditions, other than ensuring lines and tanks do not freeze or become obstructed with ice, for an indefinite amount of time and can be pumped easily. Additionally, water is safe and non-hazardous relative to commonly used propellants such as cryogenic components and hypergolic toxic fuels for chemical propulsion, or highly pressurized noble gases (such as Xenon or Krypton) for electrical propulsion. We believe that if we are able to achieve reusability, it will allow us to lower manufacturing and launch costs on a per-ride basis and achieve higher margins and returns for our investors while also reducing our environmental impact.

Beyond Vigoride, we envision bringing larger vehicles to market. These vehicles will be similar to our Vigoride vehicle, but with larger structures, larger solar arrays, and more powerful propulsion systems in order to carry progressively larger payloads progressively farther from Earth.

Water Plasma Propulsion Technology Overview

We believe our water plasma propulsion technology can provide a competitive advantage for our vehicles and services. The technology is designed to work as follows: Solar panels attached to our vehicle capture solar energy, which is then converted into microwave energy using standard microwave conversion technology. The conversion technology takes direct current power from the solar arrays and storage batteries and outputs the energy in the form of microwaves into the thrust chamber. Once in the chamber, microwave energy is transferred into the water propellant, creating steam, which is forced through a separate injector. The water is then heated into a plasma state and expelled from the thruster through a separate nozzle, creating a propulsive force. This propulsion is what would create motion in space.

What we believe to be unique to this technology is its potential ability to be designed for specific combinations of specific impulse (“ISP”) and thrust to improve in-space transportation operations. We believe other space propulsion technologies are unlikely to be able to offer the same balance of fuel efficiency (ISP) and delivery time (thrust) that is possible with the MET technology. Our objective is to evolve towards larger and more capable vehicles, and if we are successful in meeting this objective, we expect this technology’s potential capabilities to scale well. We believe modifications will revolve around research and engineering to increase the size of the water tanks, radiation-hardening for our vehicles’ components, and further scaling our thruster technology. While these potential capabilities will require significant development time and expense, we believe that our highly experienced team of engineers will help enable us to successfully enhance and scale our key technologies.

We chose water as our propellant for several reasons. We believe water is significantly safer than all chemical alternatives, allowing for safe testing and associated operating cost savings across the entire testing chain. Beyond testing, water is a safe resource that we believe will also be considerably safer in space than propellants that introduce risk of accidental combustion. Water can also be stored efficiently at low pressures and over the temperature ranges in which spacecraft equipment typically operates, subject to ensuring lines and tanks do not freeze or become obstructed with ice. This avoids the need for high-pressure tanks which may pose an explosion hazard.

Another potential key advantage of our technology is its low cost of production and maintenance. Our engine design consists of inexpensive and readily available materials, resulting in an overall simple design and a vehicle whose propulsion, structure, avionics, and mechanisms can be efficiently and vertically integrated.

Although we believe our water plasma propulsion technology will be a key differentiator for our product offerings, to date, we have only conducted a single test of this technology in space. Although we believe our test unit generated plasma in space and validated the theoretical basis of our technology, we have yet to experimentally confirm the unit’s ability to generate thrust in space, which is crucial to our ability to perform real on-orbit maneuvers. Until we can accomplish this, the technology will remain in the experimental stages. Moreover, even if the unit generates thrust, there can be no assurance that it can be operated in a manner that is sufficiently reliable and efficient to permit full commercialization of the technology. Our statements and beliefs about the viability of our technology are primarily based on theoretical analyses and experimentally observed results during ground testing and our single test of this technology in space. Development of space technologies is extremely complex, time consuming, and expensive, and there can be no assurance that our predicted theoretical and ground-based results will translate into operational space vehicles that operate within the parameters we expect, or at all.

This Annual Report on Form 10-K describes Momentus' current business plans for continuing to develop its technology and marketing its products, however there can be no assurance that Momentus will be able to successfully develop its technologies and implement them in commercially viable vehicles. For a further description of the risks associated with our business, see *Risk Factors* below.

Early Development Activities

Momentus has continued to evolve and improve its microwave electro-thermal ("MET") technology since development began in 2017. Our first-generation X-band thruster, which operated at 30 Watts, was flown aboard a demonstration mission called El Camino Real in mid-2019. During this mission, Momentus launched its first MET into space as a hosted payload on a nanosatellite. The mission's objective was to demonstrate the MET's ability to produce water plasma in space by performing 100 one-minute firings. The MET was instrumented with temperature, pressure and radio-frequency (RF) reflected power sensors to infer the presence of water plasma, which if detected, would indicate that the water propellant was flowing into the thrust chamber and radio frequency energy was being absorbed by the water. Failure of the host satellite in November 2019 prematurely terminated the demonstration after only 23 of the planned 100 firings of the thruster had been performed including 12 hot firings with microwave power turned on and 11 cold firings with the microwave turned off. While a pump issue significantly restricted flow of water into the thruster during nine of the 12 hot firings, preventing plasma-generation, the three hot firings that did have water present were found to have produced plasma. Although pressure and temperature data did not provide sufficient information to either confirm or contradict plasma presence, Momentus believes that the reflected power data collected during the three hot firings with water present to be sufficient to conclude that plasma was produced. Reflected power data collected during these three in-space firings closely matched ground test data collected by similar or identical sensors and associated with observed successful firings of the MET where water plasma was generated. We have incorporated potential solutions to the aforementioned pump issue and other observed weaknesses from El Camino Real into subsequent iterations of our propulsion system design, pressure sensor selection and vehicle integration and test process.

The Vigoride vehicle was re-designed in 2020 to increase its payload capacity. Vigoride 2 was designed to use a pair of C-band MET which would each operate at 550 Watts at the target thrust level and approximately 75% of the target specific impulse (ISP) of our internal performance goal. This C-band thruster has undergone extensive development over the last several years. This early generation of the thruster was life tested to a reduced mission of 350 cycles (firings) and 35 hours of accumulated firing.

While Vigoride 1 and Vigoride 2 are both fully built and ground-tested, we do not currently intend to fly either vehicle in space. Both will be retained in storage and lessons learned from their production and ground-testing will be incorporated into future Vigoride vehicles that we intend to fly.

Inaugural Mission

Vigoride 3 was the first OSV that the Company launched into space. It was built with an upgraded 750-Watt version of the C-band MET with the aim of producing greater thrust compared to Vigoride 1 and Vigoride 2.

On May 25, 2022, the Company launched Vigoride 3 to low-earth orbit aboard the SpaceX Transporter-5 mission. In addition to Vigoride 3, Momentus used a second port on the same SpaceX mission to fly a third-party deployer from a partner company. On May 25, 2022, Momentus used the third-party deployer to place its first customer satellite in orbit.

On May 26, 2022, upon establishing two-way contact between Vigoride 3 in low-earth orbit and a ground station on Earth, Momentus discovered that Vigoride 3 had experienced certain anomalies after its launch, primarily relating to its deployable solar arrays, which provide power to the spacecraft and its subsystems. The Company quickly worked to address the anomalies, identify root causes and pursue solutions to be implemented in advance of future missions.

The Company determined that Vigoride 3's deployable solar arrays, which are produced by a third party, and are folded and stowed during launch, did not operate as intended once in orbit. This resulted in low power and communications issues with the spacecraft. Meanwhile, the spacecraft's fixed, body-mounted solar panels appeared to have worked as intended and were able to provide some power to the spacecraft. The Company and the producer of the solar arrays identified a mechanical issue as the root cause of the deployable arrays not operating as intended. The Company also identified the root cause of the anomalies that it experienced with other spacecraft systems during the low-power state.

On May 28, 2022, Momentus was able to deploy two customer satellites from Vigoride 3 (of nine total customer satellites onboard Vigoride 3). The Company then continued efforts to deploy other customer satellites. While

Momentus initially established two-way communications with Vigoride 3, it was unable to continue such two-way communication given the spacecraft's low-power state.

While Momentus was unable to re-establish two-way communication with Vigoride 3, it continued to broadcast commands to the spacecraft from ground stations on Earth, including commands to deploy customer satellites. Additionally, Vigoride 3 was equipped with a mechanism designed to autonomously deploy customer satellites in the event of a sustained loss of communications with ground stations. Vigoride 3 deployed five additional customer satellites during July and August 2022 for a total of seven. The Company was unable and remains unable to confirm the deployment of the last two customer satellites that Vigoride 3 was carrying. In total, Momentus deployed eight customer satellites in low-earth orbit during its inaugural mission, comprising seven satellites from Vigoride 3 and one satellite from the third-party deployer system.

The Company incorporated improvements identified during its inaugural mission in advance of its first follow-on mission and other planned follow-on missions.

First Follow-On Mission

Vigoride 5 is the lead ship in the Company’s Block 2.2 configuration, which features an upgraded propulsion system, a modular payload bay that allows fuel tanks to be substituted for customer payloads depending on specific mission requirements, upgraded payload-hosting capabilities and a more efficient structural design compared to previous Vigoride vehicles. Vigoride 5 was the second OSV that the Company launched into space.

On January 3, 2023, the Company launched Vigoride 5 to low-earth orbit aboard the SpaceX Transporter-6 mission. The mission is ongoing and Vigoride 5 is in good health as it undergoes a deliberate commissioning process in preparation for on-orbit operations. On Vigoride’s first orbital pass, Momentus confirmed that both solar arrays were deployed, and the vehicle was generating power and charging its batteries. As of the date of this Annual Report on Form 10-K, the vehicle’s power and temperatures continue to be within the nominal expected ranges. While Vigoride 5 is carrying two customer payloads, the primary mission objective is to test the spacecraft on orbit, learn from any issues that are encountered and implement lessons learned on future Vigoride vehicles and missions.

Our Relationships with Launch Providers

We have designed our vehicles to be compatible with most rockets, and we have not entered into exclusivity arrangements with any single launch provider. We currently do not anticipate any changes to this approach, as we want to maximize our opportunities and retain the optionality to engage with other launch providers. Other advantages of maintaining a diverse set of launch partners include service resiliency in the event of launch failures and the subsequent grounding of a launch vehicle, access to otherwise protected markets through the use of specific launch vehicles and orbit diversity to provide access to all orbits of interest to our customers.

To date, we have entered into several launch services agreements including with SpaceX, Relativity Space, ABL Space Systems and Gilmour Space. Beyond these providers, we remain in active dialogue and believe we have strong relationships with Blue Origin, ULA, RFA, and several other rocket providers. Our objective is to extend existing agreements or enter into new agreements as necessary to build a robust launch manifest and cadence. Our ability to achieve this objective relies heavily on whether or not we can successfully procure the necessary government licenses and approvals, and slots on the launch provider’s manifests, and whether we can successfully execute on our business plan, including fully developing and validating our technology in space.

We believe we have developed a strong relationship with SpaceX with which we maintain an innovative rideshare partnership. We believe the relationship between our companies is recognized as mutually beneficial. We believe Momentus could unlock a market for SpaceX by consolidating small satellites on our transport vehicles once we have fully developed, tested and validated them in space, which will then be launched by SpaceX on its Falcon-9 rideshare missions, and delivered by Momentus to the small satellites unique, respective orbits.

Competitive Advantages

We believe our ability to compete successfully as a commercial provider of space transportation and infrastructure services will depend on several factors including our ability to fully develop, test and validate our technology in space, our ability to establish and maintain a lead in technological advancements, the price of our offerings, customer confidence in the reliability of our offerings, and the frequency and availability of our offerings. If we are unable to fully develop, test and validate our technologies, we may be unable to execute on our business plan and will be unable to realize the following competitive advantages. We believe that our team’s collective expertise, coupled with the following strengths, may allow us to build our business and compete successfully.

- **Focus on a service model with standardized, modular vehicles:** Unlike traditional aerospace companies, which generally focus on selling hardware, Momentus is applying a service model for infrastructure services in space. We believe our service model will build long-lasting partnership relationships with satellite operators, which could create entry barriers for competitors.

- **Unique technology with patents pending:** We believe that our water plasma propulsion technology and its integration in our vehicles will allow us to provide in-space transportation services at significantly lower cost compared to what can be accomplished using traditional chemical or electrical propulsion systems. We plan to be the first company to commercialize and industrialize MET) water propulsion technology for in-space transportation. While microwave electrothermal propulsion has been researched academically for decades, the commercial viability of the technology has not yet been fully tested or proven. Over the past several years, we have worked on developing our patent-pending water plasma propulsion technology, and we have designed our vehicles and services to incorporate this technology. We are in the process of creating a patent portfolio and, as of December 31, 2022, we had four issued patents and applications for seven additional patent families relating to our water plasma propulsion and other technologies. We believe that our issued patent, pending patent applications and trade secrets will make it more challenging for competitors to use MET propulsion technology.

- **Mission-driven strategy:** Momentus is a mission-driven company, which underpins our focus on our long-term vision and aligns all of our day-to-day activities in achieving this goal. In making decisions about our vehicles, services, technologies, or sales opportunities, we attempt to align our actions with our vision and mission. We believe this helps us make decisions quickly and move towards achieving our goal of developing Momentus as a key provider of space infrastructure services.

- **Compatibility across launch providers:** We have designed and will continue to design our future vehicles to be compatible with most launch vehicles. We believe this will give our customers flexibility around the timing and availability of launches and ensure a competitive market for our launch providers. As more rocket operators emerge, we will work to continue to actively incorporate compatibility to increase customer accessibility.

- **Relationships with launch providers:** We have relationships with several launch providers including SpaceX, Relativity Space, Gilmour Space, Blue Origin, ABL Space Systems, United Launch Alliance (ULA), Rocket Factory Augsburg (RFA) and several other rocket providers. We believe our current rideshare partnership agreement with SpaceX will help us maximize the flexibility, economics, and optionality we can offer our customers. Additionally, as an aggregator of payloads, we believe we will be able to service customers from around the world who might not otherwise have access to launch options. Please see the above section titled "*Our Relationships with Launch Providers*" for additional details.

- **Experienced management team and an industry-leading team of engineers:** Many of our management team members have experience in large organizations, including the U.S. Department of Defense, Raytheon, Lockheed Martin, Maxar, and Northrop Grumman, among others. Our team of engineers is similarly experienced, contributing hundreds of collective years in working in commercial satellite businesses such as Boeing and Maxar, among others. Our commercial team is also led and supported by individuals with considerable experience in commercial space sales. Our efficient vertical integration allows for significant cooperation and interactivity between teams.

Customer Overview

As of February 28, 2023, we have signed contracts for approximately $33 million in backlog (potential revenue). These agreements include firm orders as well as options, which allow customers to opt-in to launches on shorter notice without requiring a separate agreement. The breadth of these signed contracts spans across 18 companies in 12 countries. In general, our customers have the right to cancel their contracts with the understanding that they will forgo their deposits. If a customer cancels a contract before it is required to pay non-refundable deposits, we may not receive revenue from these orders, except for an initial deposit which is paid at the time the contract is signed. Refer to "*Risk Factors — We may not be able to convert our orders in backlog into revenue.*"

Sales and Marketing

We plan to scale and accelerate our sales and marketing efforts and leverage industry partnerships to grow our customer base using a global network of sales professionals. Additionally, if we can successfully execute on our missions, we expect existing customers to exercise contract options and expand their contracts with us for the deployment of their future satellites. We plan to provide new service offerings and sales models over time to increase market share and grow the total addressable market for our in-space infrastructure services assuming we can successfully execute on our missions and business plan.

We anticipate the emergence of new businesses as the space economy continues to be unlocked and new applications are introduced. We plan to position ourselves to capture these emerging and adjacent markets which we believe will be enabled by the development of infrastructure services.

Regulatory

See “*Risk Factors*” for risks and uncertainties related to regulatory requirements.

Federal Communications Commission

The regulations, policies, and guidance issued by the Federal Communications Commission (“FCC”) apply to the operation of our transport vehicles. When we communicate with our transport vehicles using any part of the electromagnetic spectrum, we are operating a space station to which FCC regulations apply. Operators of regulated space stations are required to hold and maintain compliance with proper licenses, and the specific conditions thereof throughout the duration of any given mission. Operators may also seek licenses in other jurisdictions in accordance with multilateral agreements governing the use of the spectrum, and such licenses would generally be accorded equal treatment by the United States. For our initial flight in May 2022 the FCC granted us a Special Temporary Authorization (“STA”), which was modified and extended for five 30-day periods at our request.Following the enactment of a new set of FCC licensing guidelines for small satellites and related systems that applied to Momentus spacecraft, we applied for and in November 2022 were granted an FCC license for the Vigoride 5 mission. We applied for and in February 2023 were granted and FCC license for the Vigoride 6 mission. The FCC continues to pursue additional updated rulemaking that may potentially impact Momentus. The FCC continues to consider additional rules which, among other things, could change the operational, technical and financial requirements for Momentus operations. If these proposed rules become final, they could change system design and financial costs in order to comply with or secure new Momentus spectrum licensure.

National Oceanic and Atmospheric Administration

Momentus transport vehicles will operate with space-qualified photographic equipment installed. While primarily intended to function as mission assurance tools, these cameras will be capable of capturing incidental earth imagery while in orbit. As such, we believed these cameras to be subject to the licensing requirements and regulations of the National Oceanic and Atmosphere Administration's ("NOAA") Commercial Report Sensing Regulatory Affairs (“CRSRA”) office. Until February 2023 we held a license grant from CRSRA authorizing the first ten Vigoride missions. As a consequence of a NOAA interpretation of the licensing regulations and at the suggestion of NOAA we surrendered that license in February. For future missions we will apply for any required NOAA authorizations on a case-by-case basis.

The Federal Aviation Administration

As a participant in launch activities, we are indirectly subject to the license requirements of the Federal Aviation Administration’s (the “FAA”) Office of Commercial Space Transportation (the “AST”). The FAA regulates the airspace of the United States, through which launch vehicles must fly during launch to orbit. The AST office predominantly processes launch license requests submitted by launch vehicle operators, which include information on the constituent payloads flying on any given mission. As a result, reviews of our payloads by the AST occur during, for example, the processing of a SpaceX launch license. During preparation for the inaugural Vigoride-1 mission, the FAA ultimately determined that it was unable to grant to SpaceX an approval of the Momentus payload for the SpaceX Transporter-1 launch in January 2021 due to national security and foreign ownership concerns regarding Momentus raised by the Department of Defense during an interagency review. Despite Momentus payloads being exempt from FAA payload review as a result of our existing NOAA grant, we initiated ongoing engagement with the FAA as part of a preemptive payload review unrelated to a launch license in contemplation of future launch activity. In May 2021, the FAA denied one of our payload review applications due to interagency concerns related to the corporate structure of Momentus at the time of denial. The FAA acknowledged that Momentus was engaged in addressing the concern and indicated that the FAA could reconsider the application once that process is complete. In March 2022, Momentus filed with the FAA an application for a payload review and determination in support of the Vigoride 3 mission. In May 2022, Momentus received from the FAA a favorable payload determination for the Vigoride 3 payload.

The International Traffic in Arms Regulations and Export Controls

Our orbital infrastructure business is subject to, and we must comply with, stringent U.S. import and export control laws, including the International Traffic in Arms Regulations (the "ITAR") of the U.S. Department of State and the Export Administration Regulations (the "EAR") of the Bureau of Industry and Security of the U.S. Department of Commerce. The ITAR generally restricts the export of hardware, software, technical data, and services that have defense or strategic applications. The EAR similarly regulates the export of hardware, software, and technology that has commercial or "dual-use" applications (i.e., both military and commercial applications) or that have less sensitive military or space-related applications that are not subject to the ITAR. The regulations exist to advance the national security and foreign policy interests of the United States.

The U.S. government agencies responsible for administering the ITAR and the EAR have significant discretion in the interpretation and enforcement of these regulations. The agencies also have significant discretion in approving, denying, or conditioning authorizations to engage in controlled activities. Such decisions are influenced by the U.S. government's commitments to multilateral export control regimes, particularly the Missile Technology Control Regime concerning the spaceflight business.

Many different types of internal controls and measures are required to ensure compliance with such export control rules. In particular, we are required to maintain registration under the ITAR; determine the proper licensing jurisdiction and classification of products, software, and technology; and obtain licenses or other forms of U.S. government authorizations to engage in activities, including the performance by foreign persons, related to and who support our spaceflight business. Under the ITAR and the EAR, we must receive permission to release controlled data to foreign persons or physically ship controlled hardware abroad.

See "Risk Factors — We are subject to stringent U.S. export and import control laws and regulations. Unfavorable changes in these laws and regulations or U.S. government licensing policies, our failure to secure timely U.S. government authorizations under these laws and regulations, or our failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operation." The inability to secure and maintain other necessary export authorizations could negatively impact our ability to compete successfully or to operate our spaceflight business as planned. For example, if we were unable to obtain or maintain our licenses to export certain spacecraft hardware, we would be effectively prohibited from launching our vehicles from certain non-U.S. locations, which would limit the number of launch providers we could use. In addition, if we were unable to obtain a Department of State Technical Assistance Agreement to export certain launch provider related services, we would experience difficulties or even be unable to perform integration activities necessary to safely export our transfer vehicles to non-U.S. launch sites. In both cases, these restrictions could lead to higher launch costs which may have a material adverse impact on our results of operations. Similarly, if we were unable to secure effective export licensure to authorize the full scope of activity with a foreign partner or supplier, we may need to implement design changes to spacecraft or updates to our supplier chain, which may increase costs or result in delays in vehicle launch schedules.

Failure to comply with export control laws and regulations could expose us to civil or criminal penalties, fines, investigations, more onerous compliance requirements, loss of export privileges, debarment from government contracts, or limitations on our ability to enter into contracts with the U.S. government. In addition, any changes in export control regulations or U.S. government licensing policy, such as that necessary to implement U.S. government commitments to multilateral control regimes, may restrict our operations.

Interagency Review

Approval of the licenses described above may be subject to interagency reviews that allow multiple government agencies — the Department of Commerce, Department of Defense, Department of State, National Aeronautics and Space Administration ("NASA"), and others — to examine the respective applications from their individual perspectives, including safety, operational, national security, and foreign policy and international obligations implications, as well as review of foreign ownership. As discussed above, the interagency process raised national security concerns relating to foreign ownership and control of Momentus in connection with a 2021 FAA license application. We will constantly engage with the Department of Defense and other federal agencies to understand and address any U.S. government national security concerns. No assurance can be given that we will obtain the licenses described above in this section for our future missions. Even though Momentus has entered into and implemented the NSA, there is no guarantee that the FAA and other U.S. government agencies will continue to grant the necessary authorizations.

National Security Agreement

In February 2021, Momentus and its co-founder Mikhail Kokorich, with support from Stable Road, submitted a joint notice to CFIUS for review of the historical acquisitions of interests in Momentus by Mr. Kokorich, his wife, and entities that they control in response to concerns of the U.S. Department of Defense (the "DoD") regarding Momentus' foreign ownership and control. On June 8, 2021, CFIUS' review of the joint notice relating to historical acquisitions of interests in Momentus by Mr. Kokorich, his wife, and entities that they control concluded when the Company entered into a National Security Agreement with the U.S. government, represented by the U.S. Departments of Defense and the Treasury, and Mr. Kokorich, on behalf of himself and Nortrone Finance S.A. (an entity controlled by Mr. Kokorich), Lev Khasis and Olga Khasis, each in their respective individual capacities and on behalf of Brainyspace LLC (an entity controlled by Olga Khasis) (the "NSA"). In accordance with the NSA, on June 8, 2021, Mr. Kokorich, Nortrone Finance S.A, Lev Khasis and his wife Olga Khasis, and Brainyspace LLC, (collectively, the "Momentus Investors"), fully divested all the shares of Momentus securities beneficially owned by them by selling shares back to Momentus. Pursuant to the NSA, a portion of those divestment proceeds were placed in escrow accounts, and may not be released to the divested investors until after completion of audit by a third-party auditor of the Momentus Investors compliance with the NSA and the lapse of a 15 day period without an objection from the CFIUS Monitoring Agencies. Following the third-party audit of the investors' NSA compliance, all of the escrowed divestment proceeds were released to the Co-Founders as of March 1, 2022, in accordance with the NSA. The NSA also requires, among other things, the following:

- Appointment of a Security Director approved by the U.S. government, represented by the U.S. Departments of Defense and the Treasury (collectively the "CFIUS Monitoring Agencies"), to serve as the primary liaison between Momentus' board of directors and the CFIUS Monitoring Agencies, with the Security Director to have authority to oversee Momentus' compliance with the NSA, including, among other things, to remove and replace Momentus officers and employees, approve all new Momentus directors, and to review, approve and terminate certain contracts and relationships related to access to technology and protected technical information, and to recommend that a director be removed from our board of directors due to an identified national security concern, as determined by the Security Director in consultation with the CFIUS Monitoring Agencies;

- Appointment of a Security Officer, approved by the CFIUS Monitoring Agencies, to report directly to the Security Director and to have primary responsibility for overseeing day-to-day compliance with the NSA and any compliance plans adopted thereunder, including periodic reporting to the CFIUS Monitoring Agencies;

- Appointment of an independent third-party monitor to monitor compliance with the NSA by the parties to the NSA, perform due diligence on all persons that are granted access to protected technical information, protected systems or protected facilities, and to serve as a point of contact for the CFIUS Monitoring Agencies under a monitoring agreement. The third-party monitor will regularly report directly to the CFIUS Monitoring Agencies;

- Appointment of an independent third-party auditor to regularly audit Momentus' compliance with the NSA, and establishment of an audit plan under which the third-party monitor will conduct such audits;

- Establishment of certain communications protocols and restrictions to prevent most communications between Momentus personnel and the Momentus Investors; implementation of certain technology controls to prevent access by the Momentus Investors to protected technical information; regular reporting of technical relationships in which Momentus engages; record keeping and communications logging; establishment of a security plan to safeguard protected technical information, protected systems and protected facilities; and training for all Momentus personnel with respect to the security plan and compliance with the NSA;

- Access and inspection rights for the CFIUS Monitoring Agencies; and

- Periodic reporting by Momentus and the Momentus Investors to the CFIUS Monitoring Agencies.

As summarized above and as further set forth in the NSA, Momentus is subject to various requirements under the NSA. Momentus is required to ensure that the Security Director reports any actual or potential violation of the NSA to the CFIUS Monitoring Agencies and the third-party monitor within 24 hours of discovery, and failure to comply with certain requirements under the NSA could subject Momentus to liquidated damages payable to the U.S. government in the amount of $100,000 per day, up to an aggregate amount of $1,000,000 per breach. See "*Risk Factors — We are subject to various requirements and restrictions under the NSA we have entered into with the U.S. government, and we are incurring significant costs to comply with those requirements and may be subject to* *significant monetary penalties if we are deemed not to be in compliance with the requirements and restrictions under the NSA*."

Human Capital

People are our most important asset. Since its inception, Momentus has sought to recruit creative, positive persons with a diverse set of business capabilities to play an integral role in building our company. As we move into the next stage of our growth, we are devoting more resources to our human capital and are building the infrastructure necessary to support our workforce and promote communication, respect, and diversity among our team. We have established our Human Resources and Talent Acquisition department and have hired a Vice President to lead that group and direct our initiatives as we are deeply committed to continuing to grow and develop our team. As of December 31, 2022, we had 123 employees consisting of 91 employees in our research and development and manufacturing teams, four employees in our sales and marketing teams and 28 employees in general and administrative functions. Many of our employees bring significant experience from prior positions working for leading defense primes, satellite manufacturers, other commercial and military aerospace companies, and government agencies.

Facilities

Beginning in 2021, we leased an approximately 65,000-square-foot facility in San Jose, California, which serves as our headquarters, propulsion laboratory, and Vigoride assembly and test center. This space allows us to ramp up production volumes for Vigoride vehicles, increase available laboratory space, and accelerate thruster and other developments. Three minor leases expired during 2022 as we completed the consolidation of operations to our San Jose facility. We plan to launch our orbital vehicles in partnership with various rocket providers, including SpaceX and Relativity Space, among others. Our rocket launch partners will provide the necessary land, facility, and machinery to successfully complete the launches.

ITEM 1A. Risk Factors

Investing in our securities involves risks. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before deciding whether to purchase any of our securities. Our business, results of operations, financial condition, and prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of these risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. Unless otherwise indicated, references in these risk factors to our business being harmed will include harm to our business, reputation, brand, financial condition, results of operations, and prospects. In such event, the market price of our securities could decline, and you could lose all or part of your investment.

Unless the context otherwise requires, all references in this subsection to the "Company," "we," "us" or "our" refer to Momentus and its subsidiaries.

Risks Related to the Business and Industry of Momentus

We have a limited history of delivering customer satellites into orbit using our service vehicles, and setbacks experienced during our initial mission or in future missions and other demonstration and commercial missions could have a material adverse effect on our business, financial condition and results of operation and could harm our reputation.

The success of our in-space infrastructure services business will depend on our ability to successfully and regularly deliver customer satellites to custom orbits. Our initial mission in May 2022 was a hybrid commercial-demonstration mission in which our vehicles would deliver paying customers' satellites into orbit for the first time. We used a third-party deployer from a partner company to place our first customer satellite in orbit. Our Vigoride spacecraft reached low-earth orbit and was able to deploy two out of nine customer satellites, but certain anomalies relating primarily to its communication and power systems limited our ability to communicate with the vehicle. Since that time, the Vigoride spacecraft has deployed five additional customer satellites, but we have been unable to confirm the deployment of the remaining two customer satellites. The communication issues have also prevented Vigoride from performing orbit change maneuvers and technology demonstrations that were part of our program to validate our technology in space, and to demonstrate end-to-end in-space transfer and service operations.

We plan to use the ongoing Vigoride 5 mission, as well as future Vigoride missions, to conduct on-orbit functional proof of principle and performance verification data for the MET — this data will be used to assess the efficacy of the MET and identify potential refinements or upgrades for future versions of the MET in order to improve its performance. Like the ground test campaigns we conduct, on-orbit tests can be understood as incremental confidence-building measures — meeting key requirements for thrust, specific impulse, firing duration, lifetime and other performance parameters will help Momentus determine whether the MET is performing in accordance with our expectations. Doing so repeatedly, both on the ground and on orbit, will demonstrate the soundness and robustness of the MET design and is expected to contribute to growing customer confidence over time. Despite the anomalies experienced on Vigoride 3, we are using the results of the inaugural mission, and expect to use the data collected from future missions, to determine what services or level of services we will be able to initially provide customers, including the degree to which Vigoride possesses capabilities of providing customers with low-earth orbit transfer services. We anticipate that each mission will also lay the groundwork for continual improvements and enhancements that we plan to flight-demonstrate on future missions. We plan to offer low-earth orbit transfer services to customers in the future, based in part on the outcome of future missions and the MET demonstration, as well as the results of ongoing ground testing.

The version of our Vigoride vehicle that we are currently operating (Vigoride 5) has never been flown in space. In addition, while we have previously flown our first generation MET in space, that mission did not demonstrate the MET's ability to generate a measured orbit change in space, which is crucial to our ability to maneuver objects in space. Moreover, even if the unit generates thrust, there can be no assurance that other systems and subsystems can be operated in a manner that is sufficiently reliable and efficient to permit full commercialization of the technology.

We are mindful of the inherent risks involved in the initial use of hardware and complex systems in space given the difficulties of replicating all aspects of the environment and stresses that the system will experience in space during ground-based testing in simulated environments. We have learned and gathered valuable data during this inaugural mission of Vigoride as we continue to develop and improve the system and our other systems.

While we have conducted an analysis of the root causes of the anomalies experienced by Vigoride on its inaugural mission (Vigoride 3), there can be no assurance that we will not experience operational or process failures and other problems during our ongoing Vigoride 5 mission or during future missions. Any failures, delays or setbacks, including anomalies experienced in our current or future mission, could harm our reputation and have a material adverse effect on our business, financial condition and results.

A key component of our business model is the delivery of satellites using our vehicles from low-earth orbit to other orbits. The technology for this maneuver is still in the development stage and development has not been completed. If we are unable to develop and validate such technology or technology for other planned services, our operating results and business will be materially adversely affected.

While we plan to initially deliver satellites within low-earth orbit, the success of our business is in large part dependent on our ability to develop more powerful and efficient propulsion to deliver satellites and other payloads to other orbits and provide other services, such as hosted payload, deorbiting of defunct or obsolete satellites and satellite repositioning. This technology is currently under development, and if we fail to successfully complete the development and validate this technology through actual deployment and testing of such technology in space, or if we experience any delays or setbacks in the development of this technology or encounter difficulties in scaling our delivery or servicing capabilities, we may not be able to fully execute or realize our business model and our financial results and prospects would be materially adversely affected.

Additionally, as part of our business plan, we plan to provide reusable vehicles and offer in orbit services, such as hosted payload, inspection, refueling, life extension, re-positioning, salvage missions, maintenance and repair, and de-orbiting. This will require development of new capabilities for our vehicles, such as the capability to perform proximity maneuvering and berthing. These anticipated capabilities need technologies that are unproven and subject to significant continued design and development efforts, may take longer than anticipated to materialize, if at all, and may never be commercialized in a way that would allow us to generate revenue from the sale of these services and offerings. Relatedly, if such technologies become viable in the future, we may be subject to increased competition, and some competitors may have substantially greater monetary and knowledge resources than we have and expect to have in the future to devote to the development of these technologies.

We may not receive all required governmental licenses and approvals

The FAA denied a payload review application in May 2021 due to interagency concerns related to our foreign ownership and corporate structure. The FAA denial notice, which was received before we entered into the NSA, indicated that Momentus was engaged in addressing the government's national security concerns and that the FAA could reconsider the application once that process is complete. As discussed elsewhere in this report, in May 2022 we received a favorable determination from the FAA of its application for payload review for our inaugural

Vigoride mission (Vigoride 3). We also continue to progress toward implementation of the NSA, but there can be no assurance that our efforts will satisfy the government's national security concerns in time to obtain licenses or approvals needed for planned future missions.

U.S. government agencies other than the agency to which we apply to for a license or approval may review our applications to the FCC, FAA or other regulatory authorities, including to evaluate the national security implications of an application, which could result in delays. For example, in November 2020, the Committee for the Assessment of Foreign Participation in the United States Telecommunications Service Sector (the "Committee") requested to review two of our FCC license applications to determine whether approval posed a risk to the national security or law enforcement interests of the United States. While in that instance, the Committee withdrew its request for review without explanation, it is possible that reviews of applications for licenses or approvals by the Committee or other regulatory bodies may occur in the future. Such reviews could delay the issuance of, or result in a denial of, licenses or approvals.

No assurance can be given that we will obtain FAA or FCC authorizations or other authorizations that may be necessary to our business in a timely manner, especially in light of the ongoing U.S. government oversight of Momentus discussed under "*Business — Regulatory — National Security Agreement*" in this Annual Report on Form 10-K. Moreover, there is no guarantee that the FCC, the FAA and other U.S. government agencies will grant the necessary authorizations to operate our spaceflight business as planned, despite our progress toward implementation of the NSA. If we do not receive these approvals in a timely manner, our financial condition, results of operations, backlog and prospects will be materially adversely affected.

We have incurred significant losses since inception, we expect to incur losses in the future and we may not be able to achieve or maintain profitability.

We have incurred significant losses since inception. We incurred operating losses of $91.3 million and $99.8 million for the years ended December 31, 2022 and 2021, respectively. We have not yet fully tested and validated our technology, and it is difficult for us to predict our future operating results. As a result, our losses may be larger than anticipated, and we may not achieve profitability when expected, or at all, and even if we do, we may not be able to maintain or increase profitability.

We expect our operating expenses to increase over the next several years as we scale our operations, increase selling, general and administrative and research and development efforts relating to building corporate infrastructure to support being a public company, compliance with the NSA, new service offerings and technologies, and hire more employees. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow. Furthermore, if our future growth and operating performance fail to meet investor or analyst expectations, or if we have future negative cash flow or losses resulting from expanding our operations, this could have a material adverse effect on our business, financial condition and results of operations.

We will require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all.

Our cash and cash equivalents of $61.1 million as of December 31, 2022, is anticipated to be sufficient to support our operations for at least 12 months from the date of the filing of this Annual Report on Form 10-K. However, execution of our longer-term business plan will require that the Company raise additional capital. Our ability to raise additional capital is subject to a number of risks and uncertainties outside of our control, such as the state of the capital markets generally, and there can be no assurance that we will be successful at raising additional capital when we need it, on acceptable terms or at all.

To raise additional funding, we may sell equity securities or debt securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, our current investors may be materially diluted. Any debt financing, if available, may involve restrictive covenants and could reduce our operational flexibility or profitability.

During the year ended December 31, 2022, we entered into an at-the-market equity offering sales agreement with a sales agent which allows the Company to sell, through the sales agent, using at-the-market offerings, shares of Common Stock up to an aggregate offer price of up to $50.0 million. However, as of the date of the filing of this Annual Report on Form 10-K, we have not sold any shares under the agreement.

On February 27, 2023, we sold an aggregate of 9,396,000 shares of Common Stock at a purchase price of $0.8646 per share, pre-funded warrants to purchase an aggregate of 2,170,043 shares of Common Stock at a purchase price of $0.8646 per pre-funded warrant less the exercise price of $0.00001 per pre-funded warrant, and warrants to purchase 11,566,043 shares of Common Stock to an institutional investor. The aggregate gross proceeds of this offering, before the deduction of fees and expenses, was approximately $10.00 million. We expect to use substantially all of the net proceeds from this offering to satisfy certain stock repurchase obligations of the Company from prior to the Business Combination.

We have taken steps and are also exploring additional options that would reduce the Company's cash expenditures, but regardless of the success of these efforts we will need to raise additional capital in order to execute our longer-term business plan. If we cannot raise funds on acceptable terms, or at all, we may not be able to grow our business, respond to competitive pressures or execute our longer-term business plans.

We are dependent on the successful development of our satellite vehicles and related technology.

Our current primary research and development objectives focus on the development of our existing and future vehicles and related technology. If we do not complete development of these vehicles in our anticipated timeframes or at all, our ability to grow our business will be adversely affected. The successful development of our vehicles and related technology involves many uncertainties, some of which are beyond our control, including, but not limited to:

- timing in finalizing vehicle design and specifications;
- successful completion of test programs and demonstration missions;
- whether we will receive and the timing of receipt of licenses and government approvals that will allow us to fly our vehicles in space and gather valuable data that will assist in further development of our vehicles;
- meeting stated technological objectives and goals for the design on time, on budget and within target cost objectives;
- our ability to obtain additional applicable approvals, licenses or certifications from regulatory agencies and maintaining current approvals, licenses or certifications;
- our ability to secure slots on our launch providers' manifests;
- performance of our manufacturing facility despite risks that disrupt productions, such as natural disasters;
- performance of a limited number of suppliers for certain raw materials and supplied components and their willingness to do business with us;
- performance of our third-party contractors that support our research and development activities;
- our ability to protect our intellectual property critical to the design and function of our transport vehicles;
- our ability to continue funding and maintaining our research and development activities; and
- the impact of the COVID-19 pandemic on us, our customers, suppliers and distributors, and the global economy; and
- our ability to comply with the terms of the NSA and any related compliance measures instituted by the Security Director.

We may not be successful in developing new technology, and the technology we are successful in developing may not meet the needs of our customers or potential new customers.

The markets in which we operate are characterized by changing technology and evolving industry standards, and we may not be successful in identifying, developing and marketing products and services that respond to rapid technological change, evolving technical standards and systems developed by others. Our competitors may develop technology that better meets the needs of our customers. If we do not continue to develop, manufacture, and market innovative technologies or applications that meet customers' requirements, sales may suffer and our business may not continue to grow in line with historical rates or at all. If we are unable to achieve sustained growth, we may be unable to execute our business strategy, expand our business, or fund other liquidity needs, and our business prospects, financial condition and results of operations could be materially and adversely affected.

We operate in highly competitive industries and in various jurisdictions across the world which may cause us to have to reduce our prices.

We operate in highly competitive industries and many of our competitors are larger and have substantially greater resources than we have.

We may also face competition in the future from emerging low-cost competitors. Competition in the rocket launch, satellite and satellite component businesses is highly diverse, and while our competitors offer different products and services, there is often competition for contracts.

In addition, some of our foreign competitors currently benefit from, and others may benefit in the future from, protective measures by their home countries where governments are providing financial support, including significant investments in the development of new technologies. Government support of this nature greatly reduces the commercial risks associated with rocket launch, satellite and satellite component development activities for these competitors. This market environment may result in increased pressures on our pricing and other competitive factors.

The expansion of our operations subjects us to additional risks that can adversely affect our operating results.

We contemplate further expansion of our operations as part of our growth strategy. Our current and contemplated operations subject us to a variety of risks, including:

- recruiting and retaining talented and capable management and employees;
- competition from other companies with significant market share in those markets and with better understanding of demand;
- difficulties in enforcing contracts, collecting accounts receivables, and longer payment cycles;
- regulatory, political or contractual limitations on our ability to operate in certain foreign markets, including trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses;
- compliance with anti-bribery laws, including without limitation the Foreign Corrupt Practices Act (the “FCPA”);
- varying security laws and regulations in other countries;
- increased management, travel, infrastructure and legal compliance costs associated with having multiple operations;
- differing regulatory and legal requirements and possible enactment of additional regulations or restrictions on the use, import or export of our products and services, which could delay or prevent the sale or use of our products and services in some jurisdictions;
- currency translation and transaction risk, which may negatively affect our revenue, cost of net revenue, and gross margins, and could result in exchange losses;
- heightened exposure to political instability, war and terrorism;
- weaker protection of intellectual property rights in some countries; and
- overlapping of different tax regimes.

Momentus’ limited operating history makes it difficult to evaluate its future prospects and the risks and challenges it may encounter.

We have been focused on developing space transportation and infrastructure services since 2017. This limited operating history makes it difficult to evaluate Momentus’ future prospects and the risks and challenges we may encounter. Risks and challenges Momentus has faced or expects to face include our ability to:

- forecast revenue and budget for and manage expenses;
- attract new customers and retain existing customers;
- effectively manage growth and business operations, including planning for and managing capital expenditures for current and future vehicles and services, and managing the supply chain and supplier relationships related to current and future vehicles and services;
- comply with existing and new or modified laws and regulations applicable to our business, including export control regulations;

- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- develop and protect intellectual property; and
- hire, integrate and retain talented people at all levels of our organization.

If Momentus fails to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this "*Risk Factors*" section, our business, financial condition and results of operations could be adversely affected. Further, because Momentus has limited historical financial data and operates in a rapidly evolving market, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more developed market. Momentus has encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If Momentus' assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations could be adversely affected.

The market for in-space infrastructure services has not been established with precision, is still emerging and may not achieve the growth potential we expect.

The markets for in-space infrastructure services have not been established with precision as the commercialization of space is a relatively new development and is rapidly evolving. Our estimates for the total addressable markets for in-space infrastructure services are based on a number of internal and third-party estimates, including our current backlog, assumed prices at which we can offer services, assumed frequency of service, our ability to leverage our current manufacturing and operational processes and general market conditions. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the annual total addressable markets for in-space infrastructure services, as well as the expected growth rate for the total addressable market for that experience, may prove to be incorrect.

We may not be able to convert our orders in backlog into revenue.

As of February 28, 2023, our backlog consisted of approximately $33 million in customer contracts, including firm orders and options for future services. However, these contracts are cancellable by customers for convenience. If a customer cancels a contract before it is required to pay the last deposit prior to launch, we may not receive all potential revenue from these orders, except for an initial non-refundable deposit which is paid at the time the contract is signed. In certain situations, Momentus may decide to refund customers for their deposits, even though it is not contractually required, to maintain goodwill with customers.

In addition, backlog may be subject to large variations from quarter to quarter and comparisons of backlog from period to period are not necessarily indicative of future revenues. Furthermore, some contracts comprising the backlog are for services scheduled many years in the future, and the economic viability of customers with whom we have contracted is not guaranteed over time. As a result, the contracts comprising our backlog may not result in actual revenue in any particular period, or at all, and the actual revenue from such contracts may differ from our backlog estimates. The timing of receipt of revenues, if any, on projects included in the backlog could change because many factors affect the scheduling of missions and adjustments to contracts may also occur. The failure to realize some portion of our backlog could adversely affect our revenues and gross margins. Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates.

In addition, if we do not receive regulatory approvals in a timely manner, or our future missions experience anomalies in addition to the issues experienced by our inaugural Vigoride mission (Vigoride 3), our backlog and prospects will be materially adversely affected. For example, we have experienced erosion in our backlog from $86 million as of March 4, 2021 to $67 million as of January 31, 2022, to $33 million as of February 28, 2023, as customers chose to cancel their contracts with us and seek alternative providers due to delays in our scheduled missions. If we continue to experience delays or future missions experience significant anomalies, we could experience further erosion in our backlog.

Our future revenue and operating results are dependent on our ability to generate a sustainable order rate for our products and services and develop new technologies to meet the needs of our customers or potential new customers.

Our financial performance is dependent on our ability to generate a sustainable order rate for our services. This can be challenging and may fluctuate on an annual basis as the number of contracts awarded varies. If we are unable to win new awards or execute existing contracts as expected, our business, results of operations, and financial position could be further adversely affected.

The cyclical nature of the space industry could negatively impact our ability to accurately forecast customer demand. We may not be able to maintain adequate gross margins or profits in these markets. Our growth is dependent on the growth in the sales of services provided by our customers, our customers' ability to anticipate market trends, and our ability to anticipate changes in the businesses of our customers and to successfully identify and enter new markets. If we fail to anticipate such changes in demand, our business, results of operations, and financial position could be adversely affected.

We have previously experienced, and may experience in the future, delays or other complications in the design, manufacture and commercialization of new rocket launch services, mission services, satellites, satellite components and related technology. If we fail to develop and successfully commercialize new technologies, if we fail to develop such technologies before our competitors, or if such technologies fail to perform as expected, or are inferior to those of our competitors, our business, financial condition and results of operations could be materially and adversely impacted.

We are dependent on third-party launch vehicles to launch our vehicles and customer payloads into space and any delay could have a material adverse impact to our financial condition and results of operations.

Currently there are only a handful of companies who offer launch services, and if this sector of the space industry does not grow or there is consolidation among these companies, we may not be able to secure space on a launch vehicle or such space may be more costly.

Our vehicles are expected to provide "last-mile" transport for satellites to their custom orbit after they are released at a drop off point in space. Therefore, we are dependent on third-party launch vehicles to deliver our vehicles into space. If the number of companies offering launch services or the number of launches does not grow in the future or there is a consolidation among companies who offer these services, this could result in a shortage of space on these launch vehicles, which may cause delays in our ability to meet our customers' needs. Additionally, a shortage of space available on launch vehicles may cause prices to increase or cause delays in our ability to meet our customers' needs. Either of these situations could have a material adverse effect on our results of operations and financial condition.

Further, in the event that a launch is delayed by third-party launch providers or for other reasons, our timing for revenue recognition may be impacted depending on the length of the delay and the nature of the contract with the customers with payloads on such delayed flight. For example, SpaceX delayed the December 2020 launch of Transporter-1, a Falcon 9 launch, on which our inaugural vehicle was intended to fly. Then, on May 10, 2021 and before we entered into the NSA, Momentus received a letter from the FAA denying Momentus' application for a payload review for the planned June 2021 launch based on the FAA's finding that its launch would jeopardize U.S. national security. While Momentus has signed Launch Services Agreements with SpaceX to reserve space for our vehicles on upcoming launches, such flights are dependent on Momentus successfully completing payload reviews by the FAA for each launch.

We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.

If our operations continue to grow as planned, of which there can be no assurance, we will need to expand our sales and marketing, research and development, customer and commercial strategy, products and services, supply, and manufacturing functions. We will also need to continue to leverage our manufacturing and operational systems and processes, and there is no guarantee that we will be able to scale the business and the manufacture of vehicles as currently planned or within the planned timeframe. The continued expansion of our business may also require additional manufacturing and operational facilities, as well as space for administrative support. For example, we recently leased an approximately 65,000-square-foot facility that can accommodate the manufacture and assembly of our next generation Vigoride vehicles.

Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring and training employees, finding manufacturing capacity to produce our vehicles and related equipment, and delays in production. These difficulties divert the attention of management and key employees and impact financial and operational results. If we are unable to drive commensurate growth, these costs, which include lease commitments, headcount and capital assets, could result in decreased margins and operating results, which could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our expansion has placed, and our expected future growth will continue to place, a significant strain on our management, sales and marketing, administrative, financial, research and development, and other resources. If we fail to manage our anticipated growth, such failure could negatively affect our reputation and harm our ability to attract new customers and to grow our business.

To manage growth in our operations, we will need to continue to grow and improve our operational, financial and management controls and our reporting systems and procedures. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations, and financial condition will be harmed, and we may not be able to achieve or maintain profitability. If we are unable to accomplish any of the following tasks, our revenue growth will be harmed:

- scale our revenue and achieve the operating efficiencies necessary to achieve and maintain profitability;
- anticipate and respond to changing customer preferences;
- anticipate and respond to macroeconomic changes generally, including changes in the markets for rocket launch services, mission services, satellites and satellite components;
- improve and expand our operations and information systems;
- successfully compete against established companies and new market entrants;
- manage and improve our business processes in response to changing business needs;
- effectively scale our operations while maintaining high customer satisfaction;
- hire and retain talented employees at all levels of our business;
- avoid or manage interruptions in our business from information technology downtime, cybersecurity breaches and other factors affecting our physical and digital infrastructure;
- adapt to changing conditions in our industry and related to the COVID-19 pandemic and measures implemented to contain its spread; and
- comply with regulations applicable to our business.

A pandemic outbreak of a novel strain of coronavirus, also known as COVID-19, has disrupted and may continue to adversely affect our business.

The global spread of COVID-19 has disrupted certain aspects of our operations and may continue to adversely impact our business operations and financial results, including our ability to execute on our business strategy and goals. Specifically, the continued spread of COVID-19 and new strains of the virus and precautionary actions taken related to COVID-19 have adversely impacted, and are expected to continue to adversely impact, our operations, including causing delays or disruptions in our supply chain and decreasing our operational efficiency in the development of our vehicles. We are taking measures within our facilities to ensure the health and safety of our employees, which include universal facial coverings, rearranging facilities to follow social distancing protocols, conducting active daily temperature checks and undertaking regular and thorough disinfecting of surfaces and tools. However, there can be no assurances that these measures will prevent a future outbreak of COVID-19 within our workforce.

The pandemic has also resulted in, and may continue to result in, significant disruption and volatility of global financial markets. This disruption and volatility may adversely impact our ability to access capital, which could in the future negatively affect our liquidity and capital resources. Given the rapid and evolving nature of the impact of the virus, responsive measures taken by governmental authorities and the uncertainty about its impact on society and the global economy, we cannot predict the extent to which it will affect our operations, particularly if these impacts persist or worsen over an extended period of time. To the extent COVID-19 adversely affects our business operations, liquidity and financial results, it may also have the effect of heightening many of the other risks described in this “*Risk Factors*” section.

We may experience a total loss of our vehicle and our customers' payloads during the launch into space, and any insurance we have may not be adequate to cover our loss.

Although there have been and will continue to be technological advances in spaceflight, it is still an activity with inherent risk. Explosions and other accidents on launch or during the flight have occurred and will likely occur in the future. If such incidents should occur, we will likely experience a total loss of our vehicle and our customers' payloads. The total or partial loss of one or more vehicles or customer payloads could have a material adverse effect on our results of operations and financial condition. For some missions, we can elect to buy launch insurance, which can reduce our monetary losses from the launch failure, but it may not cover all losses associated with launch failure and possible further losses incurred from the inability to test our technology from the result of such failure.

Depending on the circumstances and market conditions, launch insurance may be extremely expensive, and we cannot assure that we will be able to acquire it on favorable terms, or at all. While we are not procuring launch insurance at this time, we are compliant with third party on orbit liability insurance requirements as required by certain countries where certain of our customers domicile.

Our business involves significant risks and uncertainties that may not be covered by insurance.

A significant portion of our business relates to designing, developing and manufacturing advanced space technology products and services. New technologies may be untested or unproven. Failure of some of these products and services could result in extensive property damage. Accordingly, we may incur liabilities that are unique to our products and services.

The amount of insurance coverage that we maintain may not be adequate to cover all claims or liabilities. Existing coverage may be canceled while we remain exposed to the risk and it is not possible to obtain insurance to protect against all operational risks, natural hazards and liabilities.

We have insured against liability to third parties from launch activities as required by law to the extent that insurance was available on acceptable premiums and other terms. The insurance coverage for third- party damages may not be sufficient to cover the liability. Although the U.S. government may pay claims for third-party damages to the extent they exceed our insurance coverage, this depends on a government appropriation and is subject to a statutory limit. In addition, this insurance will not protect us against our own losses, including to our launch support operations, complex and satellites.

The price and availability of insurance fluctuate significantly. Insurance market conditions or factors outside our control, such as failure of launch vehicles and satellites, could cause premiums to be significantly higher than current estimates and could reduce amounts of available coverage. The cost of our insurance has been increasing and may continue to increase. Higher premiums on insurance policies will reduce our operating income by the amount of such increased premiums. If the terms of insurance policies become less favorable than those currently available, there may be limits on the amount of coverage that we can obtain or we may not be able to obtain insurance at all.

In addition, even though we carry business interruption insurance policies, any business interruption losses could exceed the coverage available or be excluded from our insurance policies. Any disruption of our ability to operate our business could result in a material decrease in our revenues or significant additional costs to replace, repair, or insure our assets, which could have a material adverse impact on our financial condition and results of operations.

Our customers and suppliers face similar threats. Customer or supplier proprietary, classified, or sensitive information stored on our networks is at risk. Assets, intellectual property and products in customer or supplier environments are also inherently at risk. We also have risk where we have access to customer and supplier networks and face risks of breach, disruption, or loss as well.

Satellites are subject to manufacturing and launch delays, damage or destruction during pre-launch operations, launch failures and incorrect orbital placement, the occurrence of which can materially and adversely affect our operations.

Delays in the manufacturing of satellites, launch delays, damage or destruction during pre-launch operations, launch failures or incorrect orbital placement could have a material adverse effect on our business, financial condition and results of operations. The loss of, or damage to, a satellite due to a launch failure could result in significant delays in anticipated revenue to be generated by that satellite. Any significant delay in the commencement of service of a satellite would delay or potentially permanently reduce the revenue anticipated to be generated by that satellite. In addition, if the loss of a satellite were to occur, we may not be able to accommodate affected customers with our other satellites until a replacement satellite is available, and we may not have on hand, or be able to obtain in a timely manner, the necessary funds to cover the cost of any necessary satellite replacement. Any launch delay, launch failure, underperformance, delay, or perceived delay could have a material adverse effect on our results of operations, business prospects and financial condition.

If our spacecraft fail to operate as intended, it could have a material adverse effect on our business, financial condition and results of operations.

The manufacturing, testing, launching and operation of a spacecraft involves complex processes and technology. Our satellites employ advanced technologies and sensors that are exposed to severe environmental stresses that have and could affect the performance of satellites. Hardware component problems and software issues could lead to deterioration in performance or loss of functionality of a spacecraft. In addition, human operators may execute improper commands that may negatively impact a spacecraft performance. Exposure of our spacecraft to an unanticipated catastrophic event, such as collision with space debris, could reduce the performance of, or completely destroy, the affected spacecraft.

For example, the inaugural flight of our Vigoride spacecraft (Vigoride 3) reached low-earth orbit and was able to deploy two out of nine customer satellites, but certain anomalies relating primarily to its communication and power systems limited our ability to communicate with the vehicle. Since that time, the Vigoride spacecraft has deployed five additional customer satellites, but we have been unable to confirm the deployment of the remaining two customer satellites. The communication issues have also prevented Vigoride from performing orbit change maneuvers and technology demonstrations that were part of our program to validate our technology in space, and to demonstrate end-to-end in-space transfer and service operations.

During any period of time in which a spacecraft is not operational, we may lose most or all of the revenue that otherwise would have been derived from it. Our inability to repair or replace a defective type of spacecraft or correct any other technical problem in a timely manner could result in a significant loss of revenue. If a spacecraft experiences a significant anomaly such that its type is no longer operational, it would significantly impact our business, prospects and profitability. Additionally, any satellite failures could damage our reputation and ability to obtain future customers for our launch services, prevent us from receiving any payments contingent on a successful launch and increase our insurance rates, which could have a material adverse effect on our business and prospects.

We cannot provide assurances that our satellites will continue to operate successfully in space throughout their expected operational lives. Even if a satellite is operated properly, technical flaws in that satellite's sensors or other technical deficiencies or anomalies could significantly hinder its performance.

We may experience other problems with our satellites that may reduce their performance. During any period of time in which a satellite is not fully operational, we may lose most or all of the revenue that otherwise would have been derived from that satellite. Our inability to repair or replace a defective satellite or correct any other technical problem in a timely manner could result in a significant loss of revenue. If a satellite experiences a significant anomaly such that it becomes impaired or is no longer functional, it would significantly impact our business, prospects and profitability.

Space is a harsh and unpredictable environment where our products and service offerings are exposed to a wide and unique range of environmental risks, including, among others, coronal mass ejections, solar flares and other extreme space weather events and potential collision with space debris or another spacecraft, which could adversely affect our launch vehicle and spacecraft performance.

Space weather, including coronal mass ejections and solar flares have the potential to impact the performance and controllability of launch vehicles and spacecraft on orbit, including completely disabling our launch vehicles or spacecraft on orbit. Although we have some ability to actively maneuver our satellites to avoid potential collisions with space debris or other spacecraft, this ability is limited by, among other factors, uncertainties and inaccuracies in the projected orbit location of and predicted conjunctions with debris objects tracked and cataloged by the U.S. government. Additionally, some space debris is too small to be tracked and therefore its orbital location is completely unknown; nevertheless, this debris is still large enough to potentially cause severe damage or a failure of our launch vehicles or satellites should a collision occur.

Increased congestion from the proliferation of low-earth orbit constellations could materially increase the risks of potential collision with space debris or another spacecraft and limit or impair our launch flexibility and/or access to our own orbital slots.

Recent years have seen increases in the number of satellites deployed to low-earth orbits, and publicly announced plans call for many thousands of additional satellite deployments over the next decade. The proliferation of these low-earth orbit constellations could materially increase the risks of potential collision with space debris or another spacecraft and affect our ability to effectively access sufficient orbital slots to support the expected growth across our business.

Our revenue, results of operations and reputation may be negatively impacted if our products contain defects or fail to operate in the expected manner.

We sell complex and technologically advanced products and services, including rocket launch services, mission services, satellites and satellite components. Sophisticated software used in our products and services, including software developed by us, may contain defects that can unexpectedly interfere with the software's intended operation. Defects may also occur in components and products that we manufacture or purchase from third parties. Most of the launch vehicles, satellites and satellite components we have developed must function under demanding and unpredictable operating conditions and in harsh and potentially destructive environments. Our products and services may not be successfully implemented, pass required acceptance criteria, or operate or give the desired output, or we may not be able to detect and fix all defects in the launch vehicles, satellites, satellite components and systems we sell and/or use.

We employ sophisticated design and testing processes and practices, which include a range of stringent factory and on-site acceptance tests with criteria and requirements that are jointly developed with customers. Our systems may not be successfully implemented, pass required acceptance criteria, or operate or give the desired output, or we may not be able to detect and fix all defects in the satellites, products, hardware and software we sell or resolve any delays or availability issues in the launch services we procure. Failure to do so could result in increased costs, lost revenue and damage to our reputation and may adversely affect our ability to win new contract awards.

For example, the inaugural flight of our Vigoride spacecraft (Vigoride 3) reached low-earth orbit but certain anomalies relating primarily to its communication and power systems limited our ability to communicate with the vehicle. The communication issues prevented Vigoride from performing orbit change maneuvers and technology demonstrations that were part of our program to validate our technology in space, and to demonstrate end-to-end in-space transfer and service operations.

Fluctuations in foreign exchange rates or future hedging activities could in the future have a negative impact on our business.

We are exposed to foreign exchange risk as certain of our expenses and liabilities are required to be paid in currencies other than the U.S. dollar. We generally maintain our cash and cash equivalents in U.S. dollars or investments denominated in U.S. dollars. Fluctuations in foreign exchange rates, which can be unpredictable, could result in disproportion increases in our expenses and future liabilities as compared to our revenue and current assets. We do not currently, but may in the future, use hedging strategies or seek to maintain a greater portion of our cash and cash equivalents in foreign currencies or investments denominated in foreign currencies to manage and minimize the impact of exchange rate fluctuations on our consolidated financial statements. If we decide to hedge our foreign currency exchange rate exposure, we may not be able to hedge effectively due to lack of experience, unreasonable costs, or illiquid markets.

Our secured loan facility contains various covenants that limit our management's discretion in the operation of our business.

Our secured loan facility restricts our ability to, among other things:

- incur additional indebtedness or guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem our capital stock;
- undergo fundamental changes, including a change of control;
- make loans and investments;
- prepay any indebtedness (other than loans under the loan facility);
- enter into transactions with related persons;
- sell assets;
- incur liens; and
- acquire or create any subsidiary.

In each case, subject to certain exceptions. Any failure to comply with the restrictions of our secured loan facility or any other subsequent financing agreements may result in an event of default. An event of default under the secured loan facility will allow the lender to accelerate amounts outstanding under the facility. In addition, the lender may terminate any commitments it had made to supply us with further funds. Furthermore, if we were unable to repay the amounts due and payable under the facility, the lender could proceed against the collateral securing such indebtedness, which includes all of our assets, including all of our intellectual property. As of March 31, 2021, we had fully borrowed the $25 million available under the facility. This loan was originally due on March 1, 2022; however, Momentus exercised its option to amortize the repayment of the loan over 24 months.

We rely on a limited number of suppliers for certain raw materials and supplied components. We may not be able to obtain sufficient raw materials or supplied components to meet our manufacturing and operating needs or obtain such materials on favorable terms or at all, which could impair our ability to fulfill our orders in a timely manner or increase our costs of production.

Our ability to produce our current and future vehicle systems and other components of operation is dependent upon sufficient availability of raw materials and supplied components, which we secure from a limited number of suppliers.

Our reliance on suppliers to secure these raw materials and supplied components exposes us to volatility in the prices and availability of these materials. We may not be able to obtain sufficient supplies of raw materials or supplied components on favorable terms or at all, which could result in delays in the manufacture of our vehicles or increased costs.

In addition, we have in the past experienced and may in the future experience delays in manufacturing or operation as we go through the requalification process with any replacement third-party supplier, as well as the limitations imposed by the ITAR, the EAR, or other restrictions on transfer of sensitive technologies and limitations which may be imposed by our Security Director and/or pursuant to the NSA. Moreover, the imposition of tariffs on such raw materials or supplied components could have a material adverse effect on our operations. Prolonged disruptions in the supply of any of our key raw materials or components, difficulty qualifying new sources of supply, implementing use of replacement materials or new sources of supply or any volatility in prices could have a material adverse effect on our ability to operate in a cost-efficient, timely manner and could cause us to experience cancellations or delays of scheduled missions, customer cancellations or reductions in our prices and margins, any of which could harm our business, financial condition and results of operations.

Our vehicles and related equipment may have shorter useful lives than we anticipate.

Our growth strategy depends in part on developing reusable vehicles that will allow a single vehicle to deliver cargo multiple times to multiple orbits. These reusable vehicles will have a limited useful life, which is driven by the number of payload delivered to custom orbits and the ability to refuel in space. While we intend to design our reusable vehicles for a certain lifespan, which corresponds to a number of cycles, there can be no assurance as to the actual operational life of a vehicle or that the operational life of individual components will be consistent with its design life. A number of factors will impact the useful lives of our vehicles, including, among other things, the quality of their design and construction, the durability of their component parts and availability of any replacement components, and the occurrence of any anomaly or series of anomalies or other risks affecting the vehicles during launch and in orbit. In addition, any improvements in technology may make obsolete our existing vehicles or any component of our vehicles prior to the end of its life. If our vehicles and related equipment have shorter useful lives than we currently anticipate, this may lead to delays in increasing the rate of our commercial payloads, which would have a material adverse effect on our business, financial condition and results of operations.

We expect to face intense competition in satellite transport and related services and other services which we may develop in the space transportation industry.

The space transportation industry is still developing and evolving, but we expect it to be highly competitive. Currently, our primary competitors in delivering small satellites into a specific orbit are small launch vehicle providers such as Astra, Firefly and Rocket Lab, as well as orbital transfer and service vehicle providers such as D-Orbit, Exolaunch, Exotrail, Impulse Space, Launcher, Quantum Space, and Spaceflight Industries. Some companies, such as Rocket Lab and Firefly Aerospace, are developing both small launch vehicles and transfer vehicles.

Many of our current and potential competitors are larger and may have substantially greater resources than we have or may expect to have in the future. They may also be able to devote greater resources to the development of their current and future technologies or the promotion of their offerings or offer lower prices. Our current and potential competitors may also establish cooperative or strategic relationships among themselves or with third parties that may further enhance their resources and offerings. Further, it is possible that domestic or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than we possess, will seek to provide products or services that compete directly or indirectly with ours in the future. Any such foreign competitor, for example, could benefit from subsidies from, or other protective measures by, its home country.

We believe our ability to compete successfully in delivering satellites to custom orbit at significantly reduced cost to customers depends on a number of factors, which may change in the future due to increased competition, our ability to meet our customers' needs and the frequency and availability of our offerings. If we are unable to compete successfully, our business, financial condition and results of operations could be adversely affected.

If we fail to adequately protect our intellectual property rights or our intellectual property applications for registration fail to become issued or registered, our competitive position could be impaired.

Our success depends, in significant part, on our ability to protect our intellectual property rights, including our water-based propulsion technology and certain other methodologies, practices, tools, technologies and technical expertise we utilize in designing, developing, implementing and maintaining applications and processes used in our vehicles and related technologies. To date, we have relied primarily on trade secrets and other intellectual property laws, non-disclosure agreements with our employees, consultants and other relevant persons and other measures to protect our intellectual property and intend to continue to rely on these and other means. We also try to protect our intellectual property by filing patent applications related to our technology, inventions and improvements that are important to the development of our business. The steps we take to protect our intellectual property may be inadequate.

As of December 31, 2022 we have four issued patent, seven patent family applications stages across U.S., European, and Patent Cooperation Treaty ("PCT") patent systems. Our pending patent applications may not result in patents being issued, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours. Momentus cannot be certain that it is the first inventor of the subject matter to which it has filed a particular patent application, or if it is the first party to file such a patent application. If another party has filed a patent application to the same subject matter as Momentus has, Momentus may not be entitled to the protection sought by the patent application. Momentus also cannot be certain whether the claims included in a patent application will ultimately be allowed in the applicable issued patent. As a result, Momentus cannot be certain that the patent applications that it files will issue. Further, the scope of protection of issued patent claims is often difficult to determine.

Patents, if issued, may be challenged, invalidated or circumvented. If our patents are invalidated or found to be unenforceable, we will lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us the right to use the patented technology or commercialize a product using that technology. Third parties may have blocking patents that could be used to prevent us from developing our product. Thus, patents that we may own in the future may not allow us to exploit the rights conferred by our intellectual property protection. Even if issued, they may not be issued with claims sufficiently broad to protect our technologies or may not provide us with a competitive advantage against competitors with similar technologies. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create technology that competes with ours. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. Momentus' competitors may also design around Momentus' issued patents, which may adversely affect Momentus' business, prospects, financial condition and operating results.

In addition, although we enter into nondisclosure and invention assignment agreements with our employees, enter into non-disclosure agreements with consultants and other parties with whom we have strategic relationships and business alliances and enter into intellectual property assignment agreements with our consultants and vendors, no assurance can be given that these agreements will be effective in controlling access to and distribution of our technology and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products.

Protecting and defending against intellectual property claims may have a material adverse effect on our business.

Our success depends in part upon successful prosecution, maintenance, enforcement and protection of our owned intellectual property. To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our technology, as well as any costly litigation or diversion of our management's attention and resources, could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. The results of intellectual property litigation are difficult to predict and may require us to stop using certain technologies or offering certain services or may result in significant damage awards or settlement costs. There is no guarantee that any action to defend, maintain or enforce our owned or licensed intellectual property rights will be successful, and an adverse result in any such proceeding could have a material adverse impact on our business, financial condition, operating results and prospects.

In addition, we may from time-to-time face allegations that we are infringing, misappropriating, or otherwise violating the intellectual property rights of third parties, including the intellectual property rights of our competitors. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Irrespective of the validity of any such claims, we could incur significant costs and diversion of resources in defending against them, and there is no guarantee any such defense would be successful, which could have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects.

Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could divert the time and resources of our management team and harm our business, our operating results and our reputation.

We may experience warranty claims for failures, schedule delays or other problems with existing or new products.

Many of the products we develop and manufacture are technologically advanced systems that must function under demanding operating conditions. The sophisticated and rigorous design, manufacturing and testing processes and practices we employ do not entirely prevent the risk that we may not be able to successfully launch or manufacture our products on schedule or that our products may not perform as intended.

If our products fail to perform adequately, some of our contracts require us to forfeit a portion of our expected profit, receive reduced payments, provide a replacement product or service or reduce the price of subsequent sales to the same customer. Performance penalties may also be imposedif we fail to meet delivery schedules or other measures of contract performance. We do not generally insure against potential costs resulting from any required remedial actions or costs or loss of sales due to postponement or cancellation of scheduled operations or product deliveries.

We are subject to various requirements and restrictions under the NSA, and we are incurring significant costs to comply with those requirements and may be subject to significant monetary penalties if we are found not to be in compliance with the requirements and restrictions under the NSA. In addition, restrictions under the NSA could limit our business activities.

Under the NSA, we are required to hire and pay for the costs of a full time Security Officer who reports directly to the Security Director and has and will continue to have primary responsibility for overseeing day-to-day compliance with the NSA and any compliance plans adopted thereunder, including periodic reporting to the CFIUS Monitoring Agencies. The Security Officer must serve as a liaison between Momentus and the CFIUS Monitoring Agencies, provide timely responses to inquiries from the CFIUS Monitoring Agencies, and maintain availability, upon reasonable notice from the CFIUS Monitoring Agencies, for discussions with the CFIUS Monitoring Agencies on matters relating to compliance with the NSA. The Security Officer is required to participate in all emails, phone calls and in-person meetings between Momentus and the CFIUS Monitoring Agencies. The Security Director has substantially greater authority than the Security Officer, but the Security Director is not expected to oversee day-to-day compliance with the NSA and related matters. See "*Management After the Business Combination — Corporate Governance — Board Composition*" for a description of the Security Director's authority and responsibilities. We are also required to hire and pay for the costs of an independent third-party monitor to monitor compliance with the NSA by the parties to the NSA, as well as an independent third-party auditor to regularly audit our compliance with the NSA. In addition, we are required to establish: (i) a security plan to safeguard protected technical information, systems and facilities; (ii) a board-level Security Committee to oversee the development and implementation of policies and procedures to safeguard protected technical information, systems and facilities and to exercise appropriate oversight and monitoring of Momentus' operations to ensure that the protective measures contained in the NSA are effectively maintained and implemented; (iii) an audit plan; and (iv) a communications plan. We are also required to provide detailed and frequent reports to the third-party monitor. We will incur substantial costs to implement these and other requirements under the NSA, and we expect that substantial personnel time is needed to be devoted to implement and comply with these requirements. In addition, the NSA imposes limitations on our control over certain U.S. facilities, contracts, personnel, vendor selection and operations. These costs, requirements and restrictions may materially and adversely affect our operating results. In addition, we are required to ensure that the Security Director required to be appointed under the NSA reports any actual or potential violation of the NSA to the CFIUS Monitoring Agencies and the third-party monitor within 24 hours of discovery, and if we are found to be in violation of certain requirements in the NSA, we could be subject to liquidated damages in the amount of $100,000 per day, up to an aggregate amount of $1,000,000 per breach.

In addition, due to the restrictions under the NSA related to the protection of protected technology, systems and facilities, we could be restricted from pursuing acquisitions, customer engagements, commercial relationships or other transactions with non-U.S. persons that we believe would be advantageous to us and our stockholders.

The Security Director required by the NSA has substantial latitude over certain business decisions and operations of Momentus, and to the extent that certain arrangements relating to the Security Director are determined not to be permitted by the Delaware General Corporation Law ("DGCL"), such arrangements could have a material adverse effect on our business, financial condition and results of operations.

The NSA requires that the board of directors of Momentus include a director who is approved by the CFIUS Monitoring Agencies. This director, referred to as the Security Director in the NSA, has a fiduciary duty, under the NSA to the U.S. government, to the extent consistent with his or her fiduciary duty to the Company and its stockholders under Delaware law. To the extent that the Security Director believes that a conflict of interest is reasonably likely to exist between her or his fiduciary duties under Delaware law to the Company and/or its stockholders and to CFIUS, the Security Director is required to promptly inform the CFIUS Monitoring Agencies of such conflict. In the event of such conflict, the CFIUS Monitoring Agencies could seek to institute measures to resolve such conflict which may have a material adverse effect on our business, financial condition and results of operations. Examples of situations where such conflicts could arise include, without limitation, the following:

- Pursuant to the NSA, the Security Director, in consultation with the Security Committee, is required to develop the annual budget for third-party services and other expenses necessary for the Company to perform its obligations under the NSA. If the Security Director seeks to make certain costly expenditures for the Company to maximize our ability to achieve the objectives of the NSA, such as a costly data and systems controls solution, a conflict could arise if such expenditure would cause significant financial hardship to the Company.
- Pursuant to the NSA, the Security Director, as the sole member of the Security Committee, shall have the right, in his or her sole discretion and on behalf of the Company, to block or terminate any contract that the Security Director determines in his or her sole discretion could reasonably be expected to allow for actions contrary to the NSA. If the Security Director identifies a potential national security concern in connection with a contract representing a major source of our revenues or profits, his or her decision to require that such contract be terminated could potentially present a conflict for the Security Director if such termination could have a material adverse financial effect on the Company.
- We may enter into an agreement with a foreign supplier necessary to procure a critical component for our business. If the Security Director identifies a potential national security concern in connection with such supply agreement due to, for example, such equipment's potential to collect sensitive data, his or her decision to require that such contract be terminated could potentially present a conflict for the Security Director if the termination of such contract could have a material adverse effect on the Company.

The NSA does not impose any fiduciary duties on any other directors of the Company other than the Security Director. However, if the Security Director recommends that a director be removed from the board of directors due to an identified national security concern, as determined by the Security Director in consultation with the CFIUS Monitoring Agencies, the board of directors must ask for the resignation of such director. If such director does not resign, the board of directors must call a special meeting of stockholders, in compliance with proxy rules under U.S. securities laws to vote on the removal of such director.

Consistent with the NSA, the Company has established a Security Committee comprised solely of the Security Director, which shall have the following powers, among others:

- In the Security Committee's sole discretion, to remove and replace any officer or employee of Momentus;
- To review all contracts with customers, third-party vendors and service providers, and all contracts related to certain technical relationships and protected technical information to ensure they comport with the obligations under the NSA; and
- As noted, in the Security Committee's sole discretion, to block or terminate any contract that the Security Committee determines in the Security Committee's sole discretion could reasonably be expected to allow

for actions contrary to the NSA, including provisions that the Security Committee determines could reasonably be expected to provide Mikhail Kokorich, Nortrone Finance S.A., Lev Khasis, Olga Khasis and Brainyspace LLC with access to protected technical information or could reasonably be expected to cause the transfer of protected technical information in a manner harmful to U.S. national security.

In addition, the Security Director is a member of the Nominating and Corporate Governance Committee. Any individual nominated by the board of directors to serve as a director of the Company will require at least a majority approval of the Nominating and Corporate Governance Committee, which majority must include the Security Director. Thus, no person could be nominated to serve as a director without the approval of the Security Director.

In addition to the powers above, the Security Director has the following responsibilities:

- Provide timely responses to inquiries from the CFIUS Monitoring Agencies and maintain availability, upon reasonable notice from the CFIUS Monitoring Agencies, for discussions with the CFIUS Monitoring Agencies on matters related to our governance and compliance with the NSA;
- As noted, develop the annual budget for third-party services and other expenses necessary for us to perform our obligations under the NSA and the agreements entered into with the former co-founders to hold their shares of the Company (the "Voting Trust Agreements"), consistent with the requirements in the NSA;
- Review and approve any proposed amendments to the security plan and communications plan required by the NSA, prior to submission of the CFIUS Monitoring Agencies, and any policies and procedures adopted by the Company pursuant thereto, in each case in the Security Director's sole discretion;
- Consult with the CFIUS Monitoring Agencies on nominations to the board of directors and exercise this authority in the Security Director's sole discretion, subject to such consultation with the CFIUS Monitoring Agencies;
- Serve as the primary liaison between the Board and the CFIUS Monitoring Agencies and provide timely responses to inquiries from the CFIUS Monitoring Agencies and maintain availability, upon reasonable notice from the CFIUS Monitoring Agencies, for discussions with the CFIUS Monitoring Agencies on matters relating to the Company's governance and compliance with the NSA; and
- Report any actual or potential violation of the NSA to the CFIUS Monitoring Agencies and the third-party monitor within 24 hours of discovery.

Our second amended and restated charter provides that the Security Director may only be removed for cause and with the approval of the CFIUS Monitoring Agencies and at least two-thirds of the voting power of the then outstanding shares of capital stock of the Company entitled to vote generally in the election of directors voting as a single class. Our second amended and restated charter also provides that any amendment to the charter or bylaws relating to this arrangement will also require the approval of the CFIUS Monitoring Agencies. As a result, it is possible that proposals to remove the Security Director for cause or to amend the provisions in our charter or our amended and restated bylaws relating to the Security Director, could be approved by the requisite stockholder vote in future stockholder meetings, but nonetheless not be effective due to the lack of approval by the CFIUS Monitoring Agencies.

As noted, as required by the NSA, if the Security Director recommends that a director be removed from the board of directors due to an identified national security concern, as determined by the Security Director in consultation with the CFIUS Monitoring Agencies, the board of directors must ask for the resignation of such director. If such director does not resign, the board of directors must call a special meeting of stockholders, in compliance with proxy rules under U.S. securities laws to vote on the removal of such director. Pending such vote, we are required to ensure that such director does not receive any protected technical information of the company. As a result of the rights granted to the Security Director under the NSA, we could be restricted from, or experience delays in, pursuing acquisitions, customer engagements, commercial relationships or other transactions that we believe would be advantageous to us and our stockholders.

In addition, there could be a risk that certain powers and authority conferred to the Security Director and the CFIUS Monitoring Agencies could be determined not to be permitted under the DGCL. To the extent any of these powers and authorities were determined not to be permitted by the DGCL, we could face uncertainty regarding the legitimacy of the Security Director and the validity of any actions taken by our board. This may make it challenging for us to engage in various transactions and effectuate actions which require due authorization by the board of directors and to conduct business generally. There could also be lawsuits and stockholder litigation challenging the powers and authority conferred to the Security Director and the CFIUS Monitoring Agencies or the legitimacy of any actions taken by members of the board of directors, alleging that certain of these arrangements or actions are not permitted by the DGCL. To the extent determined not to be permitted by the DGCL, the powers and authority conferred to the Security Director and the CFIUS Monitoring Agencies could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks related to geopolitical and economic factors, laws and regulations and our international business subjects us to numerous political and economic factors, legal requirements, cross-cultural considerations and other risks associated with doing business globally.

Our international business is subject to both U.S. and foreign laws and regulations, including, without limitation, laws and regulations relating to export/import controls, sanctions, technology transfer restrictions, government contracts and procurement, data privacy and protection, anti-corruption laws, including the FCPA, the anti-boycott provisions of the U.S. Antiboycott Act of 2018, Part II of the Export Control Reform Act security restrictions and intellectual property. Failure by us, our employees, affiliates, partners or others with whom we work to comply with applicable laws and regulations could result in administrative, civil, commercial or criminal liabilities, including suspension or debarment from government contracts or suspension of our export/import privileges. New regulations and requirements, or changes to existing ones in the various countries in which we operate can significantly increase our costs and risks of doing business internationally.

Changes in laws, regulations, political leadership and environment, and/or security risks may dramatically affect our ability to obtain any required regulatory approvals and conduct or continue to conduct business in international markets, including sales to customers and purchases from suppliers outside the United States. We may also be impacted by U.S. and foreign national policies and priorities, political decisions and geopolitical relationships, any of which may be influenced by changes in the threat environment, political leadership, geopolitical uncertainties, world events, bilateral and multi-lateral relationships and economic and political factors, and any of which could impact our operations and/or export authorizations, impair our ability to obtain any required regulatory approvals or delay purchasing decisions or payments and the provision of supplies, goods and services including, without limitation, in connection with any government programs. Global economic conditions and fluctuations in foreign currency exchange rates could further impact our business. For example, the tightening of credit in financial markets outside of the U.S. could adversely affect the ability of our customers and suppliers to obtain financing and could result in a decrease in or cancellation of orders for our products and services or impact the ability of our customers to make payments.

We also increasingly are dependent on in-country suppliers and we face risks related to their failure to perform in accordance with the contracts and applicable laws, particularly where we rely on a sole source supplier. The services we provide internationally are sometimes in countries with unstable governments, economic or fiscal challenges, military or political conflicts and/or developing legal systems. This may increase the risk to our employees, subcontractors or other third parties, and/or increase the risk of a wide range of liabilities, as well as loss of property or damage to our products.

The occurrence and impact of these factors is difficult to predict, but one or more of them could have a material adverse effect on our financial position, results of operations and/or cash flows.

Data breaches or incidents involving our technology could damage our business, reputation and brand and substantially harm our business and results of operations.

If our data and network infrastructure were to fail, or if we were to suffer an interruption or degradation of services in our data center, third-party cloud, and other infrastructure environments, we could lose important manufacturing and technical data, which could harm our business. Our facilities, as well as the facilities of third-parties that maintain or have access to our data or network infrastructure, are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cyber security attacks, terrorist attacks, power losses, telecommunications failures and similar events. In the event that our or any third-party provider’s systems or service abilities are hindered by any of the events discussed above, our ability to operate may be impaired. A decision to close facilities without adequate notice, or other unanticipated problems, could adversely impact our operations. Any of the aforementioned risks may be augmented if our or any third-party provider’s business continuity and disaster recovery plans prove to be inadequate. Our data center, third-party cloud, and managed service provider infrastructure also could be subject to break-ins, cyber-attacks, sabotage, intentional acts of vandalism and other misconduct, from a spectrum of actors ranging in sophistication from threats common to most industries to more advanced and persistent, highly organized adversaries. Any security breach, including personal data breaches, or incident, including cybersecurity incidents, that we experience could result in unauthorized access to, misuse of or unauthorized acquisition of our internal sensitive corporate data, such as financial data, intellectual property, or data related to contracts with commercial or government customers or partners. Such unauthorized access, misuse, acquisition, or modification of sensitive data may result in data loss, corruption or alteration, interruptions in our operations or damage to our computer hardware or systems or those of our employees and customers. Moreover, negative publicity arising from these types of disruptions could damage our reputation. We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any events that cause interruptions in our service. Significant unavailability of our services due to attacks could cause users to cease using our services and materially and adversely affect our business, prospects, financial condition and results of operations.

We use software which we have developed in our technology infrastructure, which we seek to continually update and improve. Replacing such systems is often time-consuming and expensive and can also be intrusive to daily business operations. Further, we may not always be successful in executing these upgrades and improvements, which may occasionally result in a failure of our systems. We may experience periodic system interruptions from time to time. Any slowdown or failure of our underlying technology infrastructure could harm our business, reputation and ability to execute on our business plan, which could materially adversely affect our results of operations. Our disaster recovery plan or those of our third-party providers may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur.

We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our success depends, in significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other skilled personnel, manufacturing and quality assurance, engineering, design, finance, marketing, sales and support personnel. Certain members of our senior management team have extensive experience in the aerospace industry, and we believe that their depth of experience is instrumental to our continued success. The loss of any one or more members of our senior management team for any reason, including resignation or retirement, could impair our ability to execute our business strategy and may have a material adverse effect on our business, financial condition and results of operations.

Competition for qualified highly skilled personnel can be strong, and we can provide no assurance that we will be successful in attracting or retaining such personnel now or in the future. Any inability to recruit, develop and retain qualified employees may result in high employee turnover and may force us to pay significantly higher wages, which may harm our profitability.

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide.

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including:

- our ability to successfully test and validate our technology, including through demonstration missions;
- the number and weight of payloads we are able to schedule for launch during a period;
- unexpected weather patterns, natural disasters or other events that force a cancellation or rescheduling of launches;
- launch vehicle failures which result in cancellation or rescheduling of future launches;
- the availability and cost of raw materials or supplied components critical for the manufacture and operation of our vehicles;
- the timing and cost of, and level of investment in, research and development relating to our technologies and our current or future facilities;
- developments involving our competitors;
- changes in governmental regulations or in the status of our regulatory approvals or applications;
- future accounting pronouncements or changes in our accounting policies;
- the impact of epidemics or pandemics, including current business disruption and related financial impact resulting from the global COVID-19 health crisis; and

- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

The individual or cumulative effects of factors discussed above could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful.

This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any guidance we may provide, or if any guidance we provide is below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated guidance we may provide.

If we fail to develop and maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be adversely affected, which may adversely affect investor confidence in us.

We have identified and subsequently mitigated various internal control deficiencies, including the remediation of material weaknesses identified during the audit of our consolidated financial statements as of and for the years ended December 31, 2019 and December 31, 2018, by improving the timeliness of preparation of financial close and account reconciliation process by hiring additional experienced management and staff, identifying goods or services received as of the close of the accounting period that have not been invoiced and accruing for such items, and utilizing the use of specialists to determine the proper accounting for highly technical and complex transactions. We are continuously focused on, designing and implementing effective internal controls measures to improve our internal control over financial reporting. Our efforts include a number of actions:

- We continue to design and implement additional review procedures within our accounting and finance department to provide more robust and comprehensive internal controls over financial reporting that address the financial statement assertions and risks of material misstatement within our business processes, including implementing a comprehensive close process checklist with additional layers of reviews.

- We have established and continue to improve a more formal process to review and ensure proper cut-off and classification of expenses, including those related to legal expenses incurred by us.

- We have implemented and are continuing to design a more formal process to properly review and document evidence to support account balances, including preparing analytical analysis of the consolidated financial statements and conducting periodic reviews of the results of operations with senior management.

- We have recruited additional personnel, in addition to engaging and utilizing third-party consultants and specialists to supplement our internal resources business processes involving highly technical and complex transactions.

If not remediated, material weaknesses could result in material misstatements to our annual or interim consolidated financial statements that might not be prevented or detected on a timely basis, or in delayed filing of required periodic reports. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of the internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could be adversely affected and we could become subject to litigation or investigations by Nasdaq, the SEC, or other regulatory authorities, which could require additional financial and management resources.

As part of growing our business, we may make acquisitions. If we fail to successfully select, execute or integrate our acquisitions, then our business, results of operations and financial condition could be materially adversely affected, and the price of our Class A common stock could decline.

From time to time, we may undertake acquisitions to add new products and technologies, acquire talent, gain new sales channels or enter into new markets or sales territories. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if it fails to do so. Furthermore, acquisitions and the subsequent integration of new assets, businesses, key personnel, customers, vendors and suppliers require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

To date, we have limited experience with acquisitions and the integration of acquired technology and personnel. Failure to successfully identify, complete, manage and integrate acquisitions could materially and adversely affect our business, financial condition, liquidity and results of operations and could cause our stock price to decline.

Momentus' ability to use its net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2022, Momentus had $78.7 million of U.S. federal and $6.5 million of state net operating loss carryforwards available to reduce future taxable income. The U.S. federal operating loss carryforwards will be carried forward indefinitely for U.S. federal tax purposes. While the federal net operating losses ("NOLs") can be carried forward indefinitely, California net operating losses begin to expire in the year ending December 31, 2038. It is possible that Momentus will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under legislative changes made in December 2017, U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such net operating losses is limited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. In addition, the federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the U.S. Internal Revenue Code ("U.S. Tax Code"), respectively, and similar provisions of state law. Under those sections of the U.S. Tax Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income or tax may be limited. In general, an "ownership change" will occur if there is a cumulative change in our ownership by "5-percent stockholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Momentus has not yet undertaken an analysis of whether the Business Combination constitutes an "ownership change" for purposes of Section 382 and Section 383 of the U.S. Tax Code.

We are currently, and may in the future be, subject to substantial litigation, regulatory actions, government investigations, proceedings and similar actions that could cause us to incur significant legal expenses and which could have a material adverse effect on our business, operating results or financial condition.

We are currently, and may in the future be, subject to substantial litigation, regulatory actions, government investigations, proceedings and similar actions including matters related to commercial disputes, intellectual property, employment, securities laws, disclosures, whistleblower, environmental, tax, accounting, class action, and product liability, as well as trade, regulatory and other claims related to our business and our industry. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, operating results or financial condition.

On July 15, 2021, July 22, 2021 and August 4, 2021 , three related putative securities class action lawsuits were filed in the United States District Court for the Central District of California against the Company, SRAC, Sponsor, certain officers and directors of SRAC and Mikhail Kokorich, the Company's co-founder and former CEO, alleging that the defendants omitted certain material information in their public statements and disclosures regarding the Business Combination in violation of the securities laws, and seeking damages on behalf of a putative class of stockholders who purchased SRAC stock between October 7, 2020 and July 13, 2021. On October 20, 2021, the securities class actions were consolidated in the first filed matter under the caption In re Stable Road Acquisition Corp. Securities Litigation (Case No. 2:21-cv-05744-JFW-SHK) and on November 12, 2021 the court-appointed lead plaintiff filed a consolidated amended complaint against the same defendants as well as certain additional officers and directors of SRAC and current and former officers of the Company. The amended complaint alleges that the defendants made certain material misrepresentations, and omitted certain material information, in their public statements and disclosures regarding the Business Combination, in violation of the securities laws, and seeks damages on behalf of a putative class of stockholders who purchased SRAC stock between October 7, 2020 and July 13, 2021. On February 14, 2022, the defendants filed motions to dismiss the amended complaint. On July 13, 2022 the motions to dismiss were granted in part and denied in part. A jury trial date has been set for November 14, 2023. As a subsequent event, on February 10, 2023, the Company and the lead plaintiff reached an agreement in principle to settle the Securities Class Action for Under the terms of the agreement in principle, the lead plaintiff, on behalf of a class of all persons that purchased or otherwise acquired Company stock between October 7, 2020 and July 13, 2021, inclusive, would release the Company from all claims asserted or that could have been asserted in the

Securities Class Actions and dismiss such claims with prejudice, in exchange for payment of $8.5 million by the Company (at least $4.0 million of which is expected to be funded by insurance proceeds). Refer to Note 16.

On June 16, 2022, a complaint was filed against the Company in the Delaware Court of Chancery (Case. No. 2022-0519) by a stockholder of the Company demanding to inspect the books and records of the Company pursuant to Section 220 of the Delaware General Corporation Law. The stockholder is seeking production of books and records relating to the management of the Company and its disclosures to potential investors in connection with the Business Combination. The matter is currently stayed pending the Company's production of certain documents to satisfy the stockholder's requests for inspection. The Company from time to time responds to books and records requests properly submitted pursuant to applicable Delaware law.

On June 20, 2022, a shareholder derivative action was filed by a stockholder on behalf of the Company, in the U.S. District Court for the Central District of California (Case No. 2:22-cv-04212), against the Company (as a nominal defendant), SRAC, and current and former directors of the Company and SRAC. This derivative action alleges the same core allegations as stated in the securities class action litigation. Defendants dispute the allegations and intend to file a motion to dismiss the derivative action.

On January 25, 2023, a shareholder derivative action was filed by Melissa Hanna, on behalf of Momentus, Inc., in the US District Court for the Northern District of California, Case No. 5:23-cv-00374, against Momentus (as a nominal defendant), SRAC, Brian Kabot, Juan Manuel Quiroga, James Norris, James Hofmockel, Mikhail Kokorich, Dawn Harms, Fred Kennedy, Chris Hadfield, Mitchel B. Kugler, Victorino Mercado, Kimberly A. Reed, Linda J. Reiners, and John C. Rood (the "Derivative Action II"). The Derivative Action alleges the same core allegations as stated in the Securities Class Actions, and also claims that Momentus ignored and/or refused a prior demand made by Ms. Hanna on Momentus's Board of Directors. Momentus disputes the allegations in the complaint and intends to vigorously defend the litigation.

On July 20, 2022, an action was filed against the Company in New Castle County Superior Court, Delaware, in the Complex Commercial Litigation Division (Case No. N22C-07-133 EMD CCLD), alleging fraudulent inducement and breach of contract arising from two investment contracts pursuant to which plaintiff alleges it invested $4 million in the Company. The plaintiff is seeking damages in excess of $7.6 million, in addition to interests and its attorney's fees and costs. The Company disputes the allegations and intends to vigorously defend the litigation.

On November 10, 2022, purported stockholders filed a putative class action complaint against Brian Kabot, James Hofmockel, Ann Kono, Marc Lehmann, James Norris, Juan Manuel Quiroga, SRC-NI Holdings, LLC, Edward K. Freedman, Mikhail Kokorich, Dawn Harms, Fred Kennedy, and John C. Rood in the Court of Chancery of the State of Delaware, in a case captioned Shirley, et al. v. Kabot et al., 2022-1023-PAF. The complaint alleges that the defendants made certain material misrepresentations, and omitted certain material information, in their public statements and disclosures regarding the Proposed Transaction, in violation of the securities laws, and seeks damages on behalf of a putative class of stockholders who purchased SRAC stock on or before August 9, 2021. The putative class action does not name Momentus as a defendant. Regardless, the SPAC directors and officers, together with current and former directors and officers of Momentus, have demanded indemnification and advancement from Momentus, under the terms of the merger agreement and the exhibits thereto, the Delaware corporate code, the Company's bylaws, and their individual indemnification agreements. Momentus may be liable for the fees and costs incurred by the SPAC defendants, and has an obligation to advance such fees during the pendency of the litigation.

On June 8, 2021, former co-founders and shareholders of the Company, Mikhail Kokorich and Lev Khasis signed a National Security Agreement alongside stock repurchase agreements, whereby they agreed to divest their interests in the Company in exchange for a cash payment and other considerations. The Company has maintained that this release is effective as to various advancement and indemnification claims either individual may have against the Company. On August 16, 2022, Mr. Kokorich filed a verified complaint against Momentus in the Delaware Court of Chancery (Case. No. 2022-0722) seeking indemnification and advancement from Momentus. Momentus disputes the allegations and intends to file a motion to dismiss the action.

These securities class actions, shareholder derivative actions and other current or future litigation matters may be time-consuming, divert management's attention and resources, cause the Company to incur significant defense and settlement costs or liability, even if we believe the claims asserted against us are without merit. We intend to vigorously defend against all such claims. Because of the potential risks, expenses and uncertainties of litigation, as well as claims for indemnity from various of the parties concerned, we may from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. While a certain amount of insurance coverage is available for expenses or losses associated with current or future lawsuits, this coverage may not be sufficient. Determining reserves for any litigation is a complex, fact-intensive process that is subject to judgment calls. It is possible that a resolution of one or more such proceedings could require us to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could harm our business. Based on information currently available, we are unable to estimate reasonably a possible loss or range of possible losses, if any, with regard to the current securities class actions, shareholder derivative actions and other lawsuits; therefore, no litigation reserve has been recorded in our consolidated balance sheet. Although we plan to defend against the securities class actions, shareholder derivative actions and other lawsuits vigorously, we cannot assure that the results of these actions, either individually or in the aggregate, will not have a material adverse effect on our business, operating results or financial condition.

Momentus' management team has limited experience managing a public company.

Most of the members of Momentus' management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. In addition, Momentus' transition to being a public company subjects it to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents, together with obligations under the NSA, will require significant attention from Momentus' senior management and could divert their attention away from the day-to-day management of Momentus' business, which could adversely affect Momentus' business, financial condition, and operating results.

We may pursue "moonshot" opportunities which may never come to fruition and instead cause a material adverse effect on our business.

In addition to the current space economy, we anticipate there could be additional "moonshot" market opportunities, including those relating to in-space data processing and in-space mining. There are considerable scientific, technological, financial, commercial, and other risks, challenges, costs and requirements of successfully executing on any business plan associated with any "moonshot" opportunities, and there is no assurance we will ever be able to realize any of the benefits from pursuing any such opportunities. Such pursuits could have the detrimental effect of diverting our management's time and attention and our resources from our core business operations and have a material adverse effect on our business, financial condition and operating results.

Natural disasters, unusual weather conditions, epidemic outbreaks, terrorist acts and political events could disrupt our business and vehicle launch schedules.

The occurrence of one or more natural disasters such as fires, floods and earthquakes, unusual weather conditions, epidemic or pandemic outbreaks, terrorist attacks or disruptive political events where our facilities or the launch facilities our transport partners use are located, or where our third-party suppliers' facilities are located, could adversely affect our business. Natural disasters including tornados, hurricanes, floods and earthquakes may damage our facilities, the launch facilities we use or those of our suppliers, which could have a material adverse effect on our business, financial condition and results of operations. Severe weather, such as rainfall, snowfall or extreme temperatures, may impact the ability for launches to occur as planned, resulting in additional expense to reschedule, thereby reducing our sales and profitability. Terrorist attacks, actual or threatened acts of war or the escalation of current hostilities, or any other military or trade disruptions impacting our domestic or foreign suppliers of components of our products, may impact our operations by, among other things, causing supply chain disruptions and increases in commodity prices, which could adversely affect our raw materials or transportation costs. These events also could cause or act to prolong an economic recession or depression in the United States or abroad. To the extent these events also impact one or more of our suppliers or result in the closure of any of their facilities or our facilities, we may be unable to maintain launch schedules or fulfill our other contracts.

Regulatory Risks

We are subject to stringent U.S. export and import control laws and regulations. Unfavorable changes in these laws and regulations or U.S. government licensing policies, our failure to secure timely U.S. government authorizations under these laws and regulations, or our failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

We are required to comply with U.S. export control laws and regulations, including the ITAR administered by the U.S. Department of State's Directorate of Defense Trade Controls ("DDTC") and the EAR administered by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"). Pursuant to these foreign trade control laws and regulations, we are required, among other things, to (i) maintain a registration under the ITAR, (ii) determine the proper licensing jurisdiction and export classification of products, software, and technology, and (iii) obtain licenses or other forms of U.S. government authorization to engage in the conduct of our space transport business. Violations of applicable export control laws and related regulations could result in criminal and administrative penalties, including fines, possible denial of export privileges, and debarment, which could have a material adverse impact on our business, including our ability to enter into contracts or subcontracts for U.S. government customers. U.S. export licenses are required to transfer or make accessible certain of the Company's products, software and technical information to its non-U.S. employees ("deemed exports").

The Company has, from time-to-time, self-reported potential violations of export control laws to the Office of Export Enforcement (the "OEE") of BIS as noted below. While these incidents did not result in any monetary or non-monetary penalties, if we are found to be in violation of export control laws and regulations in the future, we could face civil and criminal liabilities, monetary and non-monetary penalties, the loss of export or import privileges, debarment and/or reputational harm.

- On September 6, 2019, the Company notified the Office of Export Enforcement (the "OEE") of BIS via an Initial Notice of Voluntary Disclosure that it was possible that various unauthorized deemed exports of EAR-controlled technology to employees of the Company may have occurred. The Company completed a full audit of its trade compliance program at the time and identified several violations which related to the apparently unintentional and unauthorized disclosure of certain limited export-controlled data to non-U.S. employees of the Company. Additional compliance protocols were implemented as part of an internal corrective action process. This disclosure was closed by BIS pursuant to a Warning Letter dated April 20, 2020.

- On May 5, 2021, the Company notified OEE via an Initial Notice of Voluntary Disclosure that a Momentus employee may have inadvertently exported an email containing EAR-controlled technology to a German firm engaged in certain design work without required export authorization. The Company submitted the Germany-related final report to BIS on October 28, 2021. This disclosure was closed by BIS pursuant to a Warning Letter dated April 8, 2022.

- On June 11, 2021, the Company notified OEE via an Initial Notice of Voluntary Disclosure that Momentus may have inadvertently exported various EAR-controlled hardware to Poland, Singapore, Norway, and Italy without required export authorization. The Company submitted a final report on the matter to BIS on July 29, 2022.

The inability to secure and maintain necessary export authorizations could negatively impact our ability to compete successfully or to operate our spaceflight business as planned. For example, if we were unable to obtain or maintain our licenses to export certain spacecraft hardware, we would be effectively prohibited from launching our vehicles from certain non-U.S. locations, which would limit the number of launch providers we could use. In addition, if we were unable to obtain a Technical Assistance Agreement from the DDTC to export certain launch-related services, we would experience difficulties or even be unable to perform integration activities necessary to safely integrate our transfer vehicles to non-U.S. launch vehicles. In both cases, these restrictions could lead to higher launch costs, which may have a material adverse impact on our results of operations. Similarly, if we were unable to secure effective export licensure to authorize the full scope of activity with a foreign partner or supplier, we may be required to make design changes to spacecraft or updates to our supplier chain, which may result in increased costs to us or delays in vehicle launches.

Any changes in the export control regulations or U.S. government licensing policy, such as those necessary to implement U.S. government commitments to multilateral control regimes, may restrict our operations. There is no inherent right to perform an export and given the significant discretion the government has in adjudicating such authorizations in furtherance of U.S. national security and foreign policy interests and given the Company's two voluntary disclosures pending before OEE, there can be no assurance we will be successful in our current and future efforts to secure and maintain necessary licenses, registrations, or other U.S. government regulatory approvals.
In addition, U.S. export control laws continue to change. For example, the control lists under the ITAR and the EAR are periodically updated to reclassify specific types of export-controlled technology. For example, any changes to the jurisdictional assignment of controlled data or hardware used by Momentus could result in the need for different export authorizations, each then subject to a subsequent approval. Similarly, should exceptions or exemptions under the EAR or the ITAR, respectively, be changed, Momentus' activities otherwise authorized via these mechanisms may become unavailable and could result in the need for additional export authorizations. Additionally, changes to the administrative implementation of export control laws at the agency level may suddenly change as a result of geo-political events, which could result in existing or proposed export authorization applications being viewed in unpredictable ways, or potentially rejected, as a result of the changed agency level protocol

Our business is subject to a wide variety of additional extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business.

We are subject to a wide variety of laws and regulations relating to various aspects of our business, including with respect to our space transport operations, employment and labor, health care, tax, privacy and data security, health and safety, and environmental issues. Laws and regulations at the foreign, federal, state and local levels frequently change, especially in relation to new and emerging industries, and we cannot always reasonably predict the impact from, or the ultimate cost of compliance with, current or future regulatory or administrative changes. We monitor these developments and devote a significant amount of management's time and external resources towards compliance with these laws, regulations and guidelines, and such compliance places a significant burden on management's time and other resources, and it may limit our ability to expand into certain jurisdictions. Moreover, changes in law, the imposition of new or additional regulations or the enactment of any new or more stringent legislation that impacts our business could require us to change the way we operate and could have a material adverse effect on our sales, profitability, cash flows and financial condition.

Failure to comply with these laws or regulations or failure to satisfy any criteria or other requirement under such laws or regulations, such as with respect to obtaining and maintaining licenses, certificates, authorizations and permits critical for the operation of our business, may result in civil penalties or private lawsuits, or result in a delay or the denial, suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating our business. For example, commercial space launches and the operation of our space transport system in the United States require licenses and permits from the FCC and review by other agencies of the U.S. government, including the FAA, the DoD and NASA.

License or operational approval can include an interagency review of safety, operational, national security, and foreign policy and international obligations implications, as well as a review of foreign ownership. The FAA denial of Vigoride-1 payload review unrelated to a launch license was the result of national security concerns related to foreign ownership and control that arose during an interagency review. Future denials of similar licenses or operational approvals may occur and could have a material adverse effect on our operations, sales, profitability, cash flows and overall financial condition. In addition, failure of Momentus, its officers, or its former chief executive officer, Mikhail Kokorich, to comply with governmental orders or agreements may expose Momentus and its officers to liability or penalties. Moreover, as discussed under "*Business — Regulatory — National Security Agreement*," failure by Momentus to comply with certain requirements under the NSA could subject Momentus to liquidated damages payable to the U.S. Government in the amount of $100,000 per day, up to an aggregate amount of $1,000,000 per breach.

Regulation of our industry is still evolving, and new or different laws or regulations could affect our operations, increase direct compliance costs for us or cause any third-party suppliers or contractors to raise the prices they charge us because of increased compliance costs. For example, the FCC has an open notice of proposed rulemaking relating to mitigation of orbital debris, which could affect us and our operations. Application of these laws to our business may negatively impact our performance in various ways, limiting the collaborations we may pursue, further regulating the export and re-export of our products, services, and technology from the United States and abroad, and increasing our costs and the time necessary to obtain required authorizations. The adoption of a multi-layered regulatory approach to any one of the laws or regulations to which we are or may become subject, particularly where the layers are in conflict, could require alteration of our manufacturing processes or operational parameters which may adversely impact our business. We may not be in complete compliance with all such requirements at all times and, even when we believe we are in complete compliance, a regulatory agency may determine that we are not.

While Momentus currently has a contract with the U.S. Government, our customers and suppliers could be materially impacted by disruptions in U.S. government operations and funding could have a material adverse effect on our revenues, earnings and cash flows, and otherwise adversely affect our financial condition.

Any disruptions in federal government operations could have a material adverse effect on our revenues, operational delays, earnings, and cash flows. A prolonged failure to maintain significant U.S. government operations for Momentus, its customers and suppliers, particularly those pertaining to our business, could have a material adverse effect on our revenues, operational delays, earnings, and cash flows. Continued uncertainty related to recent and future government shutdowns, the budget and/or the failure of the government to enact annual appropriations, such as long-term funding under a continuing resolution, could have a material adverse effect on our revenues, earnings and cash flows. Additionally, disruptions in government operations may negatively impact regulatory approvals and guidance that are important to our operations.

Changes in U.S. government policy regarding use of commercial data or space infrastructure / mission providers, or material delay or cancellation of certain U.S. government programs, may have a material adverse effect on our customers, suppliers, Momentus revenues, operational delays, earnings and cash flow and our ability to achieve our growth objectives.

Current U.S. government policy enables the U.S. government's use of commercial data and space infrastructure / mission providers to support U.S. national security objectives. U.S. government policy is subject to change and any change in policy away from supporting the use of commercial data and space infrastructure / mission providers to meet U.S. government service and space infrastructure/mission needs, or any material delay or cancellation of planned U.S. government programs could materially adversely affect our revenue and our ability to achieve our growth objectives.

Contracts with the U.S. government subject us to risks including early termination, audits, investigations, sanctions and penalties.

While we may derive limited revenue from an existing contract with NASA, we may enter into additional contracts with the U.S. government in the future, and this subjects a larger part of our business to statutes and regulations applicable to companies doing business with the government, including the Federal Acquisition Regulation. These government contracts customarily contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts and which are unfavorable to contractors. For instance, most U.S. government agencies include provisions that allow the government to unilaterally terminate or modify contracts for convenience, and in that event, the counterparty to the contract may generally recover only its incurred or committed costs and settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, the defaulting party may be liable for any extra costs incurred by the government in procuring undelivered items from another source.

In addition, government contracts normally contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements include, for example:

- specialized disclosure and accounting requirements unique to government contracts;
- financial and compliance audits that may result in potential liability for price adjustments, recoupment of government funds after such funds have been spent, civil and criminal penalties, or administrative sanctions such as suspension or debarment from doing business with the U.S. government;
- public disclosures of certain contract and company information; and
- mandatory socioeconomic compliance requirements, including labor requirements, non-discrimination and affirmative action programs and environmental compliance requirements.

Government contracts are also generally subject to greater scrutiny by the government, which can initiate reviews, audits and investigations regarding our compliance with government contract requirements. In addition, if we fail to comply with government contracting laws, regulations and contract requirements, our contracts may be subject to termination, and we may be subject to financial and/or other liability under our contracts, the Federal Civil False Claims Act (the "False Claims Act") (including treble damages and other penalties), or criminal law. In particular, the False Claims Act's "whistleblower" provisions also allow private individuals, including present and former employees, to sue on behalf of the U.S. government. Any penalties, damages, fines, suspension, or damages could adversely affect our ability to operate our business and our financial results.

Failure to comply with federal, state and foreign laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, could adversely affect our business and our financial condition.

We collect, store, process, and use personal information and other customer data, including medical information, and we rely in part on third parties that are not directly under our control to manage certain of these operations and to collect, store, process and use payment information. Due to the sensitivity of the personal information and data we and these third parties manage and expect to manage in the future, as well as the nature of our customer base, the security features of our information systems are critical. A variety of federal, state and foreign laws and regulations govern the collection, use, retention, sharing and security of this information. Laws and regulations relating to privacy, data protection and consumer protection are evolving and subject to potentially differing interpretations. These requirements may not be harmonized, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations. For example, in January 2020, the California Consumer Privacy Act ("CCPA") took effect, which provides new operational requirements for companies doing business in California. Compliance with the new obligations imposed by the CCPA depends in part on how particular regulators interpret and apply them. If we fail to comply with the CCPA or if regulators assert that we have failed to comply with the CCPA, we may be subject to certain fines or other penalties. On November 3, 2020, voters passed the California Privacy Rights Act, which builds upon the CCPA and expands consumer privacy rights to more closely align with the European Union's General Data Protection Regulation (the "GDPR") discussed below.

We expect that new industry standards, laws and regulations will continue to be proposed regarding privacy, data protection and information security in many jurisdictions, including the European e-Privacy Regulation, which is currently in draft form. We cannot yet determine the impact such future laws, regulations and standards may have on our business. Complying with these evolving obligations is costly. For instance, expanding definitions and interpretations of what constitutes "personal data" (or the equivalent) within the United States, the European Economic Area (the "EEA") and elsewhere may increase our compliance costs and legal liability.

We are also subject to additional privacy rules, many of which, such as the GDPR and national laws supplementing the GDPR, such as in the United Kingdom, are significantly more stringent than those currently enforced in the United States. The law requires companies to meet stringent requirements regarding the handling of personal data of individuals located in the EEA. The law also includes significant penalties for noncompliance, which may result in monetary penalties of up to the higher of €20.0 million or 4% of a group's worldwide turnover for the preceding financial year for the most serious violations. The GDPR and other similar regulations require companies to give specific types of notice and informed consent is required for certain actions, and the GDPR also imposes additional conditions in order to satisfy such consent, such as bundled consents.

A significant data breach or any failure, or perceived failure, by us to comply with any federal, state or foreign privacy or consumer protection-related laws, regulations or other principles or orders to which we may be subject or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by governmental entities or others or other penalties or liabilities or require us to change our operations and/or cease using certain data sets. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident.

Risks Related to Ownership of Class A Common Stock

An active trading market for Class A common stock may never develop or be sustained, which may make it difficult to sell the shares of Class A common stock you receive.

The price of our Class A common stock may fluctuate significantly due to general market and economic conditions and forecasts, our general business condition and the release of our financial reports. An active trading market for our Class A common stock may not develop or continue or, if developed, may not be sustained, which would make it difficult for stockholders to sell their shares of Class A common stock at an attractive price (or at all). The market price of our Class A common stock may decline below stockholders' deemed purchase price, and they may not be able to sell their shares of Class A common stock at or above that price (or at all). Additionally, if our Class A common stock is delisted from Nasdaq for any reason, and is quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our Class A common stock may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. Stockholders may be unable to sell Class A common stock unless a market can be established or sustained.

The market price of our Class A common stock and warrants may be volatile, which could cause the value of your investment to decline.

If an active market for our Class A common stock and warrants develops and continues, the trading price of our Class A common stock and warrants could be volatile and subject to wide fluctuations. The trading price of our Class A common stock and warrants depends on many factors, including those described in this "*Risk Factors*" section, many of which are beyond our control and may not be related to our operating performance. Any of the factors listed below could have a material adverse effect on investment in our Class A common stock and warrants, and our Class A common stock and warrants may trade at prices significantly below the price paid for them. In such circumstances, the trading price of our Class A common stock and warrants may not recover and may experience a further decline.

Factors affecting the trading price of our Class A common stock and warrants may include:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;

- changes in the market's expectations about our operating results;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- speculation in the press or investment community;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the market in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- publications of research reports by securities analysts about us, our competitors, or the space industry;
- changes in laws and regulations affecting our business;
- our ability to comply with the terms of the NSA and any related compliance measures instituted by the Security Director;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of Class A common stock available for public sale;
- any major change in our board of directors or management;
- sales of substantial amounts of Class A common stock by directors, officers or significant stockholders or the perception that such sales could occur;
- general economic and political conditions such as recessions, interest rates, fuel prices, trade wars, pandemics (such as COVID-19), epidemics, currency fluctuations and acts of war or terrorism; and
- other risk factors listed under this "*Risk Factors*" section.

Sales of a significant number of shares of our Class A common stock in the public markets, or the perception that such sales could occur, could depress the market price of our Class A common stock.

The Company entered into an ATM program, and the Company from time to time may sell up to $50.0 million of shares of Class A common stock pursuant to such program. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for more information. Sales of a substantial number of shares of our Class A common stock in the public markets could depress the market price of our Class A common stock and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our Class A common stock would have on the market price of our Class A common stock.

Future sales of shares by Company officers, directors and other insiders may adversely affect the market price of our Class A common stock.

Sales of shares of our Class A common stock by Company officers, directors and other insiders, regardless of the actual reason for such sales, may be perceived negatively by the market, which could adversely affect the market price of our Class A common stock and make it more difficult for stockholders to sell their Class A common stock at a favorable time and price.

Future sales of shares by existing stockholders and future exercise of registration rights may adversely affect the market price of our Class A common stock.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our Class A common stock and may make it more difficult to sell Class A common stock at a favorable time and price. As of the Business Combination, on August 12, 2021, there were approximately 79,772,262 shares of Class A common stock outstanding, and Momentus stockholders, the Sponsor, its affiliate SRAC Partners and the PIPE Investors collectively owned approximately 19.50% of the outstanding shares of Class A common stock, of which approximately 6.97% of the outstanding shares of Class A common stock was held by the Sponsor and its affiliate SRAC Partners.

The Sponsor and SRAC's executive officers and directors entered into a letter agreement with SRAC, pursuant to which they agreed not to transfer, assign or sell (except to certain permitted transferees) (a) any founder shares until six months after the Closing or earlier if subsequent to the Business Combination, (i) the last sale price of Class A common stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing after the initial business combination (which clause (a) has been amended by an agreement between the Sponsor, SRAC Partners and SRAC) or (ii) we complete a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of the Company's stockholders having the right to exchange their shares of the Class A common stock for cash, securities or other property and (b) any private placement units, private placement shares or private placement warrants (or shares of Class A common stock upon exercise thereof) until 30 days after the completion of the Business Combination. See the section titled "*Certain Relationships and Related Transactions — Lockup Agreements*."

Following the expiration of such lock-ups, Sponsor will not be restricted from selling the shares of Class A common stock that it beneficially owns, other than by applicable securities laws. Additionally, neither certain Momentus stockholders nor the PIPE Investors are restricted from selling any of their shares of Class A common stock, other than by applicable securities laws. Sales of substantial amounts of Class A common stock in the public market, or the perception that such sales will occur, could adversely affect the market price of Class A common stock and make it difficult for us to raise funds through securities offerings in the future.

The Sponsor and certain holders of Class A common stock (including SRAC Partners and Prime Movers Lab Fund I, L.P and its affiliates), in each case who received Class A common stock pursuant to the Merger Agreement and the transactions contemplated thereby entered into the Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") in respect of the shares of Class A common stock issued to Sponsor and such stockholders in connection with the transactions set forth above. Pursuant to the Registration Rights Agreement, such holders and their permitted transferees are entitled to certain customary registration rights, including, among other things, demand, shelf and piggy-back rights, subject to cut-back provisions. Pursuant to the Registration Rights Agreement, the Sponsor and SRAC Partners have agreed not to sell, transfer, pledge or otherwise dispose of shares of Class A common stock or other securities exercisable therefor for certain time periods specified therein.

We do not plan to declare any dividends in the foreseeable future.

We have no current plans to pay cash dividends on our Class A common stock. The declaration, amount and payment of any future dividends will be at the sole discretion of the board of directors. The board of directors may take into account general and economic conditions, our financial condition and operating results, our available cash, current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, implications on the payment of dividends by us to our stockholders and such other factors as the board of directors may deem relevant.

In addition, the terms of any future indebtedness would likely contain a number of restrictive covenants that impose significant operating and financial restrictions on us, including restricting or limiting our ability to pay cash dividends. Accordingly, we may not pay any dividends on our Class A common stock in the foreseeable future.

If securities and industry analysts do not publish or cease publishing research or reports, or publish inaccurate or unfavorable research or reports, about our business or our market, our stock price and trading volume could decline.

The trading market for our Class A common stock and warrants will depend, in part, on the research and reports that securities and industry analysts publish about us, our business and our market. Only three securities analysts have published research on our stock in the last 12 months. If some or all of these analysts cease to publish research on our stock or if additional analysts do not commence coverage, then our stock price and trading volume could be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our stock, publish inaccurate or unfavorable research about our business or our market, or provide more favorable relative recommendations about our competitors, our stock price would likely decline.

Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of the Class A common stock.

Certain provisions of our second amended and restated charter, as well as our amended and restated bylaws may have the effect of rendering more difficult, delaying, or preventing a change of control or changes in our management. These provisions provide for, among other things:

- a classified board of directors whose members serve staggered three-year terms;

- the authorization of "blank check" preferred stock, which could be issued by the board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our Class A common stock;
- a limitation on the ability of, and providing indemnification to, our directors and officers;
- a requirement that special meetings of our stockholders can be called only by our board of directors acting by a written resolution by a majority of the directors then in office, the Chairperson of the board of directors, our Chief Executive Officer or our Lead Independent Director;
- a requirement of advance notice of stockholder proposals for business to be conducted at meetings stockholders and for nominations of candidates for election to the board of directors;
- a requirement that our directors may be removed only for cause and by a two-thirds (2/3) vote of the stockholders; provided that the removal of the Security Director would also require the approval of the CFIUS Monitoring Agencies;
- a prohibition on stockholder action by written consent;
- a requirement that vacancies on our board of directors may be filled only by a majority of directors then in office or by a sole remaining director (subject to limited exceptions), even though less than a quorum; and
- a requirement of the approval of the board of directors or the holders of at least two-thirds of our outstanding shares of capital stock to amend our bylaws and certain provisions of our charter.

In addition, we have not opted out of the provisions of Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder.

These provisions may frustrate or prevent any attempts by stockholders to replace or remove the Company's management by making it more difficult for stockholders to replace members of the board of directors, which is responsible for appointing the members of our management. In addition, institutional stockholder representative groups, stockholder activists and others may disagree with our corporate governance provisions or other practices, including anti-takeover provisions, such as those listed above. We generally will consider recommendations of institutional stockholder representative groups, but we will make decisions based on what our board and management believe to be in the best long-term interests of the Company and stockholders; however, these groups could make recommendations to our stockholders against our practices or our board members if they disagree with our positions.

These and other provisions in our charter and bylaws and under Delaware law could discourage potential takeover attempts, reduce the price investors might be willing to pay in the future for shares of Class A common stock and result in the market price of Class A common stock being lower than it would be without these provisions.

Our second amended and restated charter provides that a state or federal court located within the state of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a chosen judicial forum for disputes with us or our directors, officers, employees, or stockholders.

Our second amended and restated charter provides, to the fullest extent permitted by law, that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on behalf of the Company;
- any action or proceeding asserting a claim of breach of a fiduciary duty owed by or any wrongdoing by any current or former director, officer, employee or agent of the Company or any stockholder to the Company or to stockholders;
- any action or proceeding asserting a claim against us or any current or former director, officer or other employee or any stockholder in such stockholder's capacity as such arising out of or pursuant to any provision of the DGCL, our second amended and restated charter or our amended and restated bylaws (as each may be amended from time to time);

- any action or proceeding to interpret, apply, enforce or determine the validity of our second amended and restated charter and/or our amended and restated bylaws (including any right, obligation or remedy thereunder);
- any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; or
- any action or proceeding asserting a claim governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants.

This provision would not apply to suits brought to enforce a duty or liability created by the Securities Act or the Exchange Act or any claim for which the U.S. federal courts have exclusive jurisdiction. Our second amended and restated charter further provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act or the rules and regulations promulgated thereunder.

Our second amended and restated charter also provides that a state or federal court located within the state of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a chosen judicial forum for disputes with the Company or our directors, officers, employees, or stockholders. If any other court of competent jurisdiction were to find either exclusive-forum provision in our second amended and restated charter to be inapplicable or unenforceable, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could adversely affect our business, financial condition and results of operations. In addition, although the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court were "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our federal forum selection clause.

We may fail to continue to meet the listing standards of Nasdaq, and as a result our common stock and publicly traded warrants may be delisted, which could have a material adverse effect on the liquidity and trading price of our common stock and warrants and on our ability to raise capital.

Our common stock and publicly traded warrants currently trade on The Nasdaq Global Select Market. The Nasdaq Stock Market LLC has requirements for our equity securities to remain listed on Nasdaq, including a rule requiring our common stock to maintain a minimum closing bid price of $1.00 per share. The closing price of our common stock could fall below $1.00 per share in the future. If the closing bid price of our common stock falls below $1.00 per share for a period of 30 consecutive trading days, we would expect to receive a notification from Nasdaq that our common stock would be subject to delisting if we do not regain compliance with the minimum bid price requirement within the time period specified by Nasdaq. If we were to receive such a notification, we expect that we would be afforded a grace period of 180 calendar days to regain compliance with the minimum bid price requirement, and that, to regain compliance, our common stock would need to maintain a minimum closing bid price of at least $1.00 per share for at least 10 consecutive trading days. If we fail to meet Nasdaq's stock price requirements, or if we do not meet Nasdaq's other listing requirements, we would fail to be in compliance with Nasdaq's listing standards and our common stock and publicly traded warrants could be delisted from Nasdaq. There can be no assurance that we will continue to meet the minimum bid price requirement or any other Nasdaq listing requirement in the future. If our common stock and publicly traded warrants were to be delisted, the liquidity of our common stock and publicly traded warrants would be adversely affected, and their market prices could decrease. We may also face other adverse consequences in such event, such as negative publicity, a decreased ability to obtain additional financing, diminished investor and/or employee confidence, and the loss of business development opportunities, some or all of which may contribute to a further decline in our stock price.

A recent Delaware Court of Chancery Ruling has created uncertainty regarding the validity of our authorized shares of Common Stock which could impair our ability to complete financing transactions which could in turn impair our operations.

On February 17, 2023 the Company filed a petition in the Delaware Court of Chancery, pursuant to Section 205 of the DGCL, seeking an order validating and declaring effective the Second Amended and Restated Certificate of Incorporation of the Company, which, among other things, increased the total number of authorized shares of Class A common stock from 100,000,000 to 250,000,000. The petition hearing is scheduled for March 14, 2023.

If we are not successful in the petition hearing, the uncertainty with respect to our capitalization could have a material adverse effect on our operations, including, among other things, our ability to complete financing transactions, until the underlying issues are definitively resolved. This uncertainty could impair our ability to execute our business plan, attract and retain employees, management and directors and adversely affect our commercial relationships.

General Risks

Our employees and independent contractors may engage in misconduct or other improper activities, which could have an adverse effect on our business, prospects, financial condition and operating results.

We are exposed to the risk that our employees and independent contractors may engage in misconduct or other illegal activity. Misconduct by these parties could include intentional, reckless or negligent conduct or other activities that violate U.S. and international laws and regulations. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, prospects, financial condition and operating results, including, without limitation, the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgement, integrity oversight and reporting obligations to resolve allegations of non-compliance, imprisonment, other sanctions, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

Labor-related matters, including labor disputes, may adversely affect our operations.

Momentus relies on its employees in the day-to-day operations of its business. Actual or threatened labor disputes may disrupt our operations and adversely affect our ability to operate as a business. Such labor disputes and disruptions may result in the loss of market share to competitors and/or have a negative impact on the Company's brand and corporate image.

In addition, Momentus has experienced shortages of qualified labor in the past and may experience them in the future. Any shortages of qualified labor may have a material adverse effect on Momentus' business, prospects, financial condition and operating results.

Changes in our accounting estimates and assumptions could negatively affect our financial position and results of operations.

We prepare our consolidated financial statements in accordance with GAAP. These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our consolidated financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions including, but not limited to, those relating to business acquisitions, revenue recognition, restructuring costs, recoverability of assets including customer receivables, contingencies, stock-based compensation and income taxes. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. These assumptions and estimates involve the exercise of judgment and discretion, which may evolve over time in light of operational experience, regulatory direction, developments in accounting principles and other factors. Actual results could differ from these estimates as a result of changes in circumstances, assumptions, policies or developments in the business, which could materially affect our consolidated financial statements.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Momentus leases its office space, which consists of a primary facility located in 3901 North First St., San Jose, CA 95134. Our primary facility lease expires in February 2028. We believe our current office space is sufficient to meet our needs until the expiration of this lease. These leases are utilized by Momentus' single reporting segment.

ITEM 3. Legal Proceedings

From time to time, we may be subject to various claims, lawsuits, and other legal and administrative proceedings that may arise in the ordinary course of business. Some of these claims, lawsuits, and other proceedings may range in complexity and result in substantial uncertainty; it is possible that they may result in damages, fines, penalties, non-monetary sanctions, or relief. However, we do not consider any such claims, lawsuits, or proceedings currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our future operating results, financial condition, or cash flows.

See *Note 14 Commitments and Contingencies* in the Notes to Consolidated Financial Statements for disclosures related to legal proceedings, which disclosures are incorporated herein by reference.

ITEM 4. Mine Safety Disclosures.

None.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issue Purchases of Equity Securities

Market Information

On August 13, 2021, the Company's common stock and public warrants began trading on the Nasdaq Global Market (the "Nasdaq"). Our Class A common stock is traded on the Nasdaq under the symbol "MNTS", and public warrants to purchase our common stock are traded on the Nasdaq under the symbol "MNTSW".

As of February 28, 2023, there were 39 holders of record of our shares of common stock. The actual number of stockholders of our common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares of common stock are held in street name by banks, brokers and other nominees.

Securities Authorized for Issuance under Equity Compensation Plans

Plan Category[1]	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights[2]	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights[3]	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders[4,5]	7,509,540	$ 1.21	3,783,559
Equity compensation plans not approved by security holders[4,5]	2,828,110	N/A	1,083,552
Total	10,337,650		4,867,111

1 - In February 2022, the Company adopted the 2022 Inducement Equity Plan, which was intended to comply with Rule 5635(c)(4) of the Nasdaq listing rules, which provide an exception to the shareholder approval requirement for the issuance of securities pursuant to equity grants to employees of the Company as an inducement material to such individuals entering into employment with the Company.

2 - These numbers include shares subject to outstanding awards granted, of which 2,556,733 shares are subject to outstanding options and 7,780,917 shares are subject to outstanding RSUs

3 - The weighted-average exercise price is calculated based solely on the exercise prices of the outstanding options and does not reflect the shares that will be issued upon the vesting of outstanding awards of restricted stock or restricted stock units, which have no exercise price. There were no options awarded under plans not approved by security holders.

4 - The Momentus Inc. 2021 Equity Incentive Plan contains an "evergreen" provision pursuant to which the number of shares of common stock reserved for issuance or transfer pursuant to awards under the plan increases on the first day of each year beginning in 2022 and ending in 2031 equal to the lesser of (A) three percent (3.0%) of the shares of common stock outstanding on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of stock as determined by our Board.

5 - The Momentus Inc. 2021 Employee Stock Purchase Plan contains an "evergreen" provision pursuant to which the number of shares of common stock reserved for issuance or transfer pursuant to awards under the plan increases on the first day of each year beginning in 2022 and ending in 2031 equal to the lesser of (A) half a percent (0.5%) of the shares of common stock outstanding on the last day of the immediately preceding fiscal year and (B) 1,595,445 shares.

Dividend Policy

We have no current plans to pay cash dividends on our common stock.

Issuer Purchases of Equity Securities

There were no issuer purchases of equity securities of the Company during the three months ended December 31, 2022.

Unregistered Equity Securities

During the year ended December 31, 2022, we issued 246,855 shares of common stock as compensation to a former employee of Momentus Space, LLC. The issuances of such shares were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act") or the rules and regulations promulgated there under, including Rule 701.

ITEM 6. [Reserved.]

Not applicable.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, all references in this section to the "Company," "Momentus," "we," "us," or "our" refer to Momentus Inc.

The following discussion and analysis provide information which our management believes is relevant to an assessment and understanding of our results of operations and financial condition. This discussion and analysis should be read together with our audited consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. This discussion and analysis should also be read together with our financial information for the year ended and as of December 31, 2022. In addition to historical financial information, this discussion and analysis contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks, uncertainties and assumptions. As a result of many factors, such as those set forth under the "Risk Factors" section above and "Cautionary Statement Regarding Forward-Looking Statements" elsewhere in this Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements.

Certain figures, such as interest rates and other percentages, included in this section have been rounded for ease of presentation. Percentage figures included in this section have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this section may vary slightly from those obtained by performing the same calculations using the figures in our consolidated financial statements or in the associated text. Certain other amounts that appear in this section may similarly not sum due to rounding.

Overview

Momentus offers transportation and infrastructure services to help enable the commercialization of space. Satellite operators are our principal customers and target customers. Services that we plan to provide include "last mile" satellite transportation, payload-hosting, on-orbit satellite refueling, on-orbit inspection, on-orbit satellite maintenance, de-orbiting, debris removal, and other satellite-to-satellite service offerings.

Our transportation service offering will focus on delivering our customers' satellites to precision orbits of their choosing. To accomplish this, we plan to create a hub-and-spoke transportation network in partnership with leading launch service providers, such as SpaceX. Under this model, our customers' satellites would "ride share" from Earth to space on a midsized or large rocket. Our Orbital Service Vehicles ("OSVs") would then provide "last mile" transportation services from the rocket's drop-off orbit to a custom orbit of the satellite operator's choosing. We believe our hub-and-spoke model has the potential to expand our customers' deployment options relative to what they would be able to achieve with ride share launch alone, while reducing their costs relative to what they could achieve with a dedicated small launch vehicle. Over time, we plan to begin introducing additional services beyond "last mile" transportation.

Since our founding in 2017, we have been working to develop, test and enhance our vehicles and supporting technologies, particularly our water plasma propulsion technology. We have signed contracts for approximately $33 million in backlog (potential revenue), as of February 28, 2023. These agreements contain firm orders as well as options, allowing customers to opt-in to launches on shorter notice without requiring a separate agreement. The breadth of these signed contracts spans across 18 companies in 12 countries. In general, our customers have the right to cancel their contracts with the understanding that they will forgo their deposits. If a customer cancels a contract before it is required to pay non-refundable deposits, we may not receive revenue from these orders, except for an initial deposit which is paid at the time the contract is signed. Refer to "*Risk Factors — We may not be able to convert our orders in backlog into revenue,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

On May 25, 2022, the Company launched Vigoride 3 to low-earth orbit aboard the SpaceX Transporter-5 mission. In addition to Vigoride 3, Momentus used a second port on the same SpaceX mission to fly a third-party deployer from a partner company. On May 25, 2022, Momentus used the third-party deployer to place its first customer satellite in orbit.

On May 26, 2022, upon establishing two-way contact between Vigoride 3 in low-earth orbit and a ground station on Earth, Momentus discovered that Vigoride 3 had experienced certain anomalies after its launch, primarily relating to its deployable solar arrays, which provide power to the spacecraft and its subsystems. The Company quickly worked to address the anomalies, identify root causes and pursue solutions to be implemented in advance of future missions.

The Company determined that Vigoride 3's deployable solar arrays, which are produced by a third party, and are folded and stowed during launch, did not operate as intended once in orbit. This resulted in low power and communications issues with the spacecraft. Meanwhile, the spacecraft's fixed, body-mounted solar panels appeared to have worked as intended and were able to provide some power to the spacecraft. The Company and the producer of the solar arrays identified a mechanical issue as the root cause of the deployable arrays not operating as intended. The Company also identified the root cause of the anomalies that it experienced with other spacecraft systems during the low-power state.

On May 28, 2022, Momentus was able to deploy two customer satellites from Vigoride 3 (of nine total customer satellites onboard Vigoride 3). The Company then continued efforts to deploy other customer satellites. While Momentus initially established two-way communications with Vigoride 3, it was unable to continue such two-way communication given the spacecraft's low-power state. Momentus has been using an unplanned frequency to work through the anomalies and applied for a 30-day Special Temporary Authority ("STA") from the FCC to properly comply with the FCC's radio frequency transmission requirements. On June 9, 2022, the Company received approval of a 30-day STA from the FCC as requested, which the FCC extended for an additional 30 days on July 13, 2022. Momentus continued to apply for 30-day extensions for its STA prior to expiration, which the FCC has granted in each case, through October 20, 2022.

While Momentus was unable to re-establish two-way communication with Vigoride 3, it continued to broadcast commands to the spacecraft from ground stations on Earth, including commands to deploy customer satellites. Additionally, Vigoride 3 was equipped with a mechanism designed to autonomously deploy customer satellites in the event of a sustained loss of communications with ground stations.

During the third quarter of 2022, the Vigoride spacecraft deployed five additional customer satellites including two on July 17, 2022, two on July 29, 2022, and one at the end of August 2022. In total, Momentus deployed a total of eight customer satellites in low-earth orbit during its inaugural mission, comprising seven satellites from Vigoride 3 and one satellite from the third-party deployer system. The Company was unable and remains unable to confirm the deployment of the last 2 customer satellites that Vigoride 3 was carrying. The Company incorporated improvements identified during its inaugural mission in advance of its first follow-on mission and other planned follow-on missions.

On January 3, 2023, the Company launched Vigoride 5 to low-earth orbit aboard the SpaceX Transporter-6 mission. The mission is ongoing and Vigoride 5 is in good health as it undergoes a deliberate commissioning process in preparation for on-orbit operations. On Vigoride's first orbital pass, Momentus confirmed that both solar arrays were deployed, and the vehicle was generating power and charging its batteries. As of the date of this Annual Report on Form 10-K, the vehicle's power and temperatures continue to be within the nominal expected ranges. While Vigoride 5 is carrying two customer payloads, the primary mission objective is to test the spacecraft on orbit, learn from any issues that are encountered and implement lessons learned on future Vigoride vehicles and missions.

The Company anticipates flying two additional missions with Vigoride during 2023. All future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Our services are made possible by the space industry's rapid technological developments over the past two decades, driven predominantly by significant decreases in launch costs, as well as the advent of smaller, lower-cost satellites. The convergence of these trends has resulted in substantial growth in the commercial space market, rooted in higher accessibility for companies entering the new space economy that aim to offer communication, earth observation and data collection services, and other satellite services.

We anticipate potential considerable growth over the coming years in the space transportation segment as companies continue to seek versatile and low-cost ways to deliver single satellites to specific orbits or deploy their satellite constellations. We anticipate that the need for small satellite transportation to low-earth orbit will continue to drive overall demand growth for space transportation services in the short-term as technology advancements continue to make space more accessible to new market entrants, although new applications beyond low-earth orbit are also emerging. We also believe that over the next decade, new space-based businesses may emerge, for example the generation of solar energy in space, space manufacturing or space data processing. The advent of these new business models could substantially increase demand for space transportation and other space infrastructure services.

Beyond transportation, we anticipate that growth of the satellite constellations market may drive demand for our hosted payload, on-orbit satellite refueling, on-orbit inspection, on-orbit satellite maintenance, de-orbiting, debris removal, and other satellite-to-satellite service offerings, if we are successful in executing on our business plan, including fully developing and validating our technology in space. Satellite constellations have relatively short lifespans and, in our view, will require maintenance, de-orbiting, and other general servicing with higher frequency.

The technology underlying our anticipated service offerings is still in the process of being developed, and has not been fully tested or validated in space. Our ability to execute on our business plan is dependent on the successful development and commercialization of the technologies described in this Annual Report on Form 10-K. Although we believe our water plasma propulsion technology will be a key differentiator of our product offerings, we have to date only conducted one test of this technology in space. Although we believe our test unit generated plasma in space and validated the theoretical basis of our technology, we have yet to experimentally confirm the unit's ability to generate thrust in space, which is crucial to our ability to conduct actual spacecraft maneuvers in orbit. Until we can accomplish this, the technology will remain in the experimental stages. Moreover, even if the unit generates thrust, there can be no assurance that it can be operated in a manner that is sufficiently reliable and efficient to permit full commercialization of the technology. Our statements and beliefs about the viability of our technology are primarily based on theoretical analyses and experimentally observed results during ground testing and our single test of this technology in space. Development of space technologies is extremely complex, time consuming, and expensive, and there can be no assurance that our predicted theoretical and ground-based results will translate into operational space vehicles that operate within the parameters we expect, or at all. This Form 10-K describes Momentus' current business plans for continuing to develop its technology and marketing and commercializing its products, however there can be no assurance that Momentus will be able to successfully develop its technologies and implement them in commercially viable vehicles. Refer to "*Risk Factors — A key component of our business model is the delivery of satellites using our vehicles from low-earth orbit to other orbits. The technology for this maneuver is still in the development stage...*" under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Services Overview

When our technology is fully developed and validated in the future, we currently plan to provide the following infrastructure services to the space economy:

Space Transportation. We are developing a space transportation service based on a hub-and-spoke model, which combines ride share launch on a medium or large rocket with last-mile delivery using one of our OSVs. Under this model, our customers will deliver their payload to us a few months prior to launch for integration onto our vehicle. Once we have integrated our customers' payloads, we will then ship our vehicle, holding the customer payload fixture, to the launch site, where it will be integrated onto the rocket. The rocket will then transport our vehicle to the drop-off orbit. After separation from the rocket, our vehicle will transport our customers' payloads to their chosen final orbit.

We are designing our water plasma thrusters to enable our vehicle to efficiently transport each customer payload to its respective orbit. We believe our hub-and-spoke model has the potential to expand our customers' deployment options relative to what they could achieve with ride share launch alone, while reducing their costs relative to what they could achieve with a dedicated small launch vehicle.

Initially, our vehicles will de-orbit after delivering our customer payloads to their final orbits. Ultimately, our plan is to develop the capability for our vehicles to be reusable, such that, upon delivery of the payload, they will be capable of remaining in space to conduct additional missions.

Hosted Payload. We are developing a modular approach to satellite systems through our subscription-based Hosted Payload service. This service is designed to help our customers avoid a meaningful capital outlay to design and manufacture a bespoke satellite as they would under traditional business models, which assumed tight integration of a given payload with its satellite bus. We have designed our transfer vehicles for modularity and ease of integration with customer payloads, with a full suite of capabilities that our customers will need on orbit. Under our Hosted

Payload model, after transporting a customer payload to a specific orbit our vehicle would stay connected to the payload for the duration of its mission to provide continuous power, orbit maintenance, orientation, and communications to support telemetry, commanding, and downlinking of payload data.

In-Orbit Servicing. We view in-orbit servicing of satellites as a quickly growing business opportunity. As the number of satellites in space increases, so does their need to be serviced. We plan to design Momentus' future reusable vehicles to be capable of performing in-orbit servicing and are pursuing development activities that support this objective. Although we are still in very preliminary stages for developing this technology, our aim is to equip future vehicles with robotic arms and the ability to maneuver in close proximity to other spacecraft and dock or berth with them. Once fully developed, we believe these capabilities could allow us to offer a suite of different in-orbit services, such as inspection, refueling, life extension, re-positioning, salvage missions, maintenance and repair, and de-orbiting.

Factors Affecting Our Performance

We believe that our performance and future success depend to a substantial extent on our ability to capitalize on the following opportunities, which in turn is subject to significant risks and challenges, including those discussed below and in the section titled "*Risk Factors*" under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

In-Space Transport and Service Vehicles and Related Technology Development

Our primary research and development objectives focus on the development of our existing and future in-space transfer and service vehicles and related water plasma propulsion technology.

Vigoride is the first vehicle that Momentus is developing. Once fully developed, tested and validated in space, we expect Vigoride will be sufficient to meet our initial operating plan of offering in-space transportation in low-earth orbit to small satellites. Vigoride is intended to transport up to 750 kg of customer payload in low-earth orbit, although our payload capacity will likely be lower in most common configurations. We have set the delta-v and host power objectives for Vigoride at 2 km/sec and 1 kW, respectively, which we believe we can achieve a few years into our product roadmap.

We have secured space for two additional Vigoride test and demonstration missions on launches that SpaceX plans to conduct in 2023. We believe these early missions will allow us to further validate Vigoride's capabilities. While securing space on the manifest is an important step, all future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Early Vigoride vehicles will not be reusable, meaning that we will de-orbit them following delivery of their customer payloads. However, as early as 2025, we aim to make our vehicles capable of reuse such that, upon delivery of their payloads, they will be able to remain in space to conduct follow-on missions. Establishing reusable vehicles will require significant additional research and technological developments. We believe our choice of water as a propellant will help with the creation of reusable vehicles because water can be stored without special conditions, other than ensuring lines and tanks do not freeze or become obstructed with ice, for an indefinite amount of time and pumped easily. Additionally, water is safe and non-hazardous relative to commonly used propellants such as cryogenic components and hypergolic toxic fuels for chemical propulsion, or highly pressurized noble gases (such as xenon or krypton) for electrical propulsion. We believe that if we are able to achieve reusability, it will allow us to lower manufacturing and launch costs on a per-ride basis and achieve higher margins and returns for our investors while also reducing our environmental impact.

Beyond Vigoride, we envision bringing larger vehicles to market. These vehicles will be similar to our Vigoride vehicle, but with larger structures, larger solar arrays, and more powerful propulsion systems in order to carry progressively larger payloads progressively further from Earth.

The successful development of our vehicles with water plasma propulsion technology involves uncertainties, including:

- timing in finalizing systems design and specifications;
- successful completion of test programs and demonstration missions;

- receipt and the timing of such receipt of licenses and government approvals that will allow us to fly our vehicles in space and gather valuable data that will assist in further development of our vehicles;
- meeting stated technological objectives and goals for the design on time, on budget and within target cost objectives;
- our ability to obtain additional applicable approvals, licenses or certifications from regulatory agencies and maintaining current approvals, licenses or certifications;
- our ability to secure slots on our launch providers' manifests;
- performance of our manufacturing facility despite risks that disrupt productions, such as natural disasters;
- performance of our third-party contractors that support our research and development activities;
- performance of a limited number of suppliers for certain raw materials and supplied components and their willingness to do business with us;
- our ability to protect our intellectual property critical to the design and function of our OSVs;
- our ability to continue funding and maintaining our current research and development activities; and
- our ability to comply with the terms of the NSA and any related compliance measures instituted by the Security Director.

A change in the outcome of any of these variables could delay the development of our vehicles which in turn could impact our business and results of operations. Refer to "*Risk Factors,*" under Part I, Item 1A in this Annual Report on Form 10-K

Initial and Successive Launches

Our water plasma propulsion technology (that we are developing) is based on the use of microwave electrothermal or "MET," thrusters, which we believe could ultimately provide safe, affordable, reliable, and regular in-space services, including Space Transportation, Hosted Payload, and In-Orbit Servicing. To accomplish this, we currently intend to:

Develop our commercial program for in-space transportation. We conducted our inaugural test and demonstration mission with Vigoride in 2022 and began our second test and demonstration mission in January 2023. We plan to conduct two additional test and demonstration missions with Vigoride during 2023. All future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Launch our commercial program for Hosted Payload. We are developing a modular approach to satellite systems through our hosted payload model. For missions that require significant power for the payload and/or specific orbits, our objective is for Momentus to be able to provide a unique combination of a low-cost service model, in-orbit flexibility, and high electrical power generation.

Launch our commercial program for In-Orbit Servicing. If we develop reusability for our vehicles as currently contemplated, we believe we will be able to begin offering a suite of different in-orbit services to our clients. Although we have not yet developed these capabilities or the technology that would be required to provide these services, such services may include inspection, refueling, life extension, re-positioning, salvage missions, maintenance and repair, and de-orbiting. As the quantity of satellites sent into space continues to increase, we anticipate growing demand from such services.

The success of our in-space infrastructure services business will depend on our ability to successfully and regularly deliver customer satellites into custom orbits. Our early missions, particularly those in 2022 and 2023, including our inaugural mission (Vigoride 3) in May 2022, were and are intended to be demonstration missions. The primary goals of our planned demonstration missions are to test Vigoride on orbit and learn from any issues that we encounter. The lessons learned from demonstration missions will help inform changes we can make to our Vigoride vehicle as we seek to ultimately certify a design for production. Depending on the nature of issues we encounter, our schedule for future launches and other planned activities could be adversely affected. There can be no assurance that we will not experience operational or process failures and other problems during our future demonstration missions or on any future mission. Any failures or setbacks, particularly those that we experienced on our inaugural mission (Vigoride 3) and those that we may encounter on other early missions, could harm our reputation and have a material adverse effect on our business, financial condition and results of operation. Refer to "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Customer Demand

We have received significant interest from a range of satellite operators, satellite manufacturers, satellite aggregators, launch service providers, and others. As of December 31, 2022, we had collected approximately $2.7 million in customer deposits related to future launches. While our standard contracts do not contain refunds or recourse provisions that enable our customers to recover any non-refundable deposits that have been paid, we issued refunds totaling $1.4 million to customers during the year ended December 31, 2021 due to cancelled launches for 2021 in order to foster future business relationships and customer goodwill. There were no refunds paid during the year ended December 31, 2022.

Because our technologies have not yet been fully tested, our service offering to our customers on our demonstration missions will be limited. To reflect this, we expect to provide discounts to customers on these demonstration missions relative to the price we intend to eventually charge for our transportation services. During our demonstration missions, we plan to demonstrate Vigoride's ability to deploy satellites. Once all customer payloads have been released, we plan to perform certain maneuvers and technology demonstrations to validate our technology and establish the potential commercial viability of our strategy. This approach limits risk for us as well as for our customers.

We have signed contracts for approximately $33 million in backlog (potential revenue), as of February 28, 2023. These agreements include firm orders as well as options, which allow customers to opt-in to launches on shorter notice without requiring a separate agreement. The breadth of these signed contracts spans across 18 companies in 12 countries. In general, our customers have the right to cancel their contracts with the understanding that they will forgo their deposits. If a customer cancels a contract before it is required to pay non-refundable deposits, we may not receive revenue from these orders, except for an initial deposit which is paid at the time the contract is signed.

Our backlog is subject to meaningful customer concentration risk. As of February 28, 2023, approximately 87% of the total dollar value of our backlog related to three launch services providers and aggregators of launch services capacity, and their affiliates. The top ten customers in our backlog represent approximately 98% of the total dollar value of our backlog.

In addition, backlog is typically subject to large variations from quarter to quarter and comparisons of backlog from period to period are not necessarily indicative of future revenues. Furthermore, some contracts comprising the backlog are for services scheduled many years in the future, and the economic viability of customers with whom we have contracted is not guaranteed over time. As a result, the contracts comprising our backlog may not result in actual revenue in any particular period, or at all, and the actual revenue from such contracts may differ from our backlog estimates. The timing of receipt of revenues, if any, on projects included in the backlog could change because many factors affect the scheduling of missions and adjustments to contracts may also occur. The failure to realize some portion of our backlog could adversely affect our revenues and gross margins.

COVID-19 Impact

The COVID-19 pandemic has affected our business in the past, including our timeline for our formerly planned launch in April 2020, and has the potential to further impact our business in the future, including our plans for future launches and our ability to secure contracts with customers.

We plan to conduct two additional test and demonstration missions with Vigoride during 2023. All future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

A portion of our personnel worked from home in 2020 through 2022 as we reduced our in-person operations to prioritize the safety of our employees.

Notwithstanding the foregoing, the impact of the COVID-19 pandemic on the Company's business, results of operations and overall financial performance will ultimately depend on future developments, including the duration of the pandemic, possible recurrent outbreaks, the appearance of variants and the effectiveness of vaccines and other mitigation measures against variants, all of which are highly uncertain and cannot be predicted. See Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K for additional discussion of the potential impact of the COVID-19 pandemic on our business.

Recent Developments

Organizational Changes

On November 28, 2022, Jikun Kim, the Chief Financial Officer of the Company, tendered his resignation effective January 6, 2023. On January 3, 2023, the Board of Directors appointed Dennis Mahoney as the Interim Chief Financial Officer and principal accounting officer of the Company, effective as of January 7, 2023. Our permanent CFO search activities continue.

At-The-Market Offering

On September 28, 2022, Momentus entered into an At-the-Market Equity Offering Sales Agreement with a sales agent (the “ATM Sales Agreement”). Pursuant to the ATM Sales Agreement, the Company may from time to time sell, through the sales agent using at-the-market (“ATM”) offerings, shares of Common Stock up to an aggregate offer price of $50.0 million. Under the ATM Sales Agreement, the sales agent will be entitled to compensation at a commission rate of up to 3.0% of the gross sales price per share sold.

During the year ended December 31, 2022, there were no sales under the ATM Sales Agreement.

Registered Direct Offering

On February 27, 2023, Momentus sold an aggregate of 9,396,000 shares of Common Stock at a purchase price of $0.8646 per share, pre-funded warrants to purchase an aggregate of 2,170,043 shares of Common Stock at a purchase price of $0.8646 per pre-funded warrant less the exercise price of $0.00001 per pre-funded warrant, and warrants to purchase 11,566,043 shares of Common Stock to an institutional investor. The aggregate gross proceeds of this offering, before the deduction of fees and expenses, was approximately $10.00 million. We expect to use substantially all of the net proceeds from this offering to satisfy certain stock repurchase obligations of the Company from prior to the Business Combination.

Consummation of Business Combination

On August 12, 2021, the Company consummated a merger pursuant to certain Agreement and Plan of Merger, dated October 7, 2020, and as amended on March 5, 2021, April 6, 2021, and June 29, 2021 (the “Merger Agreement”), by and among Stable Road Acquisition Corp (“SRAC”), Project Marvel First Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of SRAC (“First Merger Sub”), and Project Marvel Second Merger Sub, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of SRAC (“Second Merger Sub”), pursuant to which First Merger Sub merged with and into Momentus Inc., a Delaware corporation (“Legacy Momentus”) with Legacy Momentus as the surviving corporation of the First Merger Sub, and immediately following which Legacy Momentus merged with and into the Second Merger Sub, with the Second Merger Sub as the surviving entity (the “Business Combination”). In connection with the closing of the Business Combination (the “Closing”), the Company changed its name from Stable Road Acquisition Corp. to Momentus Inc., and Legacy Momentus changed its name to Momentus Space, LLC.

The Business Combination is accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, SRAC is treated as the “acquired” company for financial reporting purposes. We are deemed the accounting predecessor of the combined business, and Momentus Inc., as the parent company of the combined business, is the successor SEC registrant, meaning that our consolidated financial statements for previous periods are disclosed in the registrant’s future periodic reports filed with the SEC.

As a result of the Business Combination, we became the successor to an SEC-registered and Nasdaq-listed company, which has required us to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We have begun to incur additional recurring expenses as a public company for, among other things, directors’ and officers’ liability insurance, director fees, and additional internal and external accounting, legal and administrative resources.

Term Loan and Security Agreement

On February 22, 2021, the Company entered into the Term Loan which provided the Company with up to $40.0 million in borrowing capacity at an annual interest rate of 12%. $25.0 million of the Term Loan was immediately available for borrowing by the Company at the inception of the agreement, the Company borrowed this amount on

March 1, 2021. The remaining $15.0 million of borrowing capacity is no longer available as the Company did not achieve certain milestones needed by the June 30, 2021 deadline. Under the terms of the loan, if certain operating cash ratios are not met, the lender is granted a lien on the Company's intellectual property while the loan is outstanding. Prior to the Business Combination, the lien was granted but was subsequently released as a result of the proceeds from the Business Combination. The repayment terms of the Term Loan provide for interest-only payments beginning March 1, 2021 through February 28, 2022.

Under the original terms of the loan, the principal amount was due and payable on March 1, 2022, however, during January 2022, the Company exercised its option to pay back the Term Loan over 24 months. The extended payment term resulted in a recast schedule with a lower effective interest rate. See Note 10.

In conjunction with the Term Loan, warrants to purchase preferred stock up to 1% of the fully diluted capitalization (including allowance for conversion of all outstanding convertible notes, SAFE notes and such warrants) of the Company were granted to the lender exercisable at the lender's option. 80% of the 1% of the warrants were earned by the lender upon execution of the agreement. The additional 20% of the warrants was forfeited as of June 30, 2021. On August 12, 2021 the lender exercised the warrant; see Note 11 for discussion on the valuation and conversion of the warrants.

In addition, the lender has certain rights to participate in future private equity offerings (including convertible notes or bridge financings) of Momentus.

SEC Settlement and CFIUS Review

We have incurred significant expenses in connection with the CFIUS review described below and have incurred and expect to incur significant expenses in connection with the implementation of the NSA described below. We have also incurred significant expenses related to the SEC settlement discussed below. The Company has incurred legal expenses related to these matters of approximately $1.7 million and $7.5 million during the years ended December 31, 2022 and 2021, respectively.

SEC Settlement

On July 13, 2021, the Company agreed to a settlement with the SEC on a "neither admit nor deny" basis, in anticipation of cease-and-desist proceedings relating to certain violations of antifraud provisions of the federal securities laws alleged by the SEC. As a result of the settlement, the Company agreed to a civil penalty of $7.0 million, $2.0 million of which was paid immediately and $5.0 million which was paid on July 8, 2022.

CFIUS Review and NSA

In February 2021, Momentus and its co-founder Mikhail Kokorich, with support from SRAC, submitted a joint notice to CFIUS for review of the historical acquisitions of interests in Momentus by Mr. Kokorich, his wife, and entities that they control in response to concerns of the U.S. Department of Defense (the "DoD") regarding Momentus' foreign ownership and control. On June 8, 2021, the Company entered into a NSA with Mr. Kokorich, on behalf of himself and Nortrone Finance S.A. (an entity controlled by Mr. Kokorich), Lev Khasis and Olga Khasis, each in their respective individual capacities and on behalf of Brainyspace LLC (an entity controlled by Olga Khasis), and the U.S. government, represented by the DoD and the U.S. Department of the Treasury (such agreement, the "NSA"). In accordance with the NSA, Mr. Kokorich, Nortrone Finance S.A., Lev Khasis and his wife Olga Khasis, and Brainyspace LLC divested all the equity interests in Momentus owned or beneficially owned by them by selling such equity interests to the Company on June 8, 2021 (see below "*Co-Founder Divestment*"). The NSA also established various requirements and restrictions on the Company in order to protect national security, certain of which may materially and adversely affect our operating results due to the cost of compliance with security measures, and limitations on our control over certain U.S. facilities, contracts, personnel, vendor selection and operations. The Company has made progress in implementing the NSA by achieving baseline compliance and incorporating security measures into Company policies and procedures addressing some NSA risk.

Co-Founder Divestment and Stock Repurchase Agreements

In accordance with the NSA and pursuant to stock repurchase agreements entered into with the Company, effective as of June 8, 2021, each of Mr. Kokorich, Nortrone Finance S.A. and Brainyspace LLC (collectively " the Co-Founders") sold 100% of their respective equity interests in the Company on June 30, 2021. In exchange for their equity interests, the Company initially paid each entity $1, but will additionally pay up to an aggregate of $50,000,000, out of funds legally available therefor, to the Co-Founders, on a pro rata basis, as follows: (i) an aggregate of $40,000,000 to be paid out of funds legally available therefor, within 10 business days after the earlier of (A) a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $100,000,000 and (B) the Business Combination (the “First Payment Date”); and (ii) an aggregate of $10,000,000 to be paid out of funds legally available therefor, within 10 business days after a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $250,000,000 (determined without any reduction for the $100,000,000 previously received in respect of the First Payment Date).

As a result of the Business Combination, which generated $247.3 million of gross proceeds (as described in Note 3), the Company paid the Co-Founders $40.0 million in addition to the initial consideration paid of $3. The Company recorded the consideration paid as a reduction of common stock and additional paid in capital. Pursuant to the NSA, a portion of those divestment proceeds were placed in escrow accounts, and may not be released to the divested investors until after completion of audit by a third-party auditor of the investors compliance with the NSA and the lapse of a 15 day period without an objection from the CFIUS Monitoring Agencies. Following the third-party audit of the investors’ NSA compliance, all of the escrowed divestment proceeds were released to the Co-Founders as of March 1, 2022 in accordance with the NSA.

If the Company were to undertake a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of approximately $2.7 million or more, the Company would need to pay an aggregate of $10.0 million to the Co-Founders in accordance with the terms of the stock repurchase agreements (see Note 11). As a subsequent event, on February 27, 2023 the Company raised $10.0 million through the sale of securities, which triggered the liability under the stock repurchase agreements. Refer to Note 16.

The Company evaluated and periodically re-evaluates this potential consideration as a liability under ASC 480 utilizing a probability-weighted approach. Certain factors which would enable successful fundraising were considered, including progress toward compliance with the NSA, research and development progress, and agreements with launch providers as well as the Company’s fundraising efforts under the at-the-market offering program describe above, resulting in an estimated liability of $10.0 million expected to be paid to the Co-Founders with a corresponding offset to additional paid in capital within the consolidated statements of stockholders’ equity (deficit), as of December 31, 2022.

The payment came from proceeds of the Business Combination and PIPE Investment and therefore reduce the proceeds available to Momentus to fund its operations and capital expenditures going forward.

As part of the stock repurchase agreements, both Messrs. Kokorich and Khasis agreed to a broad waiver and release of all claims (broadly defined) against the Company. The Company has maintained that this release is effective as to various advancement and indemnification claims either individual may have against the Company.

Both Messrs. Kokorich and Khasis have, through counsel, disagreed with the Company’s position. For example, Mr. Kokorich is named as a defendant in the securities class action pending against the Company and other defendants, although he has not been served nor appeared in those matters. In addition, Mr. Kokorich is the sole defendant in a civil litigation action filed against him by the Securities and Exchange Commission, which remains pending in the US District Court for the District of Columbia, Case No. 1:21-cv-01869. Mr. Kokorich has demanded indemnification and advancement from Momentus for his fees and costs incurred in these actions, which claims are disputed by the Company.

The Company continues to maintain that Mr. Kokorich’s release in the NSA and stock repurchase agreements is effective as to his claims for advancement and indemnification in these litigation matters. On August 16, 2022, Mr. Kokorich filed a verified complaint against Momentus in the Delaware Court of Chancery (Case. No. 2022-0722) seeking indemnification and advancement from Momentus. On October 14, 2022, Momentus filed its motion to dismiss this action. Momentus disputes the allegations in the complaint and intends to vigorously defend the litigation. See Note 14.

See “*Risk Factors — We will require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all,”* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Components of Results of Operations

Service Revenue

We enter into contracts for ‘last-mile’ satellite and cargo delivery, payload hosting and in-orbit servicing options with customers that are primarily in the aerospace industry. The Company recognizes revenue (along with any other fees that have been paid) upon the earlier of the satisfaction of our performance obligation or when the customer cancels the contract.

On May 4, 2022, the Company received a favorable determination from the Federal Aviation Administration (the “FAA”) of its application for payload review, which was the final regulatory milestone needed to support the Company’s inaugural flight of the Vigoride orbital service vehicle (Vigoride 3) in May 2022. The FAA favorable determination followed a license from the Federal Communications Commission (the “FCC”) received on April 28, 2022, and updates to existing licenses from the National Oceanic and Atmospheric Administration (the “NOAA”).

On May 25, 2022, the Company launched Vigoride 3 to low-earth orbit aboard the SpaceX Transporter-5 mission. In addition to Vigoride 3, Momentus used a second port on the same SpaceX mission to fly a third-party deployer from a partner company. On May 25, 2022, Momentus used the third-party deployer to place its first customer satellite in orbit.

On May 26, 2022, upon establishing two-way contact between Vigoride 3 in low-earth orbit and a ground station on Earth, Momentus discovered that Vigoride 3 had experienced certain anomalies after its launch, primarily relating to its deployable solar arrays, which provide power to the spacecraft and its subsystems. The Company quickly worked to address the anomalies, identify root causes and pursue solutions to be implemented in advance of future missions.

The Company determined that Vigoride 3’s deployable solar arrays, which are produced by a third party, and are folded and stowed during launch, did not operate as intended once in orbit. This resulted in low power and communications issues with the spacecraft. Meanwhile, the spacecraft's fixed, body-mounted solar panels appeared to have worked as intended and were able to provide some power to the spacecraft. The Company and the producer of the solar arrays identified a mechanical issue as the root cause of the deployable arrays not operating as intended. The Company also identified the root cause of the anomalies that it experienced with other spacecraft systems during the low-power state.

On May 28, 2022, Momentus was able to deploy two customer satellites from Vigoride 3 (of nine total customer satellites onboard Vigoride 3). The Company then continued efforts to deploy other customer satellites. While Momentus initially established two-way communications with Vigoride 3, it was unable to continue such two-way communication given the spacecraft's low-power state. Momentus has been using an unplanned frequency to work through the anomalies and applied for a 30-day Special Temporary Authority (“STA”) from the FCC to properly comply with the FCC’s radio frequency transmission requirements. On June 9, 2022, the Company received approval of a 30-day STA from the FCC as requested, which the FCC extended for an additional 30 days on July 13, 2022. Momentus continued to apply for 30-day extensions for its STA prior to expiration, which the FCC has granted in each case, through October 20, 2022.

While Momentus was unable to re-establish two-way communication with Vigoride 3, it continued to broadcast commands to the spacecraft from ground stations on Earth, including commands to deploy customer satellites. Additionally, Vigoride 3 was equipped with a mechanism designed to autonomously deploy customer satellites in the event of a sustained loss of communications with ground stations.

During the third quarter of 2022, the Vigoride spacecraft deployed five additional customer satellites including two on July 17, 2022, two on July 29, 2022, and one at the end of August 2022. In total, Momentus deployed a total of eight customer satellites in low-earth orbit during its inaugural mission, comprising seven satellites from Vigoride 3 and one satellite from the third-party deployer system. The Company was unable and remains unable to confirm the deployment of the last 2 customer satellites that Vigoride 3 was carrying. The Company incorporated improvements identified during its inaugural mission in advance of its first follow-on mission and other planned follow-on missions.

On January 3, 2023, the Company launched Vigoride 5 to low-earth orbit aboard the SpaceX Transporter-6 mission. The mission is ongoing and Vigoride 5 is in good health as it undergoes a deliberate commissioning process in preparation for on-orbit operations. On Vigoride’s first orbital pass, Momentus confirmed that both solar arrays were deployed, and the vehicle was generating power and charging its batteries. As of the date of this Annual Report on Form 10-K, the vehicle’s power and temperatures continue to be within the nominal expected ranges. While Vigoride 5 is carrying two customer payloads, the primary mission objective is to test the spacecraft on orbit, learn from any issues that are encountered and implement lessons learned on future Vigoride vehicles and missions.

The Company anticipates flying two additional missions with Vigoride during 2023. All future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to “*Risk Factors — We may not receive all required governmental licenses and approvals,” and* “*Risk Factors — We are dependent on the successful* *development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

In connection with the May 25, 2022 flight of the Vigoride spacecraft and the third-party deployer from a partner company, the Company completed one of the intended performance obligations, resulting in $50 thousand of recognized revenue, which was previously recorded in contract liabilities. The remaining customer payloads were negatively impacted by the Vigoride anomalies and as a result did not receive the anticipated level of service. As a result, the Company offered concessions to those customers, the value of which was unresolved at the end of the second quarter of 2022. Due to this uncertainty, the Company recorded the related customer deposits of $133 thousand as deferred revenues within current contract liabilities at that time.

During the third quarter of 2022, the Company recognized $129 thousand of revenue. $28 thousand was due to forfeited customer deposits from cancelled customer contracts. The Company also resolved the uncertainties that had caused it to defer revenue from its inaugural launch. As a result, the Company recognized revenue of $101 thousand, and continued to defer $33 thousand now allocated to future services as a result of the variable consideration.

During the three months ended December 31, 2022, the Company recognized $120 thousand of revenue, due to forfeited customer deposits primarily related to expired options.

As of December 31, 2022 we have signed contracts with customers and have collected approximately $2.7 million in customer deposits, which are recorded as non-current contract liabilities in our consolidated balance sheets.

The Company estimates variable consideration at the most likely amount, which is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. While the Company's standard contracts do not contain refund or recourse provisions that enable its customers to recover any non-refundable fees that have been paid, the Company may issue full or partial refunds to customers on a case-by-case basis as necessary to preserve and foster future business relationships and customer goodwill. As a result of the Company's inability to complete any launches in 2021 (refer to Note 4 for additional information), the Company issued customer refunds of $1.4 million to customers during the year ended December 31, 2021. There were no refunds during the year ended December 31, 2022.

Cost of Revenue

Cost of revenue consists primarily of expenses associated with the cost of the orbital service vehicle and third-party launch costs. Until the orbital service vehicle design is completed and released for production, the cost of these orbital service vehicles is being expensed as research and development costs as materials and services are received. The current design and technology allow for a single use of the orbital service vehicle.

In connection with the launch of Vigoride 3 and the third-party deployer in May 2022, the Company amortized $1.2 million of prepaid launch costs. These costs were allocated proportionally based on payload weight; $12 thousand allocated to completed customer payload performance obligations was amortized to cost of revenue, $14 thousand allocated to customer payload subject to unresolved variable consideration was deferred within current deferred fulfillment costs as of the end of the second quarter 2022, $0.6 million allocated to the Vigoride vehicle was amortized to research and development costs, and $0.6 million allocated to the third-party deployer, intended as a demonstration of the Company's business model, was amortized to selling, general and administrative costs. As a result of the launch, the Company realized $1.8 million of benefit from the recovery of previously impaired prepaid launch costs. The Company did not allocate any Vigoride vehicle development expense to cost of revenue as the vehicle has not yet met the criteria for capitalization. Refer to *Research and Development Costs* in Note 2.

During the third quarter of 2022, the Company resolved the variable consideration uncertainties that had caused it to defer revenue and cost of revenue from its inaugural launch. As a result, the Company amortized the deferred $14 thousand to cost of revenue.

Research and Development

Research and development expenditures consist primarily of the cost for the following activities for developing existing and future technologies for our vehicles. Research and development activities include basic research, applied research, design, development, and related test program activities. Costs incurred for developing our vehicles primarily include equipment, material, and labor hours (both internal and subcontractors). The Company also records launch costs related to the testing of its Vigoride vehicles as research and development costs.

As of December 31, 2022, we have expensed all research and development costs associated with developing and building our vehicles. Once we have achieved technological feasibility and released the design for volume production, we will capitalize the costs to construct any additional components for the vehicles. We expect to continue to see an increase in our research and development expenses as we develop our next generation of vehicles.

Selling, General and Administrative

Selling, general and administrative expenses consist of human capital related expenses for employees involved in general corporate functions, including executive management and administration, accounting, finance, tax, legal, information technology, security, sales, marketing, and human resources; depreciation expense and rent relating to facilities, and equipment; professional fees; and other general corporate costs. Headcount-related expenses primarily include salaries, bonuses, equity compensation expense and benefits. As we continue to grow as a company, we expect that our selling, general and administrative costs will increase on an absolute dollar basis. The Company also recorded one-time launch costs related to the validation of the business model as selling, general and administrative costs.

We also have begun to incur additional expenses as a result of operating as a public company, including expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related to compliance and reporting obligations pursuant to the rules and regulations of the SEC as well as to comply with the NSA.

Interest Income

Interest income consists of interest earned on investment holdings in interest bearing bank accounts.

Interest Expense

Interest expense includes interest incurred related to our loan payables as well as the amortization of warrant discount and debt issuance costs.

Other Income/Expense

Other income/expense primarily relates to the change in the estimated fair value of our SAFE notes and warrants, and non-recurring fees incurred in conjunction with the SAFE and Term Loan financing, SEC settlement cost, and the Business Combination.

Income Tax Provision

We are subject to income taxes in the United States. Our income tax provision consists of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws.

The effective tax rate may vary significantly from period to period and can be influenced by many factors. These factors include, but are not limited to, changes to the statutory rates in the jurisdictions where the Company has operations and changes in the valuation of deferred tax assets and liabilities. The difference between the effective tax rate and the federal statutory rate of 21% primarily relates to certain nondeductible items, state and local income taxes and a full valuation allowance for deferred tax assets.

Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparisons of financial results are not necessarily indicative of future results.

Comparison of Financial Results for the Years Ended December 31, 2022 and 2021

	Year Ended December 31,			
(in thousands)	**2022**	**2021**	**$ Change**	**% Change**
Service revenue	$ 299	$ 330	$ (31)	(9 %)
Cost of (reversal of) revenue	26	(135)	161	(119 %)
Gross profit	273	465	(192)	(41 %)
Operating expenses:				
Research and development expenses	41,721	51,321	(9,600)	(19 %)
Selling, general and administrative expenses	49,827	48,905	922	2 %
Operating loss	(91,275)	(99,761)	8,486	(9 %)
Other income (expense):				
Decrease in fair value of SAFE notes	—	209,291	(209,291)	(100 %)
Decrease in fair value of warrants	5,185	37,330	(32,145)	(86 %)
Realized loss on disposal of asset	(168)	(17)	(151)	N/A
Interest income	522	2	520	N/A
Interest expense	(5,262)	(14,229)	8,967	(63 %)
SEC settlement	—	(7,000)	7,000	(100 %)
Litigation settlement, net	(4,500)	—	(4,500)	N/A
Other income (expense)	54	(4,960)	5,014	(101 %)
(Loss) income before income taxes	(95,444)	120,656	(216,100)	(179 %)
Income tax expense	—	2	(2)	(100 %)
Net (loss) income	$ (95,444)	$ 120,654	(216,098)	(179 %)

Service revenue

Revenue recognized during the year ended December 31, 2022 was composed of $151 thousand due to the Company’s first launch in May 2022. This revenue was recognized as the result of a completed performance obligation, as well as other performance obligations which were negatively impacted by the Vigoride 3 anomalies and led to concessions offered to customers, the value of which was resolved after the completion of the mission. The remainder of revenues were recognized from forfeited customer deposits related to contract cancellations and option expirations.

The service revenue recognized during the year ended December 31, 2021 was due to customer contract cancellations, resulting in the forfeiture of $330 thousand of non-refundable customer deposits.

(Reversal of) Cost of revenue

The cost of revenue during the year ended December 31, 2022 was due to the Company’s first launch in May 2022. The Company allocated the cost of the launch proportionally based on payload weight.

The reversal of cost of revenue recorded during the year ended December 31, 2021 represents the reversal of a contingency recorded during the prior year for loss contracts related to free slots on future missions. During the year ended December 31, 2021 the Company signed amendments or terminations with those customers such that the services will no longer be free of charge. The reversed contingency was offset by costs incurred related to one of the cancelled contracts.

Research and development expenses

Research and development expenses decreased from $51.3 million in the year ended December 31, 2021 to $41.7 million in the year ended December 31, 2022. The decrease was primarily due to one-time impairments of $9.5 million of prepaid launch deposits in the prior year, offset by $0.6 million of launch costs amortized during the year ended December 31, 2022. Spending on components, materials, and other costs decreased by $2.7 million along with subcontracted research and development costs which decreased by $2.0 million. These reductions were offset by additional payroll costs of $2.9 million due to an increase in headcount, and higher compensation packages related to the transition from start-up to a publicly traded company. The decrease was further offset by additional overhead and other costs of $1.2 million.

Selling, general and administrative expenses

Selling, general and administrative expenses increased from $48.9 million in the year ended December 31, 2021 to $49.8 million in the year ended December 31, 2022. Non-stock based compensation payroll increased by $0.9 million, due to higher compensation packages for senior employees related to the transition from a start-up to a publicly traded company. Additional insurance costs of $1.6 million and additional general corporate costs of $2.0 million were incurred due to the extra requirements of operating as a publicly traded company. Increased spending of $5.0 million on non-legal professional fees was offset by a reduction of $2.5 million in legal spending as the Company's activity related to the NSA and SEC topics discussed in Note 14 shifted from legal proceedings to compliance. Stock based compensation cost decreased by $6.7 million due to the non-recurring stock modification in the prior period. The Company also incurred launch costs of $0.6 million during the year ended December 31, 2022, related to the validation of a third-party deployer of a partner company.

Decrease in fair value of SAFE notes

The decrease in the calculated fair value of SAFE notes during the year ended December 31, 2021 was primarily due to a decrease in the estimated fair value of the Company's stock, which at that time was driven by its relation to the market price of SRAC. All outstanding SAFE notes were converted to Common Stock upon completion of the Business Combination (see Note 9). Prior to conversion, our SAFE notes were classified as marked-to-market liabilities pursuant to ASC 480 and gains or losses were recorded as other income or expense.

Decrease in fair value of warrants

For the year ended December 31, 2022, the decrease in the calculated fair value of the Company's currently outstanding warrants, which were assumed from the Business Combination, was primarily driven by the observable market price of the publicly listed warrants to purchase the Company's stock under comparable terms. See Note 11.

For the year ended December 31, 2021, the decrease in the calculated fair value of the private loan-related warrants was due to the decrease in the estimated fair value of the Company's stock. The private loan-related warrants in the prior period were exercised in connection with the Business Combination. This decrease also included a decrease in the value of the assumed warrant liabilities from the Business Combination due to the Company's stock decreasing in fair value during the period following the Merger through year end.

Realized loss on disposal of asset

The increase in realized loss on disposal of asset for the year ended December 31, 2022 was due to disposals of furniture and equipment related to the end of three minor leases.

Interest Income

Interest income increased from an immaterial amount for year ended December 31, 2021 to $0.5 million for the year ended December 31, 2022 as the Company invested more in money market funds in response to rising interest rates.

Interest expense

During January 2022, the Company exercised its option to extend repayment of the loan, resulting in a decrease of the effective interest rate and $5.3 million of cash and amortization interest for the year ended December 31, 2022. See Note 10. Interest expense of $14.2 million for the year ended December 31, 2021 relates to cash and amortization interest under the original one year term of the Term Loan.

SEC settlement

SEC settlement expense for the year ended December 31, 2021 relates to a civil penalty of $7.0 million, $2 million of which was paid to the SEC immediately and $5 million which was paid on July 8, 2022.

Litigation settlement, net

Litigation settlement expense for the year ended December 31, 2022 relates to the loss contingency of $8.5 million recorded as a result of the settlement of the Amended Complaint. This contingency was offset by an insurance receivable of $4.0 million for the insurance proceeds expected from its insurers related to the settlement.

Other income (expense)

Other income for the year ended December 31, 2022 was immaterial. Other expense in the year ended December 31, 2021 was due to the transaction costs allocated to the liability-classified warrant assumed in connection with the Business Combination, as well as banking fees related to SAFE financing raised during the period.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily by issuing equity and debt, including the proceeds of the Business Combination and PIPE Investment. As of December 31, 2022, our principal sources of liquidity were our cash and cash equivalents in the amount of $61.1 million, which are held in cash or invested in money market funds.

Historical Cash Flows

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Net cash provided by (used in)		
Operating activities	$ (87,887)	$ (86,712)
Investing activities	(733)	(3,090)
Financing activities	(9,514)	226,829
Net change in cash and cash equivalents	$ (98,134)	$ 137,027

Operating Activities

Net cash used in operating activities for the year ended December 31, 2022 was $87.9 million, driven primarily by headcount costs, research and development activities, and professional fees related to the SEC and NSA compliance costs, as well as net cash changes in operating assets and liabilities. Headcount related payroll costs, excluding accrued bonus and stock-based compensation, were $28.2 million. Research and development activity expenses, including materials, components, and subcontractor costs were $15.0 million. Professional fees for compliance related to the SEC and NSA topics discussed in Note 14, business development, accounting and audit, and other services, were $12.7 million. Legal fees, related to public company costs as well as the class action complaints discussed in Note 14 were $9.0 million. Office overheads, other general corporate expenses, and cash interest were $15.7 million. The Company paid for $1.2 million of launch costs during the year ended December 31, 2022 that were amortized in connection with its first launch. The Company additionally had net cash changes in operating assets and liabilities of $6.8 million, which included payment of the $5.0 million SEC settlement payable.

Net cash used in operating activities for the year ended December 31, 2021 was $86.7 million, driven primarily by headcount costs, research and development activities, and selling, general, and administrative costs. Headcount related payroll costs, excluding accrued bonus and stock-based compensation, were $21.6 million. Research and development activity expenses, including materials, components, and subcontractor costs were $19.6 million. Legal fees, related to the SEC and CFIUS review topics, discussed in Note 14, were $11.5 million. Professional fees for recruiting, accounting and audit, and other services were $7.7 million. Office overheads, other general corporate expenses, and cash interest were $11.0 million. The Company also paid $2.0 million of its liability under the SEC settlement and $4.8 million of transaction costs related to the Business Combination allocated to operating costs. Additionally, cash used in net working capital increased by $8.8 million.

Investing Activities

Net cash used in investing activities was $0.7 million and $3.1 million for the years ended December 31, 2022 and 2021, respectively, which consisted primarily of purchases of machinery and equipment, and build-outs in our facility.

Financing Activities

Net cash used in financing activities was $9.5 million for the year ended December 31, 2022, due to principal repayment under the Term Loan.

Net cash provided by financing activities was $226.8 million for the year ended December 31, 2021, consisting of proceeds from the issuance of SAFE notes, borrowing under the Term Loan, and the Business Combination and PIPE, net of transaction costs and Share Repurchase payments.

Funding Requirements

We expect our cash consumption to continue in connection with our ongoing activities, particularly as we continue to advance the development of our vehicles, build corporate infrastructure and enhance our sales and marketing functions.

Specifically, our operating expenses will continue as we:

- continue to build and refine our corporate infrastructure, people, processes and systems;
- enhance and scale our sales and marketing function;
- scale up our manufacturing capabilities increasing facility footprint, purchasing additional manufacturing equipment;
- pursue further research and development related to developing our next generation vehicles;
- seek regulatory approvals for changes or updates to our vehicles;
- actively manage our workforce, including hiring additional personnel;
- implement measures required under the NSA and continue to implement measures required under the NSA and seek to comply with the NSA's requirements;
- maintain, expand and protect our intellectual property portfolio;
- comply with public company reporting requirements; and
- defend against litigation.

We expect that our current cash and cash equivalents, our projected gross profit (revenue less cost of revenue), and additional funding from equity or debt financings will enable us to fund anticipated operating expenses, research and development expenses and capital expenditures beyond the next 12 months.

We have based these estimates on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we expect. For example, the research and development, volume production, launch and in orbit operation of our vehicles have unpredictable costs and are subject to significant risks, uncertainties and contingencies, many of which are beyond our control, that may affect the timing and magnitude of these anticipated expenditures. Some of these risks and uncertainties are described in more detail under Part II, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K under the heading "*Risk Factors — Risks Related to the Business and Industry of Momentus.*"

Although we believe that the Company has sufficient liquidity to sustain our operations for a period of time, changing circumstances may cause us to expend capital significantly faster than we currently anticipate, or we may need to spend more money than currently expected because of circumstances beyond our control. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

Commitments and Contingencies

We are a party to operating leases primarily for facilities (e.g., office buildings, warehouses and spaceport) under non-cancellable operating leases. These leases expire at various dates through 2028. Refer to Note 7.

We have principal of $15.3 million outstanding under the Term Loan. Refer to Note 10.

We enter into purchase obligations in the normal course of business. These obligations include purchase orders and agreements to purchase goods or services that are enforceable, legally binding, and have significant terms and minimum purchases stipulated. Refer to Note 14.

As a result of the settlement of the Amended Complaint, we recorded a litigation settlement contingency of $8.5 million. Refer to Note 14.

In addition, we enter into agreements in the normal course of business with vendors for research and development services and outsourced services, which are generally cancellable upon written notice. These payments are not included in this table of contractual obligations.

Co-Founder Divestment and Stock Repurchase Agreements

In accordance with the NSA and pursuant to stock repurchase agreements entered into with the Company, effective as of June 8, 2021, each of Mr. Kokorich, Nortrone Finance S.A. and Brainyspace LLC (collectively "the Co-Founders") sold 100% of their respective equity interests in the Company on June 30, 2021. In exchange for their equity interests, the Company initially paid each entity $1, but will additionally pay up to an aggregate of $50,000,000, out of funds legally available therefor, to the Co-Founders, on a pro rata basis, as follows: (i) an aggregate of $40,000,000 to be paid out of funds legally available therefor, within 10 business days after the earlier of (A) a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $100,000,000 and (B) the Business Combination (the "First Payment Date"); and (ii) an aggregate of $10,000,000 to be paid out of funds legally available therefor, within 10 business days after a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $250,000,000 (determined without any reduction for the $100,000,000 previously received in respect of the First Payment Date).

As a result of the Business Combination, which generated $247.3 million of gross proceeds (as described in Note 3), the Company paid the Co-Founders $40.0 million in addition to the initial consideration paid of $3. The Company recorded the consideration paid as a reduction of common stock and additional paid in capital. Pursuant to the NSA, a portion of those divestment proceeds were placed in escrow accounts, and may not be released to the divested investors until after completion of audit by a third-party auditor of the investors compliance with the NSA and the lapse of a 15 day period without an objection from the CFIUS Monitoring Agencies. Following the third-party audit of the investors' NSA compliance, all of the escrowed divestment proceeds were released to the Co-Founders as of March 1, 2022 in accordance with the NSA.

If the Company were to undertake a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of approximately $2.7 million or more, the Company would need to pay an aggregate of $10.0 million to the Co-Founders in accordance with the terms of the stock repurchase agreements. As a subsequent event, on February 27, 2023 the Company raised $10.0 million through the sale of securities, which triggered the liability under the stock repurchase agreements. Refer to Note 16.

The Company evaluated and periodically re-evaluates this potential consideration as a liability under ASC 480 utilizing a probability-weighted approach. Certain factors which would enable successful fundraising were considered, including progress toward compliance with the NSA, research and development progress, and agreements with launch providers, as well as the Company's fundraising efforts under the at-the-market offering program describe above, resulting in an estimated liability of $10.0 million expected to be paid to the Co-Founders with a corresponding offset to additional paid in capital within the consolidated statements of stockholders' equity (deficit), as of December 31, 2022. Refer to Note 11.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet activities or have any arrangements or relationships with unconsolidated entities, such as variable interest, special purpose, and structured finance entities.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments as of the balance sheet date that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. Our actual results may differ from these estimates under different assumptions and conditions.

Revenue Recognition

We enter into short-term contracts for 'last-mile' satellite and cargo delivery, payload hosting and in-orbit servicing options with customers that are primarily in the aerospace industry. We recognize revenue (along with any other fees that have been paid) at a point in time, upon satisfaction of the Company's performance obligation. For transportation services, the performance obligation is satisfied when the customer is delivered to their designated orbit.

We account for customer contracts in accordance with ASC 606, *Revenue from Contracts with Customers*, which includes the following five-step model:

- Identification of the contract, or contracts, with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company estimates variable consideration at the most likely amount, which is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. While the Company's standard contracts do not contain refund or recourse provisions that enable its customers to recover any non-refundable fees that have been paid, the Company may issue full or partial refunds, or concessions on future services to customers on a case-by-case basis as necessary to preserve and foster future business relationships and customer goodwill. As a result of the Company's inability to complete any launches in 2021 (refer to Note 4 for additional information), the Company issued customer refunds of $1.4 million during the year ended December 31, 2021 to maintain goodwill in those customer relationships.

Our launch services are considered a single performance obligation, to transport the customers' payload to a specified orbit in space. We recognize revenue at a point in time, when control is transferred, which is considered to be upon the release of the customers' payload into its specified orbit. We will calculate the weight distribution of each transfer vehicle at the customer level, and we will estimate the delivery date for each customer's payload based on the relative weight of payloads released to determine the point in time to recognize revenue for each payload release.

In periods in which we recognize revenue, we will disclose the amounts of revenue recognized that was included as a contract liability balance at the beginning of the reporting period in accordance with ASC 606-10-50-8(b).

In connection with the May 25, 2022 flight of the Vigoride spacecraft and the third-party deployer from a partner company, the Company completed one of the intended performance obligations, resulting in $50 thousand of recognized revenue, which was previously recorded in contract liabilities. The remaining customer payloads were negatively impacted by the Vigoride anomalies and as a result did not receive the anticipated level of service. As a result, the Company offered concessions to those customers, the value of which was unresolved at the end of the second quarter of 2022. Due to this uncertainty, the Company recorded the related customer deposits of $133 thousand as deferred revenues within current contract liabilities at that time. During the third quarter of 2022, the Company recognized $129 thousand of revenue. $28 thousand was due to forfeited customer deposits from cancelled customer contracts. The Company also resolved the uncertainties that had caused it to defer revenue from its inaugural launch. As a result, the Company recognized revenue of $101 thousand, and continued to defer $33 thousand now allocated to future services as a result of the variable consideration.

During the three months ended December 31, 2022, the Company recognized $120 thousand of revenue, due to forfeited customer deposits primarily related to expired options.

As of December 31, 2022 we have signed contracts with customers and have collected approximately $2.7 million in customer deposits, which are recorded as current and non-current contract liabilities in our consolidated balance sheet and will be recognized as revenue (along with any other fess that have been paid) upon the earlier of the satisfaction of our performance obligation or when the customer cancels the contract.

Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the ordinary course of business, including product-related and other litigation. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required. Refer to Note 14.

Deferred Fulfillment and Prepaid Launch Costs

We prepay for certain launch costs to third-party providers that will carry the orbital service vehicle to orbit. Prepaid costs allocated to the delivery of a customer's payload are classified as deferred fulfillment costs and recognized as cost of revenue upon delivery of the customer's payload. Prepaid costs allocated to our payload are classified as prepaid launch costs and are amortized to research and development expense upon the release of our payload. The allocation is determined based on the distribution between customer and our payload weight on each launch.

On May 21, 2021, the Company received notification from one of its launch service providers that the provider was terminating two launch service agreements for flights scheduled during calendar year 2021 and that they considered the Company to be in default of prior payments totaling $8.7 million. The Company believed the prepayments would be non-recoverable as this was the third time the payload was rescheduled. As a result of the notification from one of its launch service providers, the Company recorded an impairment charge of $8.7 million of prepaid launch costs during the year ended December 31, 2021. There was an unrelated impairment of $0.8 million the year ended December 31, 2021.

On October 12, 2021, the Company began discussions with the same launch service provider about reestablishing a future launch schedule. As a result of the discussion, the Company signed a Launch Services Agreement on October 19, 2021 that reserved space on a launch that occurred in May 2022. The Company determined that $2.7 million of the impaired deposits were potentially recoverable in connection with the reestablished schedule. The Company did not record any adjustments as a result of the discussions. See Note 4.

On May 4, 2022, the Company received a favorable determination from the Federal Aviation Administration (the “FAA”) of its application for payload review, which was the final regulatory milestone needed to support the Company’s inaugural flight of the Vigoride orbital service vehicle (Vigoride 3) in May 2022. The FAA favorable determination followed a license from the Federal Communications Commission (the “FCC”) received on April 28, 2022, and updates to existing licenses from the National Oceanic and Atmospheric Administration (the “NOAA”).

In connection with the launch of Vigoride 3 and the third-party deployer in May 2022, the Company amortized $1.2 million of prepaid launch costs. These costs were allocated proportionally based on payload weight; $12 thousand allocated to completed customer payload performance obligations was amortized to cost of revenue, $14 thousand allocated to customer payload subject to unresolved variable consideration was deferred within current deferred fulfillment costs as of the end of the second quarter 2022, $0.6 million allocated to the Vigoride vehicle was amortized to research and development costs, and $0.6 million allocated to the third-party deployer, intended as a demonstration of the Company’s business model, was amortized to selling, general and administrative costs. As a result of the launch, the Company realized $1.8 million of benefit from the recovery of previously impaired prepaid launch costs. The Company did not allocate any Vigoride vehicle development expense to cost of revenue as the vehicle has not yet met the criteria for capitalization. Refer to *Research and Development Costs* in Note 2.

During the third quarter of 2022, the Company resolved the variable consideration uncertainties that had caused it to defer revenue and cost of revenue from its inaugural launch. As a result, the Company amortized the deferred $14 thousand to cost of revenue.

Contract Liabilities

Customer deposits collected prior to the release of the customer’s payload into its specified orbit are recorded as current and non-current contract liabilities in our consolidated balance sheets as the amounts received represent a prepayment for the satisfaction of a future performance obligation that has not yet commenced. Each non-refundable deposit is determined to be a contract liability upon cash collection. Prior to making this determination, we ensure that a valid contract is in place that meets the definition of the existence of a contract in accordance with ASC 606-10-25-1 and 2.

Stock-based Compensation

We have various stock incentive plans under which incentive and non-qualified stock options and restricted stock awards are granted to employees, directors, and consultants. All stock-based payments to employees, including grants of employee stock options are recognized in the consolidated financial statements based on their respective grant date fair values.

We recognize stock-based compensation expense using a fair value-based method for costs related to all stock-based payments. We estimate the fair value of stock-based payments on the date of grant using the Black-Scholes-Merton option pricing model. The model requires management to make a number of assumptions, including expected volatility of our stock, expected life of the option, risk-free interest rate, and expected dividends. The fair value of the stock is expensed over the related service period which is typically the vesting period. The stock-based compensation expense that is reported in our consolidated financial statements is based on awards that are expected to vest. We account for forfeitures as they occur.

Estimating the fair value of equity awards as of the grant date using valuation models, such as the Black-Scholes-Merton option pricing model, is affected by assumptions regarding a number of variables as disclosed above, and any changes in the assumptions can materially affect the fair value and ultimately how much stock-based compensation expense is recognized. These inputs are subjective and generally require significant analysis and judgment to develop. See Note 12 for the specific assumptions we used in applying the Black-Scholes-Merton option pricing model to determine the estimated fair value of our stock options and awards granted during the year ended December 31, 2022.

We expect our share-based compensation cost will increase to the extent that we grant additional stock option awards to employees and non-employees. If there are any modifications or cancellations of the underlying unvested securities, we may be required to accelerate any remaining unearned share-based compensation cost or incur incremental cost. Share-based compensation cost affects our research and development expenses and selling, general, and administrative expenses.

SAFE Notes

We issued SAFE notes to investors which were converted to shares of Common Stock in connection with the Business Combination. Prior to conversion, we determined that the SAFE notes were not a legal form of debt (i.e., no creditors' rights). The SAFE notes included a provision allowing for cash redemption upon the consummation of a change of control, the occurrence of which is outside the control of the Company. Therefore, we classified SAFE notes as liabilities as they were redeemable upon a change of control event which is not within the control of the Company. SAFE notes were recorded at fair value, and were subject to remeasurement through earnings at each balance sheet date until the date of their respective settlement and classified as marked-to-market liabilities pursuant to ASC 480.

We determined the estimated fair value of the SAFE notes by applying a Backsolve method within the Black-Scholes-Merton Option Pricing model. This methodology effectively allowed us to solve for the implied value of the business based on the terms of the SAFE investments (i.e. the value of the company, such that when allocated to the various securities, the value allocated to the SAFE investment equals the price the investor paid for such SAFE instrument).

Income Taxes

We account for income taxes in accordance with authoritative guidance, which requires the use of the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, management considers all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies.

In the event that management changes its determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

We are required to evaluate the tax positions taken in the course of preparing its tax returns to determine whether tax positions are "more likely than not" of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the "more likely than not" threshold would be recorded as a tax expense in the current year. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount that is initially recognized.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

Please refer to Note 2 to our consolidated financial statements included in this Annual Report on Form 10-K for a description of recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted, the timing of their adoptions and our assessment, to the extent we have made one, of their potential impact on our financial condition and results of operations.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of market and other risks, including the effects of changes in interest rates, and inflation, as well as risks to the availability of funding sources, hazard events, and specific asset risks.

Interest Rate Risk

The market risk inherent in our financial instruments and our financial position represents the potential loss arising from adverse changes in interest rates. As of December 31, 2022, we had cash and cash equivalents of $61.1 million, which are primarily invested in highly liquid investments purchased with a remaining maturity of three months or less. However, due to the short-term maturities and the low-risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our cash and cash equivalents.

Because the Term Loan indebtedness bears interests at a fixed rate, it is not impacted by changes in interest rates.

Foreign Currency Risk

There were no material foreign currency transactions for the years ended December 31, 2022 and 2021. Currently, a significant portion of our cash receipts and expenses are generated in U.S. dollars.

ITEM 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Momentus, Inc.
San Jose, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Momentus, Inc. and subsidiaries (collectively the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations, stockholders' equity (deficit), and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on the Company's consolidated financial statements. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

We have served as the Company's auditor since 2019.

/s/ Armanino LLP

San Ramon, California

March 7, 2023

MOMENTUS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61,094	$ 160,036
Restricted cash, current	1,007	197
Insurance receivable	4,000	—
Prepaids and other current assets	10,173	9,431
Total current assets	76,274	169,664
Property, machinery and equipment, net	4,016	4,829
Intangible assets, net	337	349
Operating right-of-use asset	6,441	7,604
Deferred offering costs	331	—
Restricted cash, non-current	312	314
Other non-current assets	4,712	3,065
Total assets	$ 92,423	$ 185,825
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 2,239	$ 1,911
Accrued expenses	8,026	9,785
Loan payable, current	11,627	20,907
Contract liabilities, current	1,654	—
Operating lease liability, current	1,153	1,189
Stock repurchase liability	10,000	—
Litigation settlement contingency	8,500	—
Other current liabilities	27	5,075
Total current liabilities	43,226	38,867
Contract liabilities, non-current	1,026	1,554
Loan Payable, non-current	2,404	—
Warrant liability	564	5,749
Operating lease liability, non-current	6,131	7,284
Other non-current liabilities	465	483
Total non-current liabilities	10,590	15,070
Total liabilities	53,816	53,937
Commitments and Contingencies (Note 14)		
Shareholders' equity:		
Common stock, $0.00001 par value; 250,000,000 shares authorized and 84,441,153 issued and outstanding as of December 31, 2022; 250,000,000 shares authorized and 81,211,781 issued and outstanding as of December 31, 2021	1	1
Additional paid-in capital	342,733	340,570
Accumulated deficit	(304,127)	(208,683)
Total shareholders' equity	38,607	131,888
Total liabilities and shareholders' equity	$ 92,423	$ 185,825

The accompanying notes are an integral part of these consolidated financial statement

MOMENTUS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,	
	2022	**2021**
Service revenue	$ 299	$ 330
Cost of (reversal of) revenue (exclusive of items shown separately below)	26	(135)
Gross profit	273	465
Operating expenses:		
Research and development expenses	41,721	51,321
Selling, general and administrative expenses	49,827	48,905
Total operating expenses	91,548	100,226
Loss from operations	(91,275)	(99,761)
Other income (expense):		
Decrease in fair value of SAFE notes	—	209,291
Decrease in fair value of warrants	5,185	37,330
Realized loss on disposal of asset	(168)	(17)
Interest income	522	2
Interest expense	(5,262)	(14,229)
SEC settlement	—	(7,000)
Litigation settlement, net	(4,500)	—
Other income (expense)	54	(4,960)
Total other income	(4,169)	220,417
(Loss) income before income taxes	(95,444)	120,656
Income tax provision	—	2
Net (loss) income	$ (95,444)	$ 120,654
Net (loss) income per share, basic	$ (1.17)	$ 1.85
Net (loss) income per share, fully diluted	$ (1.17)	$ 1.70
Weighted average shares outstanding, basic	81,546,648	65,177,873
Weighted average shares outstanding, fully diluted	81,546,648	70,918,777

The accompanying notes are an integral part of these consolidated financial statements

MOMENTUS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)

	Preferred stock		FF Preferred stock		Common stock – Class A		Common stock – Class B		Common stock – Class A		Additional paid in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2020	144,875,941	$ —	20,000,000	$ —	18,398,005	$ —	70,000,000	$ —	—	$ —	$ 39,866	$ (329,338)	$ (289,472)
Retroactive application of recapitalization	(144,875,941)	—	(20,000,000)	—	(18,398,005)	—	(70,000,000)	—	62,510,690	1	—	—	—
Balance, December 31, 2020, as adjusted	—	$ —	—	$ —	—	$ —	—	$ —	62,510,690	$ 1	$ 39,866	$ (329,338)	$ (289,472)
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	1,510,467	—	336	—	336
Issuance of common stock upon vesting of RSUs	—	—	—	—	—	—	—	—	433,188	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	18,382	—	18,382
Share repurchase related to Section 16 Officer tax coverage exchange	—	—	—	—	—	—	—	—	(35,185)	—	(151)	—	(151)
Stock repurchase	—	—	—	—	—	—	—	—	(25,601,730)	—	(40,000)	—	(40,000)
Warrant conversion upon exercise	—	—	—	—	—	—	—	—	638,125	—	6,999	—	6,999
Shares issued upon conversion of SAFE Notes	—	—	—	—	—	—	—	—	12,403,469	—	136,001	—	136,001
Issuance of common stock and warrants, in connection with PIPE	—	—	—	—	—	—	—	—	11,000,000	—	75,114	—	75,114
Issuance of common stock and warrants, net of transaction costs, upon merger	—	—	—	—	—	—	—	—	18,352,757	—	104,022	—	104,022
Net income	—	—	—	—	—	—	—	—	—	—	—	120,654	120,654
Balance, December 31, 2021	—	$ —	—	$ —	—	$ —	—	$ —	81,211,781	$ 1	$ 340,570	$ (208,683)	$ 131,888
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	2,184,961	—	574	—	574
Issuance of common stock upon vesting of RSUs	—	—	—	—	—	—	—	—	787,033	—	—	—	—
Issuance of common stock upon purchase of ESPP	—	—	—	—	—	—	—	—	165,393	—	271	—	271
Share repurchase related to Section 16 Officer tax coverage exchange	—	—	—	—	—	—	—	—	(186,161)	—	(331)	—	(331)
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	11,649	—	11,649
Stock repurchase valuation adjustment	—	—	—	—	—	—	—	—	—	—	(10,000)	—	(10,000)
Shares issued upon exercise of warrant	—	—	—	—	—	—	—	—	278,146	—	—	—	—
Net loss	—	—	—	—	—	—	—	—	—	—	—	(95,444)	(95,444)
Balance, December 31, 2022	—	$ —	—	$ —	—	$ —	—	$ —	84,441,153	$ 1	$ 342,733	$ (304,127)	$ 38,607

The accompanying notes are an integral part of these consolidated financial statements

MOMENTUS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2022	**2021**
Cash flows from operating activities:		
Net (loss) income	$ (95,444)	$ 120,654
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	1,090	1,092
Amortization of debt discount and issuance costs	2,690	11,729
Amortization of right-of-use asset	1,163	1,285
Decrease in fair value of warrants	(5,185)	(37,330)
Decrease in fair value of SAFE notes	—	(209,291)
Impairment of prepaid launch costs	—	9,450
Litigation settlement, net	4,500	—
Loss on disposal of fixed and intangible assets	168	17
Stock-based compensation expense	11,580	18,452
Changes in operating assets and liabilities:		
Prepaids and other current assets	(2,206)	(14,373)
Other non-current assets	(147)	(325)
Accounts payable	373	1,562
Accrued expenses	(1,540)	7,042
Accrued interest	131	—
Other current liabilities	(5,020)	4,810
Contract liabilities	1,126	(1,071)
Lease liability	(1,189)	(426)
Other non-current liabilities	23	11
Net cash used in operating activities	(87,887)	(86,712)
Cash flows from investing activities:		
Purchases of property, machinery and equipment	(583)	(2,972)
Proceeds from sale of property, machinery and equipment	34	—
Purchases of intangible assets	(184)	(118)
Net cash used in investing activities	(733)	(3,090)
Cash flows from financing activities:		
Proceeds from issuance of SAFE notes	—	30,853
Proceeds from issuance of loan payable	—	25,000
Proceeds from exercise of stock options	574	336
Proceeds from employee stock purchase plan	271	—
Repurchase of Section 16 Officer shares for tax coverage exchange	(331)	(151)
Payment of loan payable	(9,697)	(1,500)
Payment of debt issuance costs	—	(144)
Payment of warrant issuance costs	—	(31)
Payment of deferred offering costs	(331)	—
Payment for repurchase of common shares	—	(40,000)
Proceeds from issuance of common shares in PIPE	—	110,000
Payments of issuances costs related to PIPE	—	(4,416)
Proceeds from issuance of common stock upon Business Combination	—	128,167
Payments for issuance costs related to Business Combination	—	(21,285)
Net cash (used in) provided by financing activities	(9,514)	226,829
(Decrease) Increase in cash, cash equivalents and restricted cash	(98,134)	137,027
Cash, cash equivalents and restricted cash, beginning of period	160,547	23,520
Cash, cash equivalents and restricted cash, end of period	$ 62,413	$ 160,547
Supplemental disclosure of non-cash investing and financing activities		
Issuance of common stock related to conversion of SAFE notes	$ —	$ 136,001
Issuance of common stock related to exercise of warrant liabilities	$ —	$ 6,999
Reclassification of deferred offering costs	$ —	$ 2,610
Assumption of merger warrants liability	$ —	$ 31,225
Operating lease right-of-use assets in exchange for lease obligations	$ —	$ 8,501
Stock repurchase liability fair value	$ 10,000	$ —
Supplemental disclosure of cash flow information		
Cash paid for income taxes	$ —	$ 1
Cash paid for interest	$ 2,440	$ 2,500

The accompanying notes are an integral part of these consolidated financial statements

Note 1. Nature of Operations

The Company

Momentus Inc. (together with its consolidated subsidiaries "Momentus" or the "Company") is a U.S. commercial space company that offers in-space infrastructure services, including in-space transportation, hosted payloads and in-orbit services. Momentus believes it can make new ways of operating in space possible with its planned in-space transfer and service vehicles that will be powered by an innovative water plasma-based propulsion system that is under development.

On May 4, 2022, the Company received a favorable determination from the Federal Aviation Administration (the "FAA") of its application for payload review, which was the final regulatory milestone needed to support the Company's inaugural flight of the Vigoride orbital service vehicle (Vigoride 3) in May 2022. The FAA favorable determination followed a license from the Federal Communications Commission (the "FCC") received on April 28, 2022, and updates to existing licenses from the National Oceanic and Atmospheric Administration (the "NOAA").

On May 25, 2022, the Company launched Vigoride 3 to low-earth orbit aboard the SpaceX Transporter-5 mission. In addition to Vigoride 3, Momentus used a second port on the same SpaceX mission to fly a third-party deployer from a partner company. On May 25, 2022, Momentus used the third-party deployer to place its first customer satellite in orbit.

On May 26, 2022, upon establishing two-way contact between Vigoride 3 in low-earth orbit and a ground station on Earth, Momentus discovered that Vigoride 3 had experienced certain anomalies after its launch, primarily relating to its deployable solar arrays, which provide power to the spacecraft and its subsystems. The Company quickly worked to address the anomalies, identify root causes and pursue solutions to be implemented in advance of future missions.

The Company determined that Vigoride 3's deployable solar arrays, which are produced by a third party, and are folded and stowed during launch, did not operate as intended once in orbit. This resulted in low power and communications issues with the spacecraft. Meanwhile, the spacecraft's fixed, body-mounted solar panels appeared to have worked as intended and were able to provide some power to the spacecraft. The Company and the producer of the solar arrays identified a mechanical issue as the root cause of the deployable arrays not operating as intended. The Company also identified the root cause of the anomalies that it experienced with other spacecraft systems during the low-power state.

On May 28, 2022, Momentus was able to deploy two customer satellites from Vigoride 3 (of nine total customer satellites onboard Vigoride 3). The Company then continued efforts to deploy other customer satellites. While Momentus initially established two-way communications with Vigoride 3, it was unable to continue such two-way communication given the spacecraft's low-power state. Momentus has been using an unplanned frequency to work through the anomalies and applied for a 30-day Special Temporary Authority ("STA") from the FCC to properly comply with the FCC's radio frequency transmission requirements. On June 9, 2022, the Company received approval of a 30-day STA from the FCC as requested, which the FCC extended for an additional 30 days on July 13, 2022. Momentus continued to apply for 30-day extensions for its STA prior to expiration, which the FCC has granted in each case, through October 20, 2022.

While Momentus was unable to re-establish two-way communication with Vigoride 3, it continued to broadcast commands to the spacecraft from ground stations on Earth, including commands to deploy customer satellites. Additionally, Vigoride 3 was equipped with a mechanism designed to autonomously deploy customer satellites in the event of a sustained loss of communications with ground stations.

During the third quarter of 2022, the Vigoride spacecraft deployed five additional customer satellites including two on July 17, 2022, two on July 29, 2022, and one at the end of August 2022. In total, Momentus deployed a total of eight customer satellites in low-earth orbit during its inaugural mission, comprising seven satellites from Vigoride 3 and one satellite from the third-party deployer system. The Company was unable and remains unable to confirm the deployment of the last two customer satellites that Vigoride 3 was carrying. The Company incorporated improvements identified during its inaugural mission in advance of its first follow-on mission and other planned follow-on missions.

On January 3, 2023, the Company launched Vigoride 5 to low-earth orbit aboard the SpaceX Transporter-6 mission. The mission is ongoing and Vigoride 5 is in good health as it undergoes a deliberate commissioning process in preparation for on-orbit operations. On Vigoride's first orbital pass, Momentus confirmed that both solar arrays were deployed, and the vehicle was generating power and charging its batteries. As of the date of this Annual Report on Form 10-K, the vehicle's power and temperatures continue to be within the nominal expected ranges. While Vigoride 5 is carrying two customer payloads, the primary mission objective is to test the spacecraft on orbit, learn from any issues that are encountered and implement lessons learned on future Vigoride vehicles and missions.

The Company anticipates flying two additional missions with Vigoride during 2023. All future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

Background and Business Combination

On August 12, 2021, the Company consummated a merger pursuant to certain Agreement and Plan of Merger, dated October 7, 2020, and as amended on March 5, 2021, April 6, 2021, and June 29, 2021 (the "Merger Agreement"), by and among Stable Road Acquisition Corp ("SRAC"), Project Marvel First Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of SRAC (the "First Merger Sub"), and Project Marvel Second Merger Sub, LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of SRAC (the "Second Merger Sub"), pursuant to which the First Merger Sub merged with and into Momentus Inc., a Delaware corporation ("Legacy Momentus"), with Legacy Momentus as the surviving corporation of the First Merger Sub, and immediately following which Legacy Momentus merged with and into the Second Merger Sub, with the Second Merger Sub as the surviving entity (the "Business Combination"). In connection with the closing of the Business Combination (the "Closing"), the Company changed its name from Stable Road Acquisition Corp. to Momentus Inc., and Legacy Momentus changed its name to Momentus Space, LLC.

The Business Combination was accounted for as a reverse recapitalization under ASC 805, *Business Combinations*, ("ASC 805") in accordance with accounting principles generally accepted in the United States ("GAAP"). Under this method of accounting, SRAC, who was the legal acquirer, is treated as the "acquired" company for financial reporting purposes and Legacy Momentus is treated as the accounting acquirer. Accordingly, for accounting purposes, the Business Combination is treated as the equivalent of a capital transaction in which Legacy Momentus issued stock for the net assets of SRAC, with no goodwill or other intangible assets recorded, and Legacy Momentus' financial statements became those of the Company. Reported shares and earnings per share available to holders of the Company's Common Stock, prior to the Business Combination, have been retroactively restated as shares reflecting the exchange ratio established in the Business Combination. See Note 3 for more information.

Pursuant to the Amended and Restated Certificate of Incorporation of the Company, at the Closing, each share of SRAC's Class B Common Stock, par value $0.0001 per share (the "Class B Common Stock"), converted into one share of SRAC's Class A Common Stock. After the Closing and following the effectiveness of the Second Amended and Restated Certificate of Incorporation of the Company, each share of Class A Common Stock was automatically reclassified, redesignated and changed into one validly issued, fully paid and non-assessable share of the Company's Common Stock, par value $0.00001 per share ("Common Stock"), without any further action by the Company or any stockholder thereof.

Prior to the Business Combination, SRAC's units, public shares, and public warrants were listed on the Nasdaq under the symbols "SRACU," "SRAC," and "SRACW," respectively. On August 13, 2021, the Company's Common Stock and public warrants began trading on the Nasdaq, under the symbols "MNTS" and "MNTSW," respectively.

On October 7, 2020 and July 15, 2021, SRAC entered into subscription agreements with certain investors (the "PIPE Investors") to which such investors collectively subscribed for an aggregate of 11,000,000 shares of the Company's Common Stock at $10.00 per share for aggregate gross proceeds of $110.0 million (the "PIPE Investment"). The PIPE Investors were also granted an equal number of private warrants to purchase the Company's Common Stock at $11.50 per share. The warrants were recorded as a derivative liability under ASC 815, *Derivatives and Hedging*, ("ASC 815") and the warrant liability was initially valued at $30.5 million. See Note 11 for more information. The PIPE Investment was consummated concurrently with the closing of the Business Combination.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Business Combination was accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, SRAC is treated as the acquired company and Momentus Inc. is treated as the acquirer for financial statement reporting purposes (the "Combined Company"). Momentus Inc. was determined to be the accounting acquirer as Momentus Inc.'s stockholders prior to the Merger had the greatest voting interest in the combined entity, Momentus Inc. comprises all of the ongoing operations, and Momentus Inc.'s senior management directs operations of the combined entity.

Accordingly, for accounting purposes, the consolidated financial statements of the Combined Company represent a continuation of the financial statements of Momentus with the acquisition being treated as the equivalent of Momentus issuing stock for the net assets of SRAC, accompanied by a recapitalization. The net assets of SRAC are recorded at historical cost, with no goodwill or other intangible assets recorded.

One-time direct and incremental transaction costs incurred by the Company were recorded based on the activities to which the costs relate and the structure of the transaction; cost allocated to the issuance of equity were recorded as a reduction of the amount of equity raised, presented in additional paid in capital, while all costs allocated to the liability classified warrants were charged to expense.

In connection with the Business Combination, outstanding units of Legacy Momentus were converted into Common Stock of the Company, par value $0.00001 per share, representing a recapitalization. Momentus is deemed to be the predecessor of the Company, and the consolidated assets and liabilities and results of operations prior to the date of the Closing (the "Closing Date") are those of Momentus. The shares and corresponding capital amounts and net (loss) income per share available to common stockholders, prior to the Business Combination, have been retroactively restated as shares reflecting the exchange ratio established in the Merger Agreement.

Reclassifications

During the third quarter of 2022, the Company reclassified certain cloud computing implementation costs from intangible assets to prepaid and other current assets, and other non-current assets to properly present the capitalized costs with their related subscription fees. In accordance with ASC 350, *Intangibles*, the Company presents capitalized implementation costs for cloud computing arrangements within the same line item that the prepayment of these fees would be presented. The reclassification was determined to be immaterial and will be accounted for prospectively.

During the fourth quarter of 2021, we modified the presentation of cash flows related to the Business Combination. The presented impact of the issuance costs allocated to expense (described in Note 3), was moved into the issuance costs line. Additionally the presentation of capitalized issuance costs which were paid during the two quarters prior to the Business Combination was updated to present those expenditures within cash flows from financing activities, rather than cash flows from operations.

Certain other reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation. None of the reclassifications have changed the total assets, liabilities, stockholders' equity (deficit), income, expenses or net losses previously reported.

Principles of Consolidation

The consolidated financial statements include the financial statements of all the subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it

Note 2. Summary of Significant Accounting Policies (cont.)

believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Accordingly, actual results could differ from those estimates. Significant estimates inherent in the preparation of the consolidated financial statements include, but are not limited to, accounting for useful lives of property, machinery and equipment, net, intangible assets, net, accrued liabilities, income taxes including deferred tax assets and liabilities, impairment valuation, stock-based compensation, Simple Agreement for Future Equity ("SAFE") notes, warrant liabilities and repurchase liabilities.

COVID-19 Pandemic

As a result of the COVID-19 pandemic, the U.S. government and various states implemented quarantine requirements and travel restrictions. The extent of the impact of COVID-19 on the Company's consolidated financial statements will depend on future developments, including the duration of the outbreak, resurgences and emergence of variants, all of which are highly uncertain and cannot be predicted. The potential impact of COVID-19 on the Company's operations is inherently difficult to predict and could adversely impact the Company's business, financial condition or results of operations.

Emerging Growth Company Status

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. The Company is an "emerging growth company" as defined in Section 2(a) of the Securities Act and has elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. The Company will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of Common Stock that is held by non-affiliates exceeds $700 million as of the end of that year's second fiscal quarter, (ii) the last day of the fiscal year in which the Company after the consummation of the Business Combination has total annual gross revenue of $1.07 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which the Company has issued more than $1 billion in non-convertible debt in the prior three-year period or (iv) December 31, 2024. The Company expects to continue to take advantage of the benefits of the extended transition period, although it may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare the Company's financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank with no restrictions, as well as highly liquid investments which are unrestricted as to withdrawal or use, and which have remaining maturities of three months or less when initially purchased.

Restricted Cash

Restricted cash primarily represents deposited cash that is restricted by financial institutions for two purposes. $0.3 million is restricted as collateral for a letter of credit issued to the Company's landlord in accordance with the terms of a lease agreement entered into in December 2020, and is classified as a non-current asset as it will be returned to the Company upon the occurrence of future events which are expected to occur beyond one year from December 31, 2022. The remaining $1.0 million is restricted for expenditures related to the National Security Agreement ("NSA"). See Note 14.

Deferred Fulfillment and Prepaid Launch Costs

We prepay for certain launch costs to third-party providers that will carry the transport vehicle to orbit. Prepaid costs allocated to the delivery of a customers' payload are classified as deferred fulfillment costs and recognized as cost of revenue upon delivery of the customers' payload. Prepaid costs allocated to our payload are classified as prepaid launch costs and are amortized to research and development expense upon the release of our payload. The allocation is determined based on the distribution between customer and our payload weight on each launch.

Note 2. Summary of Significant Accounting Policies (cont.)

As of December 31, 2022, and December 31, 2021, the Company had $7.4 million and $3.0 million, respectively, of deferred fulfillment and prepaid launch costs recorded within prepaids and other current assets and other non-current assets in the accompanying consolidated balance sheets. On May 21, 2021, the Company received notification from one of its launch service providers that it was terminating two launch service agreements for flights scheduled during calendar year 2021 and that they considered the Company to be in default of prior payments totaling $8.7 million. The Company believed the prepayments would be non-recoverable as this was the third time the payload was rescheduled. As a result of the notification from one of its launch service providers, the Company recorded an impairment charge of $8.7 million of prepaid launch costs during the year ended December 31, 2021. There was an unrelated impairment of $0.8 million in the year ended December 31, 2021.

On October 12, 2021, the Company began discussions with the same launch service provider about reestablishing a future launch schedule. As a result of the discussion, the Company signed a Launch Services Agreement on October 19, 2021 that reserved space on a launch that occurred in May 2022. The Company determined that $2.7 million of the impaired deposits were potentially recoverable in connection with the reestablished schedule. The Company did not record any adjustments as a result of the discussions. See Note 4.

On May 4, 2022, the Company received a favorable determination from the Federal Aviation Administration (the “FAA”) of its application for payload review, which was the final regulatory milestone needed to support the Company’s inaugural flight of the Vigoride orbital service vehicle (Vigoride 3) in May 2022. The FAA favorable determination followed a license from the Federal Communications Commission (the “FCC”) received on April 28, 2022, and updates to existing licenses from the National Oceanic and Atmospheric Administration (the “NOAA”).

On May 25, 2022, the Company launched Vigoride 3 to low-earth orbit aboard the SpaceX Transporter-5 mission. In addition to Vigoride 3, Momentus used a second port on the same SpaceX mission to fly a third-party deployer from a partner company. On May 25, 2022, Momentus used the third-party deployer to place its first customer satellite in orbit.

On May 26, 2022, upon establishing two-way contact between Vigoride 3 in low-earth orbit and a ground station on Earth, Momentus discovered that Vigoride 3 had experienced certain anomalies after its launch, primarily relating to its deployable solar arrays, which provide power to the spacecraft and its subsystems. The Company quickly worked to address the anomalies, identify root causes and pursue solutions to be implemented in advance of future missions.

The Company determined that Vigoride 3’s deployable solar arrays, which are produced by a third party, and are folded and stowed during launch, did not operate as intended once in orbit. This resulted in low power and communications issues with the spacecraft. Meanwhile, the spacecraft's fixed, body-mounted solar panels appeared to have worked as intended and were able to provide some power to the spacecraft. The Company and the producer of the solar arrays identified a mechanical issue as the root cause of the deployable arrays not operating as intended. The Company also identified the root cause of the anomalies that it experienced with other spacecraft systems during the low-power state.

On May 28, 2022, Momentus was able to deploy two customer satellites from Vigoride 3 (of nine total customer satellites onboard Vigoride 3). The Company then continued efforts to deploy other customer satellites. While Momentus initially established two-way communications with Vigoride 3, it was unable to continue such two-way communication given the spacecraft's low-power state. Momentus has been using an unplanned frequency to work through the anomalies and applied for a 30-day Special Temporary Authority (“STA”) from the FCC to properly comply with the FCC’s radio frequency transmission requirements. On June 9, 2022, the Company received approval of a 30-day STA from the FCC as requested, which the FCC extended for an additional 30 days on July 13, 2022. Momentus continued to apply for 30-day extensions for its STA prior to expiration, which the FCC has granted in each case, through October 20, 2022.

While Momentus was unable to re-establish two-way communication with Vigoride 3, it continued to broadcast commands to the spacecraft from ground stations on Earth, including commands to deploy customer satellites. Additionally, Vigoride 3 was equipped with a mechanism designed to autonomously deploy customer satellites in the event of a sustained loss of communications with ground stations.

During the third quarter of 2022, the Vigoride spacecraft deployed five additional customer satellites including two on July 17, 2022, two on July 29, 2022, and one at the end of August 2022. In total, Momentus deployed a total of eight customer satellites in low-earth orbit during its inaugural mission, comprising seven satellites from Vigoride 3

Note 2. Summary of Significant Accounting Policies (cont.)

and one satellite from the third-party deployer system. The Company was unable and remains unable to confirm the deployment of the last two customer satellites that Vigoride 3 was carrying. The Company incorporated improvements identified during its inaugural mission in advance of its first follow-on mission and other planned follow-on missions.

On January 3, 2023, the Company launched Vigoride 5 to low-earth orbit aboard the SpaceX Transporter-6 mission. The mission is ongoing and Vigoride 5 is in good health as it undergoes a deliberate commissioning process in preparation for on-orbit operations. On Vigoride's first orbital pass, Momentus confirmed that both solar arrays were deployed, and the vehicle was generating power and charging its batteries. As of the date of this Annual Report on Form 10-K, the vehicle's power and temperatures continue to be within the nominal expected ranges. While Vigoride 5 is carrying two customer payloads, the primary mission objective is to test the spacecraft on orbit, learn from any issues that are encountered and implement lessons learned on future Vigoride vehicles and missions.

The Company anticipates flying two additional missions with Vigoride during 2023. All future missions remain subject to the receipt of licenses and government approvals, and successful completion of our efforts to prepare our spacecraft for flight. The Company can offer no assurances that the vehicles that it plans to operate in future missions will be ready on time, or that they will operate as intended. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part I, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

In connection with the launch of Vigoride 3 and the third-party deployer in May 2022, the Company amortized $1.2 million of prepaid launch costs. These costs were allocated proportionally based on payload weight; $12 thousand allocated to completed customer payload performance obligations was amortized to cost of revenue, $14 thousand allocated to customer payload subject to unresolved variable consideration was deferred within current deferred fulfillment costs as of the end of the second quarter 2022, $0.6 million allocated to the Vigoride vehicle was amortized to research and development costs, and $0.6 million allocated to the third-party deployer, intended as a demonstration of the Company's business model, was amortized to selling, general and administrative costs. As a result of the launch, the Company realized $1.8 million of benefit from the recovery of previously impaired prepaid launch costs. The Company did not allocate any Vigoride vehicle development expense to cost of revenue as the vehicle has not yet met the criteria for capitalization. Refer to *Research and Development Costs* below.

During the third quarter of 2022, the Company resolved the variable consideration uncertainties that had caused it to defer revenue and cost of revenue from its inaugural launch. As a result, the Company amortized the deferred $14 thousand to cost of revenue.

Property, Machinery and Equipment, net

Property, machinery and equipment are stated at cost less accumulated depreciation. Depreciation is generally recorded using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of fixed assets by asset category are described below:

Fixed Assets	Estimated Useful Life
Computer equipment	Three years
Furniture and fixtures	Five years
Leasehold improvements	Lesser of estimated useful life or remaining lease term (one year to seven years)
Machinery and equipment	Seven years

Costs of maintenance or repairs that do not extend the lives of the respective assets are charged to expenses as incurred.

Intangible Assets, net

Intangible assets consist of patents (in accordance with ASU 2018-15) and are reported at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognized on a straight-line basis over 10 years for patents, which is the estimated useful lives of the intangible assets.

Note 2. Summary of Significant Accounting Policies (cont.)

Deferred Offering Costs

Offering costs consist of legal, accounting, underwriting fees and other costs incurred that are directly related to fundraising activities. During the year ended December 31, 2021, deferred offering costs were attributable to the Business Combination and upon completion of the Business Combination, all deferred offering costs were netted with the proceeds, with costs relating to the issuance of equity recorded as a reduction of additional paid in capital, while all costs related to the liability classified warrants were charged to expense. See Note 3 for more information. During the year ended December 31, 2022, deferred offering costs were attributable to the Company's S-3 Universal Shelf registration and the at-the-market offering program. These costs will be netted with the proceeds proportional to the at-the-market program fundraising and any future fundraising under that S-3 registration. Refer to Note 11.

Loss Contingencies

We estimate loss contingencies in accordance with ASC 450-20, *Loss Contingencies*, which states that a loss contingency shall be accrued by a charge to income if both of the following conditions are met: (i) information available before the consolidated financial statements are issued or are available to be issued indicates that it is probable that a liability had been incurred at the date of the consolidated financial statements and (ii) the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted and whether new accruals are required. Refer to Note 14.

Revenue Recognition

The Company enters into short-term contracts for 'last-mile' satellite and cargo delivery, payload hosting and in-orbit servicing options with customers that are primarily in the aerospace industry. The Company recognizes revenue (along with any other fees that have been paid) at a point in time, upon satisfaction of the Company's performance obligation. For transportation services, the performance obligation is satisfied when the customer is delivered to their designated orbit.

The Company accounts for customer contracts in accordance with ASC 606, *Revenue from Contracts with Customers*, which includes the following five-step model:

- Identification of the contract, or contracts, with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company estimates variable consideration at the most likely amount, which is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. While the Company's standard contracts do not contain refund or recourse provisions that enable its customers to recover any non-refundable fees that have been paid, the Company may issue full or partial refunds, or concessions on future services to customers on a case-by-case basis as necessary to preserve and foster future business relationships and customer goodwill. As a result of the Company's inability to complete any launches in 2021 (refer to Note 4 for additional information), the Company issued customer refunds of $1.4 million during the year ended December 31, 2021 to maintain goodwill in those customer relationships.

As part of its contracts with customers, the Company collects up-front non-refundable deposits prior to launch. As of December 31, 2022, and December 31, 2021, the Company had customer deposit balances of $2.7 million and $1.6 million, respectively, related to signed contracts with customers, including firm orders and options (some of which have already been exercised by customers). These deposits are recorded as current and non-current contract liabilities in the Company's consolidated balance sheets. Included in the collected amount as of December 31, 2022 and December 31, 2021 are $1.0 million and $1.6 million, respectively, of non-current deposits.

In connection with the May 25, 2022 flight of the Vigoride spacecraft and the third-party deployer from a partner company, the Company completed one of the intended performance obligations, resulting in $50 thousand of recognized revenue, which was previously recorded in contract liabilities. The remaining customer payloads were negatively impacted by the Vigoride anomalies and as a result did not receive the anticipated level of service. As a result, the Company offered concessions to those customers, the value of which was unresolved at the end of the second quarter of 2022. Due to this uncertainty, the Company recorded the related customer deposits of $133 thousand as deferred revenues within current contract liabilities at that time.

During the third quarter of 2022, the Company recognized $129 thousand of revenue. $28 thousand was due to forfeited customer deposits from cancelled customer contracts. The Company also resolved the uncertainties that had caused it to defer revenue from its inaugural launch. As a result, the Company recognized revenue of $101 thousand, and continued to defer $33 thousand now allocated to future services as a result of the variable consideration.

During the three months ended December 31, 2022, the Company recognized $120 thousand of revenue, due to forfeited customer deposits primarily related to expired options.

For the year ended December 31, 2021, the Company recognized revenue related to customer cancelled contracts of $330 thousand, which were previously recorded as contract liabilities. The Company also recorded $(135) thousand as a reduction of cost of revenue which represents the reversal of a contingency recorded during the prior year for loss contracts, partially offset by costs incurred related to one of the cancelled contracts. During the year ended December 31, 2021, in conjunction with the isolated refunds described above, the Company signed amendments with those customers considered in the contingency, such that the services will no longer be free of charge.

Fair Value Measurement

The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. A three-tiered hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires that the Company use observable market data, when available, and minimize the use of unobservable inputs when determining fair value:

- Level 1, observable inputs such as quoted prices in active markets;
- Level 2, inputs other than the quoted prices in active markets that are observable either directly or indirectly; and
- Level 3, unobservable inputs in which there is little or no market data, which requires that the Company develop its own assumptions.

The fair values of cash and cash equivalents, accounts payable, and certain prepaid and other current assets and accrued expenses approximate carrying values due to the short-term maturities of these instruments which fall with Level 1 of the fair value hierarchy. The carrying value of certain other non-current assets and liabilities approximates fair value. The Company had no Level 2 inputs for the years ended December 31, 2022 and 2021.

The Company’s SAFE note liabilities, prior to conversion, were marked-to-market liabilities pursuant to ASC 480 and are classified within Level 3 of the fair value hierarchy as the Company is using a backsolve method within the Black Scholes Option Pricing model, which allowed the Company to solve for the implied value of the business based on the terms of the SAFE investments. Significant unobservable inputs included volatility and expected term. Volatility is based upon on the actual historical volatility of a group of comparable publicly traded companies observed over a historical period equal to the expected remaining life of the SAFE investments. The expected term was based on the anticipated time until the SAFE investments would have a conversion event. Upon conversion, the SAFE notes were valued based on the closing price of Company’s Common Stock on the Closing Date.

The Company’s warrants are recorded as a derivative liability pursuant to ASC 815 and are classified within Level 3 of the fair value hierarchy as the Company is using the Black Scholes Option Pricing model. Significant unobservable inputs include stock price, volatility and expected term. Expected stock price volatility is based on the actual historical volatility of a group of comparable publicly traded companies observed over a historical period equal to the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the date of valuation equal to the remaining expected life of the warrants. The expected term was based on the maturity of the warrants, which is 5 years. The dividend yield percentage is zero because the Company does not currently pay dividends, nor does it intend to do so during the expected term of the warrants. Upon

Note 2. Summary of Significant Accounting Policies (cont.)

conversion of the Legacy Momentus private warrants immediately prior to the business combination, the key valuation input was the closing price of Company's Common Stock on the Closing Date, as the expected term and volatility were immaterial to the pricing model.

The Company's performance awards under the equity incentive plans are recorded as contingent liabilities pursuant to ASC 480, measured at fair value. The performance awards are classified within Level 3 of the hierarchy as the fair value is dependent on management assumptions about the likelihood of non-market outcomes. See Note 12.

The Company's stock repurchase agreements with the Co-Founders are recorded as contingent liabilities pursuant to ASC 480, measured at fair value. The stock repurchase agreements are classified within Level 3 of the hierarchy as the fair value is dependent on management assumptions about the likelihood of non-market outcomes. See Note 11. There were no transfers between levels of input during the years ended December 31, 2022 and 2021.

The change in fair values of liabilities subject to recurring remeasurement were as follows:

(in thousands)	Level	Fair value as of December 31, 2021	Change in Fair Value	Fair value as of December 31, 2022
Warrant Liability	3	$ 5,749	$ (5,185)	$ 564
Share Repurchase Liability	3	—	10,000	10,000
Liability-Classified Performance Awards	3	70	(70)	—
Total		$ 5,819	$ 4,745	$ 10,564

Key assumptions for the Black-Scholes model used to determine the fair value of warrants outstanding as of December 31, 2022 were as follows:

Warrant term (years)	3.61
Volatility	76.00 %
Risk-free rate	4.11 %
Dividend yield	0.00 %

Warrant Liability

The Company's private warrants and stock purchase warrants are recorded as derivative liabilities pursuant to ASC 815 and are classified within Level 3 of the fair value hierarchy as the Company is using the Black Scholes Option Pricing model to calculate fair value. See Note 11. Significant unobservable inputs, prior to the Company's stock being publicly listed, included stock price, volatility and expected term. At the end of each reporting period, changes in fair value during the period are recognized as components of other income within the consolidated statements of operations. The Company will continue to adjust the warrant liabilities for changes in fair value until the earlier of (i) the exercise or expiration of the warrants or (ii) the redemption of the warrants, at which time the warrants will be reclassified to additional paid-in capital within the consolidated statements of stockholders' equity (deficit).

The warrants issued by Momentus Inc. prior to the Business Combination were exercised in connection with the Business Combination and as a result, the Company performed a fair value measurement of those warrants on the Closing Date and recorded the change in the instruments' fair values prior to converting them to equity. The warrants assumed by the Company as a result of the Business Combination remain outstanding.

Public and Private Warrants

Prior to the Business Combination, SRAC issued 11,272,500 private placement warrants ("Private Warrants") and 8,625,000 public warrants ("Public Warrants" and collectively, "Warrants"). Each whole warrant entitles the holder to purchase one share of the Company's common stock at a price of $11.50 per share, subject to adjustments and will expire five years after the Business Combination or earlier upon redemption or liquidation.

The Private Warrants do not meet the derivative scope exception and are accounted for as derivative liabilities. Specifically, the Private Warrants contain provisions that cause the settlement amounts to be dependent upon the characteristics of the holder of the warrant which is not an input into the pricing of a fixed-for-fixed option on equity shares. Therefore, the Private Warrants are not considered indexed to the Company's stock and should be classified as a liability. Since the Private Warrants meet the definition of a derivative, the Company recorded the Private

Note 2. Summary of Significant Accounting Policies (cont.)

Warrants as liabilities on the consolidated balance sheet at fair value upon the Closing, with subsequent changes in the fair value recognized in the consolidated statements of operations at each reporting date. The fair value of the Private Warrants was measured using the Black-Scholes option-pricing model at each measurement date.

In addition, the Public Warrants are accounted for as equity classified by the Company. On consummation of the Business Combination, the Company recorded equity related to the Public Warrants of $20.2 million, with an offsetting entry to additional paid-in capital. Similarly, on the consummation of the Business Combination, the Company recorded a liability related to the Private Warrants of $31.2 million, with an offsetting entry to additional paid-in capital.

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 815, *Derivatives and Hedging* ("ASC 815") at the initial recognition.

Other than the Public and Private Warrants noted above, the company also had other warrants issued and outstanding which were recognized as derivative liabilities in accordance with ASC 815 until they were fully exercised. Accordingly, the Company recognized the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period until exercised. The fair value of the warrant liabilities issued were initially measured using the Black- Scholes model and were subsequently remeasured at each reporting period with changes recorded as a component of other income in the Company's consolidated statements of operations. Derivative warrant liabilities are classified as non-current as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities. See Note 11.

SAFE Notes

The Company issued SAFE notes to investors during the three months ended March 31, 2021 and the years ended December 31, 2020 and 2019, which were converted to shares of Common Stock in connection with the Business Combination. Prior to conversion, the Company determined that the SAFE notes were not a legal form of debt (i.e., no creditors' rights). The SAFE notes included a provision allowing for the investors to receive a portion of the proceeds upon a change of control equal to the greater of their investment amount or the amount payable based upon a number of shares of Common Stock equal to the investment amount divided by the liquidity price, the occurrence of which is outside the control of the Company. This provision required that the SAFE notes be classified as marked-to-market liabilities pursuant to ASC 480. See Note 9.

Basic and Diluted (Loss) Income Per Share

Net (loss) income per share is provided in accordance with FASB ASC 260-10, *Earnings per Share*. Basic net (loss) income per share is computed by dividing losses by the weighted average number of common shares outstanding during the period. Diluted (loss) income per share gives effect to all dilutive potential common shares outstanding during the period. Diluted loss per share excludes all potential common shares and SAFE notes if their effect is anti-dilutive. See Note 13.

Impairment of Long-lived Assets

The Company evaluates the carrying value of long-lived assets on an annual basis, or more frequently whenever circumstances indicate a long-lived asset may be impaired. When indicators of impairment exist, the Company estimates future undiscounted cash flows attributable to such assets. In the event cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair value. During the years ended December 31, 2022 and 2021, there were immaterial impairments of long-lived assets. See Note 5 and Note 6.

Stock-based Compensation

The Company has a stock incentive plan under which equity awards are granted to employees, directors, and consultants. All stock-based payments are recognized in the consolidated financial statements based on their respective grant date fair values.

Note 2. Summary of Significant Accounting Policies (cont.)

Restricted stock unit fair value is based on our closing stock price on the day of the grant. Stock option fair value is determined using the Black Scholes Merton Option Pricing model. The model requires management to make a number of assumptions, including expected volatility of the Company's stock, expected life of the option, risk-free interest rate, and expected dividends. Employee Stock Purchase Plan ("ESPP") compensation fair value is also determined using the Black Scholes Merton Option Pricing model, using a six-month expected term to conform with the six month ESPP offering period.

The fair value of equity awards is expensed over the related service period which is typically the vesting period, and expense is only recognized for awards that are expected to vest. The Company accounts for forfeitures as they occur.

401(k) Plan

The Company has a 401(k) plan that it offers to its full-time employees. The Company did not contribute to the plan for the years ended December 31, 2022 and 2021.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs include activities to develop existing and future technologies for the Company's vehicles. Research and development activities include basic research, applied research, design, development, and related test program activities. Costs incurred for developing our vehicles primarily include equipment, material, and labor hours (both internal and subcontractors).

Once the Company has achieved technological feasibility, the Company will capitalize the costs to construct any additional components of the vehicle systems.

Nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities related to an executory contractual arrangement are deferred and capitalized. These advance payments are recognized as an expense as the related goods are delivered or services performed. When the related goods are no longer expected to be delivered or services rendered, the capitalized advance payment should be charged to expense.

Leases

The Company leases real estate facilities under non-cancelable operating leases with various expiration dates through February 2028. The Company determines if an arrangement contains a lease at inception based on whether there is an identified property, plant or equipment and whether the Company controls the use of the identified asset throughout the period of use.

The Company adopted the ASU No. 2016-02, *Leases* (Topic 842) on January 1, 2020. The Company elected the package of practical expedients for transition under which the Company did not reassess its prior conclusions about lease identification, lease classification and initial direct costs. Additionally, the Company elected the hindsight practical expedient for transition under which conclusions around lease term and impairment will not be reassessed.

Operating leases are included in the accompanying consolidated balance sheets. Operating lease right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term. Lease liabilities represent the Company's obligation to make lease payments arising from the lease and are included in current and non-current liabilities. Operating lease ROU assets and lease liabilities are recognized at the lease inception date based on the present value of lease payments over the lease term discounted based on the more readily determinable of (i) the rate implicit in the lease or (ii) the Company's incremental borrowing rate (which is the estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease). Because the Company's operating leases generally do not provide an implicit rate, the Company estimates its incremental borrowing rate based on the information available at lease commencement date for borrowings with a similar term.

The Company's operating lease ROU assets are measured based on the corresponding operating lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) tenant incentives under the lease. The Company does not assume renewals or early terminations unless it is reasonably certain to exercise these options at commencement. The Company elected the practical expedient which allows the Company to not allocate consideration between lease and non-lease components. Variable lease payments

Note 2. Summary of Significant Accounting Policies (cont.)

are recognized in the period in which the obligation for those payments is incurred. In addition, the Company elected the practical expedient such that it does not recognize ROU assets or lease liabilities for leases with a term of 12 months or less of all asset classes. Operating lease expense is recognized on a straight-line basis over the lease term.

Income Taxes

The Company accounts for income taxes in accordance with authoritative guidance, which requires the use of the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based upon the difference between the financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, management considers all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies.

In the event that management changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

The Company is required to evaluate the tax positions taken in the course of preparing its tax returns to determine whether tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the “more likely than not” threshold would be recorded as a tax expense in the current year. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount that is initially recognized.

Concentrations of Risk

Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents in banks that management believes are creditworthy, however deposits may exceed federally insured limits.

Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing operating performance. In consideration of ASC 280, *Segment Reporting*, we are not organized around specific services or geographic regions. We currently operate in one service line providing in-space transportation services.

Our chief operating decision maker uses condensed financial information to evaluate our performance, which is the same basis on which our results and performance are communicated to our Board of Directors. Based on the information described above and in accordance with the applicable literature, management has concluded that we are organized and operated as one operating and reportable segment.

Recently Issued Accounting Standards

Although there are several new accounting pronouncements issued or proposed by the FASB, which have been adopted or will be adopted as applicable, management does not believe any of these accounting pronouncements has had or will have a material impact on the Company’s financial position or results of operations.

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which simplifies the guidance on the issuer’s accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as

Note 2. Summary of Significant Accounting Policies (cont.)

debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was within the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company adopted this standard on January 1, 2022. There was no impact to the Company's consolidated financial statements on the date of adoption.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740), which simplified the accounting for income taxes by removing certain exceptions to the general principles in income taxes. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company adopted this standard on January 1, 2021. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Note 3. Reverse Recapitalization

As discussed in Note 1, "*Nature of Operations,*" on the Closing Date, SRAC completed the acquisition of Momentus Inc. and acquired 100% of Momentus Inc.'s shares and Momentus Inc. received gross proceeds of $247.3 million, which included $110.0 million in proceeds from the PIPE Investment, and $137.3 million in proceeds from issuance of Common Stock upon the closing of the Business Combination.

Proceeds from the issuance of Common Stock comprised of $172.5 million of public investment in SRAC, reduced by redemptions of $35.6 million. SRAC had additional stockholder deficit of $8.5 million, inclusive of $0.4 million of additional cash in trust from operations, which reduced the total proceeds to $238.8 million.

The Merger was accounted for as a reverse recapitalization under ASC 805, with Legacy Momentus as the accounting acquirer and SRAC as the acquired company for accounting purposes. Momentus Inc. was determined to be the accounting acquirer as Momentus Inc.'s stockholders prior to the Merger had the greatest voting interest in the combined entity, Momentus Inc. comprises all of the ongoing operations, and Momentus Inc.'s senior management directs operations of the combined entity. Accordingly, all historical financial information presented in these consolidated financial statements represents the accounts of Momentus Inc. and its wholly owned subsidiary. Net assets were stated at historical cost consistent with the treatment of the transaction as a reverse recapitalization of Momentus Inc.

One-time direct and incremental transaction costs incurred by the Company were recorded based on the activities to which the costs relate and the structure of the transaction. Costs of $27.8 million allocated to the issuance of equity were recorded as a reduction of equity raised, presented in additional paid in capital, while costs of $4.8 million allocated to the liability classified warrants were charged to expense. On the Closing Date, each holder of Momentus Inc. preferred and common stock received approximately 0.2467416 shares of the Company's Common Stock, par value $0.00001 per share. See Note 11 for additional details of the Company's stockholders' equity (deficit) prior to and subsequent to the Merger.

All equity awards of Momentus Inc. were assumed by the Company and converted into comparable equity awards that are settled or exercisable for shares of the Company's Common Stock. As a result, each outstanding stock option was converted into an option to purchase shares of the Company's Common Stock based on an exchange ratio of 0.2467416, and each outstanding restricted stock award was converted into restricted stock awards of the Company that, upon vesting, may be settled for shares of the Company's Common Stock based on an exchange ratio of 0.2467416.

Outstanding private warrants of Momentus Inc. common stock were also converted into warrants to purchase shares of the Company's Common Stock based on an exchange ratio of 0.2467416.

Each public and private warrant of SRAC that was unexercised at the time of the Merger was assumed by the Company and represents the right to purchase one share of the Company's Common Stock upon exercise of such warrant. See Note 11 for more information.

Note 3. Reverse Recapitalization (cont.)

Lock-up Agreements

In conjunction with the Closing, certain insider stockholders executed lock-up agreements, pursuant to which such stockholders agree not to transfer any shares of Common Stock for a period of six months after the Closing or, if earlier, the first date the closing price of the Common Stock equals or exceeds $12.00 per share for any 20 trading days within any 30-trading day period following the Closing.

PIPE Investment

On October 7, 2020 and July 15, 2021, SRAC entered into subscription agreements with the PIPE Investors to which such investors collectively subscribed for an aggregate of 11,000,000 shares of the Company's Common Stock at $10.00 per share for aggregate gross proceeds of $110.0 million. The PIPE Investors were also granted an equal number of private warrants to purchase the Company's Common Stock at $11.50 per share. The warrants were recorded as a derivative liability under ASC 815, and the warrant liability was initially valued at $30.5 million. See Note 11. The PIPE Investment was consummated concurrently with the closing of the Business Combination.

Note 4. Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following:

(in thousands)	December 31, 2022	December 31, 2021
Prepaid launch costs, current	$ 3,000	$ —
Prepaid research and development	2,841	4,869
Prepaid insurance and other assets	4,332	4,562
Total	$ 10,173	$ 9,431

As of December 31, 2022 and December 31, 2021, the non-current portion of prepaid launch costs recorded in other non-current assets was $4.4 million and $3.0 million, respectively.

FAA Application

On May 10, 2021, the Company received a letter from the FAA denying the Company's application for a payload review for the then-planned June 2021 launch. According to the letter, during an interagency consultation, the FAA was informed that the launch of the Company's payload posed national security concerns associated with the Company's then-current corporate structure. The letter further stated that the FAA understood that the Company was undergoing a process that might resolve the national security concerns, and that the FAA could reconsider a payload application when that process was completed.

As a result of the FAA application denial, on May 21, 2021, the Company received notification from one of its launch service providers that it was terminating two launch service agreements for flights scheduled during calendar year 2021 and that they considered the Company to be in default of prior payments totaling $8.7 million. The Company believed the prepayments were non-recoverable as this was the third time the payload was rescheduled. As a result of the notification from one of its launch service providers, the Company recorded an impairment charge of $8.7 million of prepaid launch costs during the year ended December 31, 2022. There was an unrelated impairment of $0.8 million for the year ended December 31, 2021.

On October 12, 2021, the Company began discussions with the same launch service provider about reestablishing a future launch schedule. As a result of such discussion, the Company signed a Launch Services Agreement on October 19, 2021 that reserved space on a launch that occurred in May 2022. The Company determined that $2.7 million of the impaired deposits were potentially recoverable in connection with the reestablished schedule. The Company did not record any adjustments as a result of the discussions.

On May 4, 2022, the Company received a favorable determination from the Federal Aviation Administration (the "FAA") of its application for payload review, which was the final regulatory milestone needed to support the Company's inaugural flight of the Vigoride orbital service vehicle (Vigoride 3) in May 2022. The FAA favorable

Note 4. Prepaids and Other Current Assets (cont.)

determination followed a license from the Federal Communications Commission (the "FCC") received on April 28, 2022, and updates to existing licenses from the National Oceanic and Atmospheric Administration (the "NOAA").

All future missions remain subject to the receipt of licenses and government approvals, and successful completion of current efforts to get the system ready for flight. Refer to "*Risk Factors — We may not receive all required governmental licenses and approvals," and* "*Risk Factors — We are dependent on the successful development of our satellite vehicles and related technology,"* under Part II, Item 1A: "*Risk Factors*," in this Annual Report on Form 10-K.

In connection with the launch of Vigoride 3 and the third-party deployer in May 2022, the Company amortized $1.2 million of prepaid launch costs. These costs were allocated proportionally based on payload weight; $12 thousand allocated to completed customer payload performance obligations was amortized to cost of revenue, $14 thousand allocated to customer payload subject to unresolved variable consideration was deferred within current deferred fulfillment costs as of the end of the second quarter 2022, $0.6 million allocated to the Vigoride vehicle was amortized to research and development costs, and $0.6 million allocated to the third-party deployer, intended as a demonstration of the Company's business model, was amortized to selling, general and administrative costs. As a result of the launch, the Company realized $1.8 million of benefit from the recovery of previously impaired prepaid launch costs. The Company did not allocate any Vigoride vehicle development expense to cost of revenue as the vehicle has not yet met the criteria for capitalization. Refer to *Research and Development Costs* in Note 2.

During the third quarter of 2022, the Company resolved the variable consideration uncertainties that had caused it to defer revenue and cost of revenue from its inaugural launch. As a result, the Company amortized the deferred $14 thousand to cost of revenue.

Note 5. Property, Machinery and Equipment, net

Property, machinery and equipment, net consisted of the following:

(in thousands)	December 31, 2022	December 31, 2021
Computer equipment	$ 10	$ 178
Furniture and fixtures	—	206
Leasehold improvements	2,281	2,693
Machinery and equipment	3,411	3,332
Construction in-progress	106	247
Property, machinery and equipment, gross	5,808	6,656
Less: accumulated depreciation	(1,792)	(1,827)
Property, machinery and equipment, net	$ 4,016	$ 4,829

Depreciation expense related to property, machinery and equipment was $1.0 million and $1.0 million for the years ended December 31, 2022 and 2021, respectively. Depreciation expense is recorded withing operating expenses.

Note 6. Intangible Assets, net

Intangible assets, net consisted of the following as of December 31, 2022:

(in thousands)	Gross Value	Accumulated Amortization	Net Value	Weighted average remaining amortization period (in years)
Patents/Intellectual Property	$ 461	$ (124)	$ 337	7.0
Total	$ 461	$ (124)	$ 337	

Intangible assets, net consisted of the following as of December 31, 2021:

Note 6. Intangible Assets, net (cont.)

(in thousands)	Gross Value	Accumulated Amortization	Net Value	Weighted average remaining amortization period (in years)
Patents/Intellectual Property	$ 404	$ (91)	$ 313	7.5
Capitalized software implementation costs	43	(7)	36	2.6
Total	$ 447	$ (98)	$ 349	

Amortization expense related to intangible assets was $107 thousand and $50 thousand for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the future estimated amortization expense related to intangible assets is as follows:

(in thousands)	
2023	$ 50
2024	50
2025	50
2026	50
2027	50
Thereafter	87
Total	337

Note 7. Leases

The Company leases office space under non-cancellable operating leases. In January 2021, the Company commenced a lease in San Jose, California. The lease expires in February 2028. The Company is obligated to pay approximately $11 million over the term of the lease. Prior to December 31, 2021, the Company modified two minor leases to extend access until April 2022 to aid the full transition to the San Jose facility. The Company had one additional minor lease that expired in November 2022.

The components of operating lease expense were as follows:

(in thousands)	Year Ended December 31,	
	2022	2021
Operating lease cost	$ 1,609	$ 1,742
Variable lease expense	611	590
Short-term lease expense	38	19
Total lease expense	$ 2,258	$ 2,351

Variable lease expense consists of the Company’s proportionate share of operating expenses, property taxes, and insurance.

As of December 31, 2022, the weighted-average remaining lease term was 5.2 years and the weighted-average discount rate was 5.6%.

Note 7. Leases (cont.)

As of December 31, 2022, the maturities of the Company's operating lease liabilities were as follows:

(in thousands)		
2023	$	1,533
2024		1,580
2025		1,627
2026		1,674
2027		1,729
Thereafter		297
Total lease payments		8,440
Less: Imputed interest		(1,156)
Present value of lease liabilities	$	7,284

Note 8. Accrued Expenses

Accrued expenses consisted of the following:

(in thousands)		December 31, 2022		December 31, 2021
Legal and other professional services	$	3,128	$	4,121
Compensation expense		3,584		3,862
Research and development projects		981		1,240
Other current expense		333		399
Payroll tax expense		—		163
Total	$	8,026	$	9,785

Note 9. SAFE Notes

The Company issued SAFE notes to investors. During the year ended December 31, 2021, the Company issued SAFE notes to investors in exchange for aggregate proceeds of $30.9 million. On August 12, 2021, as a result of the Business Combination, all of the Company's outstanding SAFE notes, representing principal of $78 million and a fair value of $136 million on the conversion date, converted into 12,403,469 shares of Common Stock of the Combined Company.

Prior to conversion, the Company determined that the SAFE notes were not a legal form of debt (i.e., no creditors' rights). The SAFE notes included a provision allowing for cash redemption upon the occurrence of a change of control, the occurrence of which was outside the control of the Company. The provision required the SAFE notes be classified as marked-to-market liabilities pursuant to ASC 480. The income reported from the decrease in the estimated fair value of the SAFE notes was $209.3 million for the year ended December 31, 2021. These amounts are included in other income.

Note 10. Loan Payable

Term Loan

On February 22, 2021, the Company entered into a Term Loan and Security Agreement (the "Term Loan") which provided the Company with up to $40.0 million in borrowing capacity at an annual interest rate of 12%. $25.0 million of the Term Loan was immediately available for borrowing by the Company at the inception of the agreement, the Company borrowed this amount on March 1, 2021. The remaining $15.0 million of borrowing capacity is no longer available as the Company did not achieve certain milestones by the June 30, 2021 deadline. The repayment terms of the Term Loan provide for interest-only payments from March 1, 2021 through February 28, 2022.

Under the original terms, the principal amount was due and payable on March 1, 2022. However, during January 2022 the Company exercised its option to pay back the principal amount of the Term Loan over two years beginning on March 1, 2022 and ending on February 28, 2024.

Note 10. Loan Payable (cont.)

In conjunction with the Term Loan, warrants to purchase preferred stock up to 1% of the fully diluted capitalization (including allowance for conversion of all outstanding convertible notes, SAFE notes and such warrants) of the Company were granted to the lender exercisable at the lender's option. 80% of the 1% of the warrants were earned by the lender upon execution of the agreement. The additional 20% of the warrants was forfeited as of June 30, 2021. The warrant's original estimated fair value of $15.6 million was recorded as a derivative liability under ASC 815 with the offset recorded as a debt discount. On August 12, 2021 the lender exercised the warrant. See Note 11. Additionally, the Company incurred debt issuance costs of $0.1 million, which were recorded as a direct deduction from the carrying amount of the Term Loan.

The Company allocated the proceeds from the Term Loan agreement to the note and warrants comprising the financing agreement based on the relative fair value of the individual securities on the February 22, 2021 closing date of the agreements. The discount attributable to the note, an aggregate of $15.8 million, primarily related to the value of the warrant liability with immaterial issuance costs, is amortized using the effective interest method over the term of the note, originally maturing on March 1, 2022, but now being repaid over two years, recorded as interest expense. Because the discount on the note exceeds 63% of its initial face value, and because the discount is amortized over the period from issuance to maturity, the calculated effective interest rate up until January 2022 was 126.0%.

As a result of the exercised extended repayment schedule, the unamortized discount and issuance costs were recast over the updated term of the loan and resulted in a recalculated effective interest rate of 28.2%. Interest expense amortization was $2.7 million and $11.7 million for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the Company's total loan payable consisted of gross Term Loan payable of $15.3 million and accrued interest of $0.1 million, offset by unamortized debt discount and issuance costs of $1.4 million. The Term Loan principal has future scheduled maturities of $13.0 million and $2.3 million for 2023 and 2024, respectively.

Promissory Notes

On June 29, 2021, the Company and SRAC amended the Merger Agreement which, among other things, provided for the issuance by the Company of two second lien notes (the "Promissory Notes"). The Promissory Notes, in the amount of $1.5 million each, were held by the Company's outside counsel and SRAC, and were for certain legal fees and expenses incurred by SRAC and the Company in relation to the Business Combination. As a result of the Business Combination, the amount due to SRAC became an intercompany transaction which was eliminated from the combined entity's consolidated balance sheets. During the year ended December 31, 2021, the Company signed an agreement with its outside counsel and made a payment which settled the Promissory Notes as well as all outstanding payables. The agreement resulted in a reduction of $2.6 million in the amount due for expenses incurred during the year, which was recorded as a reduction to legal expenses, included within SG&A within the accompanying consolidated statement of operations.

Note 11. Stockholders' Equity (Deficit)

Common Stock and Preferred Stock

Pursuant to the terms of the Second Amended and Restated Certificate of Incorporation, the Company is authorized and has available a total of 270,000,000 shares of stock, consisting of (i) 250,000,000 shares of Common Stock, par value $0.00001 per share, and (ii) 20,000,000 shares of preferred stock, par value $0.00001 per share ("Preferred Stock").

At the Closing of the Business Combination, the Company had 79,772,262 shares of Common Stock outstanding and no shares of Preferred Stock outstanding. The following summarizes the Company's Common Stock outstanding immediately after the Business Combination:

Note 11. Stockholders' Equity (Deficit) (cont.)

	Shares	%
Momentus Space, LLC unit holders	50,419,505	63 %
Public stockholders	13,695,257	17 %
SRAC and its affiliates	4,657,500	6 %
PIPE Investors	11,000,000	14 %
Total	**79,772,262**	**100 %**

Co-Founder Divestment and Stock Repurchase Agreements

In accordance with the NSA and pursuant to stock repurchase agreements entered into with the Company, effective as of June 8, 2021, each of Mr. Kokorich, Nortrone Finance S.A. and Brainyspace LLC (collectively, the "Co-Founders") sold 100% of their respective equity interests in the Company on June 30, 2021. In exchange for their equity interests, the Company initially paid each entity $1, but will additionally pay up to an aggregate of $50,000,000, out of funds legally available therefor, to the Co-Founders, on a pro rata basis, as follows: (i) an aggregate of $40,000,000 to be paid out of funds legally available therefor, within 10 business days after the earlier of (A) a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $100,000,000 and (B) the Business Combination (the "First Payment Date"); and (ii) an aggregate of $10,000,000 to be paid out of funds legally available therefor, within 10 business days after a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $250,000,000 (determined without any reduction for the $100,000,000 previously received in respect of the First Payment Date).

As a result of the Business Combination, which generated $247.3 million of gross proceeds (as described in Note 3), the Company paid the Co-Founders $40.0 million in addition to the initial consideration paid of $3. The Company recorded the consideration paid as a reduction of Common Stock and additional paid in capital. Pursuant to the NSA, a portion of those divestment proceeds were placed in escrow accounts, and were not to be released to the divested investors until after completion of audit by a third-party auditor of the investors compliance with the NSA and the lapse of a 15 day period without an objection from the CFIUS Monitoring Agencies. Following the third-party audit of the investors' NSA compliance, all of the escrowed divestment proceeds were released to the Co-Founders as of March 1, 2022 in accordance with the NSA.

If the Company were to undertake a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of approximately $2.7 million or more, the Company would need to pay an aggregate of $10.0 million to the Co-Founders in accordance with the terms of the stock repurchase agreements. As a subsequent event, on February 27, 2023 the Company raised $10.0 million through the sale of securities, which triggered the liability under the stock repurchase agreements. Refer to Note 16.

The Company evaluated and periodically re-evaluates this potential consideration as a liability under ASC 480 utilizing a probability-weighted approach. Certain factors which would enable successful fundraising were considered, including progress toward compliance with the NSA, research and development progress, and agreements with launch providers, as well as the Company's fundraising efforts under the at-the-market offering program describe below, resulting in an estimated liability of $10.0 million expected to be paid to the Co-Founders with a corresponding offset to additional paid in capital within the consolidated statements of stockholders' equity (deficit), as of December 31, 2022.

Stock Purchase Warrants

In February 2021, the Company entered into the Term Loan. In conjunction with the Term Loan, warrants up to 1% of the fully diluted capitalization (including allowance for conversion of all outstanding convertible notes, SAFE notes and such warrants) of the Company were granted to the lender exercisable at the lender's option. 80% of the 1% of the warrants were earned by the lender upon execution of the agreement. The remaining 20% of the warrants were forfeited on June 30, 2021. The warrant's original estimated fair value of $15.6 million was recorded as a derivative liability under ASC 815 with the offset recorded as a debt discount. The Company recorded the decrease in the estimated fair value of the warrant of $10.7 million for year ended December 31, 2021, within other income in the accompanying consolidated income statements. The warrants were exercised by the lender immediately prior to the Business Combination. The loan remains outstanding as of December 31, 2022.

In March 2020, the Company entered into an equipment financing agreement to fund the acquisition of specific and eligible equipment (the "Equipment Loan"). In conjunction with the Equipment Loan, the Company issued stock purchase warrants to the lender, which allowed for the purchase of 191,108 shares of Common Stock in a subsequent round of financing. These warrants were also accounted for as a derivative liability and the decrease in the estimated fair value of the warrant of $1.1 million for the year ended December 31, 2021, was recorded within other income in the accompanying consolidated income statements. The warrants were exercised by the lender immediately prior to the Business Combination.

Public and Private Warrants

As of December 31, 2022, the Company had public and private warrants outstanding to purchase 8,625,000 and 11,272,500 of Common Stock, respectively, related to the Business Combination. The warrants entitle the registered holder to purchase stock at a price of $11.50 per share, subject to adjustment, at any time commencing on August 12, 2021. The public and private warrants expire on the fifth anniversary of the Business Combination, or earlier upon redemption or liquidation.

Additionally, the Company had private warrants outstanding to purchase 308,569 shares of Common Stock, with an exercise price of $0.20 per share, unrelated to the Business Combination, which were exercised on a net basis for 278,146 shares during the year ended December 31, 2022.

The private warrants assumed in connection with the Business Combination are accounted for as a derivative liability and the decrease in estimated fair value of the warrants of $(5.2) million for the year ended December 31, 2022, and $(25.5) million for the year ended December 31, 2021 was recorded within other income. The public warrants and the legacy outstanding private warrants were recorded as equity within consolidated statements of stockholders' equity (deficit).

As a subsequent event, on February 27, 2023 the Company raised $10.0 million through the sale of securities, including 9,396,000 shares of Common Stock, 2,170,043 prefunded warrants and 11,566,043 warrants with strike price of $1.15, . Refer to Note 16.

Contingent Sponsor Earnout Shares

As a result of the Business Combination, the Company modified the terms of 1,437,500 shares of Common Stock held by SRAC's sponsor (the "Sponsor Earnout Shares"), such that all such shares will be forfeited if the share price of Common Stock does not reach a volume-weighted average closing sale price of $12.50, two thirds of such shares will be forfeited if the share price of Common Stock does not reach a volume-weighted average closing sale price of $15.00, and one third of such shares will be forfeited if the share price of Common Stock does not reach a volume-weighted average closing sale price of $17.50, in each case, prior to the fifth anniversary of the Business Combination. Certain events which change the number of outstanding shares of Common Stock, such as a split, combination, or recapitalization, among other potential events, will equitably adjust the target vesting prices above. The Sponsor Earnout Shares may not be transferred without the Company's consent until the shares vest.

The Sponsor Earnout Shares are recorded within equity. Due to the contingently forfeitable nature of the shares, the Sponsor Earnout Shares are excluded from basic EPS calculations but are considered potentially dilutive shares for the purposes of diluted EPS (refer to "*Income (Loss) Per Share"* below).

At-The-Market Offering

On September 28, 2022, Momentus entered into an At-the-Market Equity Offering Sales Agreement with a sales agent (the "ATM Sales Agreement"). Pursuant to the ATM Sales Agreement, the Company may from time to time sell, through the sales agent using at-the-market ("ATM") offerings, shares of Common Stock up to an aggregate offer price of up to $50.0 million. Under the ATM Sales Agreement, the sales agent will be entitled to compensation at a commission rate of up to 3.0% of the gross sales price per share sold.

During the year ended December 31, 2022 there were no sales under the ATM Sales Agreement.

Note 12. Stock-based Compensation

Legacy Stock Plans

In May 2018, the Board of Directors of Momentus Inc. approved the 2018 Stock Plan (the "Initial Plan") that allowed for granting of incentive and non-qualified stock options and restricted stock awards to employees, directors, and consultants. The Initial Plan was terminated in November 2018. Awards outstanding under the Initial Plan continue to be governed by the terms of the Initial Plan.

In February and March 2020, the Board approved the Amended and Restated 2018 Stock Plan (the "2018 Plan"). No additional grants have been made since 2020 and no new grants will be made from the 2018 Plan, however, the options issued and outstanding under the plan continue to be governed by the terms of the 2018 Plan. Forfeitures from the legacy plans become available under the 2021 Equity Incentive Plan, described below.

2021 Equity Incentive Plan

In connection with the Closing, the Company adopted the 2021 Equity Incentive Plan (the "2021 Plan"), under which 5,982,922 shares of Common Stock were initially reserved for issuance. The 2021 Plan allows for the issuance of incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), restricted stock awards ("RSAs"), stock appreciation rights ("SARs"), restricted stock units ("RSUs"), and performance awards. The Board of Directors determines the period over which grants become exercisable. The 2021 Plan became effective immediately following the Closing. The 2021 Plan has an evergreen provision which allows for shares available for issuance under the plan to be increased on the first day of each fiscal year beginning with the 2022 fiscal year and ending on (and including) the first day of the 2031 fiscal year, in each case, in an amount equal to the lesser of (i) three percent (3.0%) of the outstanding shares on the last day of the immediately preceding fiscal year and (ii) such number of Shares determined by the Board. During the year ended December 31, 2022, the shares available for grant under the 2021 Plan increased by 2,436,353 and 363,528 due to the evergreen provision and forfeitures from both the Initial Plan and the 2018 Plan, respectively. As of December 31, 2022, there were 1,947,448 shares remaining available for grant. Grant activity under the 2021 Plan is described below.

2021 Employee Stock Purchase Plan

In connection with the Closing, the Company adopted the Employee Stock Purchase Plan (the "2021 ESPP Plan"), under which 1,595,445 shares of Common Stock were initially reserved for issuance. The Plan provides a means by which eligible employees of the Company may be given an opportunity to purchase shares of Common Stock at a discount as permitted under the Internal Revenue Code of 1986, as amended. The 2021 ESPP Plan has an evergreen provision which allows for shares available for issuance under the plan to be increased on the first day of each fiscal year beginning with the 2022 fiscal year and ending on (and including) the first day of the 2031 fiscal year, in each case, in an amount equal to the lesser of (i) half a percent (0.5%) of the outstanding shares on the last day of the calendar month prior to the date of such automatic increase and (ii) 1,595,445 shares. The 2021 ESPP Plan became effective immediately following the Closing. During the year ended December 31, 2022, the shares available for issuance under the 2021 ESPP Plan increased by 406,059 due to the evergreen provision. During the year ended December 31, 2022, 165,393 shares were issued under the 2021 ESPP Plan. The Company has an outstanding liability pertaining to the ESPP of $41 thousand as of December 31, 2022, included in accrued expenses, for employee contributions to the 2021 ESPP Plan, pending issuance at the end of the offering period. As of December 31, 2022, there were 1,836,111 shares remaining available for issuance.

2022 Inducement Equity Plan

In February 2022, the Company adopted the 2022 Inducement Equity Plan (the "2022 Plan"), under which 4,000,000 shares of Common Stock were initially reserved for issuance. The 2022 Plan allows for the issuance of NSOs, RSAs, SARs, RSUs, and stock bonus awards, subject to certain eligibility requirements. The Board of Directors determines the period over which grants become exercisable and grants generally vest over a four-year period. As of December 31, 2022, only RSU grants have been made under the 2022 Plan and there were 1,083,552 shares remaining available for grant. Grant activity under the 2022 Plan is described below.

Note 12. Stock-based Compensation (cont.)

Options Activity

The following table sets forth the summary of options activity, under the 2018 Plan and the 2021 Plans, for the year ended December 31, 2022:

(in thousands, except share-based data)	Total Options	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2021	4,040,360	$ 0.27		
Granted	1,064,862	2.54		
Vested exercised	(2,184,961)	0.26		
Forfeitures	(363,528)	0.28		
Outstanding as of December 31, 2022	2,556,733	$ 1.21	7.9	$ 763
Exercisable as of December 31, 2022	1,371,124	$ 0.71	7.1	$ 571
Vested and expected to vest as of December 31, 2022	2,556,733	$ 1.21	7.9	$ 763

As of December 31, 2022, there was a total of $1.4 million in unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted-average period of 1.7 years.

The total intrinsic value of options exercised during the years ended December 31, 2022 and 2021, was $5.1 million and $18.0 million, respectively.

The assumptions used under the Black-Scholes-Merton Option Pricing model and weighted average fair value of options on the grant date are as follows:

	Year Ended December 31,	
	2022	2021
Expected term (in years)	5.8	N/A
Risk-free interest rate	2.35%	N/A
Expected volatility	61.90%	N/A
Dividend yield	0.00%	N/A
Fair value on grant date	$1.46	N/A

Restricted Stock Unit and Restricted Stock Award Activity

The following table sets forth the summary of RSU and RSA activity, under the Initial Plan, the 2018 Plan, the 2021 Plan, and the 2022 Plan, for the year ended December 31, 2022. RSAs were an immaterial portion of activity for the period:

	Shares	Weighted Average Grant Date Fair Value (i.e. share price)
Outstanding as of December 31, 2021	2,812,110	$ 10.87
Granted	7,701,516	2.45
Vested	(799,890)	9.59
Forfeited	(1,932,819)	5.43
Outstanding as of December 31, 2022	7,780,917	$ 3.99

As of December 31, 2022, there was a total of $25.5 million in unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over a weighted-average period of 1.5 years. Outstanding unvested and expected to vest RSUs had an intrinsic value of $6.1 million.

Note 12. Stock-based Compensation (cont.)

Stock-based Compensation

The following table sets forth the stock-based compensation under the Initial Plan, the 2018 Plan, the 2021 Plan, and the 2022 Plan by expense type:

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Research and development expenses	$ 2,134	$ 2,341
Selling, general and administrative expenses	9,446	16,111
Total	$ 11,580	$ 18,452

The following table sets forth the stock-based compensation under the Initial Plan, the 2018 Plan, the 2021 Plan, and the 2022 Plan by award type:

	Year Ended December 31,	
(in thousands)	**2022**	**2021**
Options	$ 538	$ 11,271
RSUs & RSAs	10,995	7,091
ESPP	117	20
Performance Awards	(70)	70
Total	$ 11,580	$ 18,452

Performance Awards

Performance awards under the 2021 Plan are accounted for as liability-classified awards, as the obligations are typically a fixed monetary amount which is settled on a future date in a variable number of shares of the Company's Common Stock. The variable number of potentially settled shares is not limited. Performance awards are measured at their fair value based on management's estimates of potential outcomes of the performance. Outstanding performance awards correspond to zero shares if they were settled on December 31, 2022.

Non-employee Stock-based Compensation

During the year ended December 31, 2022, the Company granted 135,000 shares to a non-employee consultant in exchange for public relations services. The shares were not issued under the equity incentive plans described above. Under the agreement, the shares are contingently forfeitable in the event of early termination. The shares had a grant date fair value of $112 thousand, which will be recorded as stock-based compensation over the six-month term of the agreement.

Stock Option Modifications

On August 31, 2021, in connection with the resignation of one of the Company's former officers, the Company modified the former officer's outstanding awards, which resulted in the vesting of options for 273,571 shares. The modified option awards have an exercise price of $0.28 per share, expected term of 6.25 years, a risk-free rate of 0.86%, expected volatility of 97% and no expected dividends. This Type III modification resulted in a remeasured fair value of $10.91 per share. The incremental compensation related to the accelerated options totaled $2.9 million.

On May 22, 2021, in connection with the resignation of one of the Company's former directors, the Company modified the former director's outstanding award, which resulted in the vesting of options for 205,618 shares. The modified option award has an exercise price of $0.28 per share, expected term of one year, a risk-free rate of 0.04%, expected volatility of 65% and no expected dividends. This Type III modification resulted in a remeasured fair value of $10.78 per share. The incremental compensation related to the accelerated options totaled $2.2 million.

On January 25, 2021, in connection with the resignation of the Company's former Chief Executive Officer ("CEO"), Mikhail Kokorich, the Company modified his outstanding awards, which resulted in the vesting of options for 261,070 shares. The modified option awards have exercise prices ranging from $0.04 to $0.28 per share, an expected term of one year, a risk-free interest rate of 0.10%, an expected volatility of 78% and no expected dividends. This

Note 12. Stock-based Compensation (cont.)

Type III modification resulted in remeasured fair values ranging from $20.67 to $20.91 per share. The incremental compensation related to the accelerated options totaled $5.4 million.

Note 13. Diluted Earnings Per Share

Net (Loss) Income Per Share

The following table sets forth the computation of diluted net (loss) income per share:

Diluted Net (Loss) Income Per Share	**Year Ended December 31,**	
(in thousands, except share-based data)	**2022**	**2021**
Numerator:		
Net (loss) income	$ (95,444)	$ 120,654
Net (loss) income allocated to common stockholders for diluted net (loss) income per share	$ (95,444)	$ 120,654
Denominator:		
Denominator for basic net (loss) income per share - weighted average shares outstanding	81,546,648	65,177,873
Dilutive options and unvested stock units outstanding	—	5,438,952
Dilutive warrants outstanding	—	301,952
Denominator for diluted net (loss) income per share - adjusted weighted average shares outstanding	81,546,648	70,918,777
Net (loss) income per share - basic	$ (1.17)	$ 1.85
Net (loss) income per share - diluted	$ (1.17)	$ 1.70

Net (loss) income per share is provided in accordance with ASC 260-10, *Earnings Per Share*. Basic earnings per share is computed by dividing net (loss) income for the period by the weighted-average number of common shares outstanding during the period. Diluted earnings per share gives effect to all dilutive potential common shares outstanding during the period. It is computed by dividing undistributed earnings allocated to common stockholders for the period by the weighted average number of common shares outstanding during the period, plus the dilutive effect of outstanding preferred shares, options and unvested stock units, and warrants outstanding pursuant to the treasury stock method.

As the Company incurred a net loss for the year ended December 31, 2022, the inclusion of certain options, unvested stock units, warrants, and contingent Sponsor Earnout Shares in the calculation of diluted earnings per share would be anti-dilutive and, accordingly, were excluded from the diluted loss per share calculation.

The following table summarizes potential common shares that were excluded as their effect is anti-dilutive:

	Year Ended December 31,	
	2022	**2021**
Options and unvested stock units outstanding	6,355,796	3,029,991
Warrant outstanding	19,957,428	19,897,500
Contingent Sponsor Earnout Shares	1,437,500	—
Total	27,750,724	22,927,491

Note 14. Commitments and Contingencies

Purchase Obligations

Momentus enters into purchase obligations in the normal course of business. These obligations include purchase orders and agreements to purchase goods or services that are enforceable, legally binding, and have significant terms and minimum purchases stipulated. As of December 31, 2022, the Company’s future unconditional purchase obligations are as follows:

Note 14. Commitments and Contingencies (cont.)

(in thousands)		
2023		15,368
2024		600
Thereafter		—
Total	$	15,968

Legal Proceedings

Securities Class Actions

On July 15, 2021, a purported stockholder of SRAC filed a putative class action complaint against SRAC, SRC-NI Holdings, LLC ("Sponsor"), Brian Kabot (SRAC CEO), James Norris (SRAC CFO), Momentus, and the Company's co-founder and former CEO, Mikhail Kokorich, in the United States District Court for the Central District of California, in a case captioned *Jensen v. Stable Road Acquisition Corp*., *et al*., No. 2:21-cv-05744 (the "*Jensen* class action"). The complaint alleges that the defendants omitted certain material information in their public statements and disclosures regarding the Business Combination, in violation of the securities laws, and seeks damages on behalf of a putative class of stockholders who purchased SRAC stock between October 7, 2020 and July 13, 2021.

On July 22, 2021 and August 4, 2021, purported stockholders of SRAC filed putative class action complaints against SRAC, SRC-NI Holdings, LLC, Brian Kabot, James Norris, Momentus, and Mikhail Kokorich in the United States District Court for the Central District of California, in cases captioned *Hall v. Stable Road Acquisition Corp*., *et al*., No. 2:21-cv-05943 (the "*Hall* class action") and *Depoy v. Stable Road Acquisition Corp*., *et al*., No. 2:21-cv-06287 (the "*Depoy* class action"). The allegations in the *Hall* and *Depoy* class actions are substantially the same as the allegations in the *Jensen* class action (collectively, referred to as the "Securities Class Actions") and the purported class period is identical. On October 20, 2021, the Securities Class Actions were consolidated in the first filed matter. Other, similar suits may follow.

On November 12, 2021, Lead Plaintiff Hartmut Haenisch filed an Amended Consolidated Class Action Complaint (the "Amended Complaint") against SRAC, Sponsor, Brian Kabot, Juan Manuel Quiroga, James Norris, James Hofmockel (collectively, the "Stable Road Defendants"), Momentus, Dawn Harms, Fred Kennedy (collectively, the "Momentus Defendants"), and Mikhail Kokorich. Ms. Harms and Mr. Kennedy, and others, were added as defendants in the Amended Complaint. The Amended Complaint alleges that the defendants made certain material misrepresentations, and omitted certain material information, in their public statements and disclosures regarding the Business Combination, in violation of the securities laws, and seeks damages on behalf of a putative class of stockholders who purchased SRAC stock between October 7, 2020 and July 13, 2021.

On February 14, 2022, the Momentus Defendants filed their motions to dismiss and the Stable Road Defendants filed their motion to dismiss the Amended Complaint. Mr. Kokorich has not been served, nor appeared, in the litigation. On July 13, 2022, the Court issued its ruling on the motions to dismiss, granting the Stable Road Defendants' motion as to Count 1 as against Defendants Quiroga, Norris and Hofmockel, granting the motion, granting the Momentus Defendants' motions as to Count III as against Defendants Harms and Kennedy, and denying the motions on all other counts. The Momentus Defendants and the Stable Road Defendants answered the Amended Complaint on August 2, 2022. A case management conference previously scheduled for August 22, 2022 was vacated and a case management and scheduling order issued without conference on August 25, 2022. A jury trial date has been set for November 14, 2023. Momentus disputes the allegations in the Amended Complaint and intends to vigorously defend the litigation.

On February 10, 2023, the lead plaintiff in the Securities Class Actions and the Company reached an agreement in principle to settle the Securities Class Actions. Under the terms of the agreement in principle, the lead plaintiff, on behalf of a class of all persons that purchased or otherwise acquired Company stock between October 7, 2020 and July 13, 2021, inclusive, would release the Company from all claims asserted or that could have been asserted in the Securities Class Actions and dismiss such claims with prejudice, in exchange for payment of $8.5 million by the Company (at least $4.0 million of which is expected to be funded by insurance proceeds). The agreement in principle remains subject to the satisfaction of various conditions, including negotiation and execution of a memorandum of understanding, final stipulation of settlement, notice to the proposed class, and approval by the United States District Court for the Central District of California. If these conditions are satisfied, the proposed

Note 14. Commitments and Contingencies (cont.)

settlement will resolve all claims in the Securities Class Actions against the Company (except as to any shareholders that may elect to opt-out of the class). The Company and the other defendants have denied and continue to deny each and all of the claims alleged in the Securities Class Actions, and the proposed settlement contains no admission of liability, wrongdoing or responsibility by any of the defendants. In the event that the Company is unable to execute a final stipulation of settlement and obtain Court approval, the Company will continue to vigorously defend against the claims asserted in the Securities Class Actions.

As a result of the agreement in principle to settle the Securities Class Action, the Company recorded a litigation settlement contingency of $8.5 million. The Company additionally recorded an insurance receivable of $4.0 million for the insurance proceeds expected from its insurers related to the settlement. The net amount is included in other expense in the consolidated statement of operations.

SEC Settlement and CFIUS Review

On January 24, 2021, the Company received a subpoena from the Division of Enforcement of the SEC ("Division of Enforcement") requesting documents regarding the Registration Statement on Form S-4 and Amendment No. 1 thereto (the "Registration Statement") filed by SRAC in connection with the Business Combination. The Company entered into a settlement with the SEC on July 8, 2021. As a result of the settlement, in accordance with ASC 450, *Contingencies*, (“ASC 450”) the Company paid a fine of $2 million and recorded a liability of $5 million within other current liabilities, due one year from the settlement date. The Company paid the remaining $5 million liability on July 8, 2022.

In February 2021, the Company and Mr. Kokorich, with support from SRAC, submitted a joint notice to the CFIUS for review of the historical acquisition of interests in the Company by Mr. Kokorich, his wife, and entities that they control in response to concerns of the U.S. Department of Defense regarding the Company’s foreign ownership and control. On June 8, 2021, U.S. Departments of Defense and the Treasury, on behalf of CFIUS, Mr. Kokorich, on behalf of himself and Nortrone Finance S.A. (an entity controlled by Mr. Kokorich), Lev Khasis and Olga Khasis, each in their respective individual capacities and on behalf of Brainyspace LLC (an entity controlled by Olga Khasis) entered into a National Security Agreement (the "NSA").

In accordance with the NSA and pursuant to stock repurchase agreements entered into with the Company, effective as of June 8, 2021, each of Mr. Kokorich, Nortrone Finance S.A. and Brainyspace LLC (collectively “the Co-Founders”) sold 100% of their respective equity interests in the Company on June 30, 2021. In exchange for their equity interests, the Company initially paid each entity $1, but will additionally pay up to an aggregate of $50,000,000, out of funds legally available therefor, to the Co-Founders, on a pro rata basis, as follows: (i) an aggregate of $40,000,000 to be paid out of funds legally available therefor, within 10 business days after the earlier of (A) a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $100,000,000 and (B) the Business Combination (the “First Payment Date”); and (ii) an aggregate of $10,000,000 to be paid out of funds legally available therefor, within 10 business days after a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of no less than $250,000,000 (determined without any reduction for the $100,000,000 previously received in respect of the First Payment Date).

As a result of the Business Combination, which generated $247.3 million of gross proceeds (as described in Note 3), the Company paid the Co-Founders $40.0 million in addition to the initial consideration paid of $3. The Company recorded the consideration paid as a reduction of common stock and additional paid in capital. Pursuant to the NSA, a portion of those divestment proceeds were placed in escrow accounts, and may not be released to the divested investors until after completion of audit by a third-party auditor of the investors compliance with the NSA and the lapse of a 15 day period without an objection from the CFIUS Monitoring Agencies. Following the third-party audit of the investors’ NSA compliance, all of the escrowed divestment proceeds were released to the Co-Founders as of March 1, 2022 in accordance with the NSA.

If the Company were to undertake a business combination or capital raising transaction or series of transactions (whether in the form of debt or equity) resulting in cash proceeds of approximately $2.7 million or more, the Company would need to pay an aggregate of $10.0 million to the Co-Founders in accordance with the terms of the stock repurchase agreements (see Note 11). As a subsequent event, on February 27, 2023 the Company raised aggregate gross proceeds of $10.0 million through the sale of securities, which triggered the liability under the stock repurchase agreements. Refer to Note 16.

Note 14. Commitments and Contingencies (cont.)

The Company evaluated and periodically re-evaluates this potential consideration as a liability under ASC 480 utilizing a probability-weighted approach. Certain factors which would enable successful fundraising were considered, including progress toward compliance with the NSA, research and development progress, and agreements with launch providers, as well as the Company's fundraising efforts under the at-the-market offering program describe above, resulting in an estimated liability of $10.0 million expected to be paid to the Co-Founders with a corresponding offset to additional paid in capital within the consolidated statements of stockholders' equity (deficit), as of December 31, 2022.

The NSA establishes various requirements and restrictions on the Company to protect national security, certain of which may materially and adversely affect the Company's operating results due to the cost of compliance, limitations on the Company's control over certain U.S. facilities, contracts, personnel, vendor selection and operations, and any potential penalties for noncompliance with such requirements and restrictions. The NSA provides for quarterly compliance auditing by an independent auditor. The NSA further provides for liquidated damages up to $1,000,000 per breach of the NSA. If the CFIUS Monitoring Agencies, the U.S. Departments of Defense and Treasury, find noncompliance, the CFIUS Monitoring Agencies could impose penalties, including liquidated damages.

The Company incurred legal expenses related to these matters of approximately $1.7 million during the year ended December 31, 2022, and $7.5 million during the year ended December 31, 2021, and expects to continue to incur legal expenses in the future.

Shareholder Section 220 Litigation

On June 16, 2022, Plaintiff and Momentus shareholder James Burk filed a verified complaint against Momentus in the Delaware Court of Chancery, Case. No. 2022-0519, to inspect the books and records of Momentus pursuant to Section 220 of the Delaware General Corporation Law. Plaintiff seeks production of books and records relating to the management of Momentus and its disclosures to potential investors in connection with the Business Combination. The matter is currently stayed pending the Company's production of certain documents to satisfy Plaintiff's requests for inspection. Plaintiff has demanded an order compelling the Company to comply with Plaintiff's production demands and granting Plaintiff an award of attorney's fees in connection with its prosecution of the matter. The Company from time to time responds to books and records requests properly submitted pursuant to applicable Delaware law. Momentus disputes the allegations in the complaint and intends to vigorously defend the litigation.

Shareholder Derivative Litigation

On June 20, 2022, a shareholder derivative action was filed by Brian Lindsey, on behalf of Momentus, in the U.S. District Court for the Central District of California, Case No. 2:22-cv-04212, against Momentus (as a nominal defendant), SRAC, Brian Kabot, Juan Manuel Quiroga, James Norris, James Hofmockel, Mikhail Kokorich, Dawn Harms, Fred Kennedy, Chris Hadfield, Mitchel B. Kugler, Victorino Mercado, Kimberly A. Reed, Linda J. Reiners, and John C. Rood. This derivative action alleges the same core allegations as stated in the securities class action litigation. Defendants dispute the allegations as stated in this derivative action. On September 27, 2022, Plaintiff filed his Notice of Voluntary Dismissal without Prejudice seeking to dismiss the case. Because Plaintiff's dismissal of this derivative action was voluntary and without prejudice, this plaintiff and/or other shareholders may seek to re-file the claims asserted in this matter at a later date. Momentus intends to vigorously defend any such litigation.

On January 25, 2023, a shareholder derivative action was filed by Melissa Hanna, on behalf of Momentus, Inc., in the US District Court for the Northern District of California, Case No. 5:23-cv-00374, against Momentus (as a nominal defendant), SRAC, Brian Kabot, Juan Manuel Quiroga, James Norris, James Hofmockel, Mikhail Kokorich, Dawn Harms, Fred Kennedy, Chris Hadfield, Mitchel B. Kugler, Victorino Mercado, Kimberly A. Reed, Linda J. Reiners, and John C. Rood (the "Derivative Action II"). The Derivative Action alleges the same core allegations as stated in the Securities Class Actions, and also claims that Momentus ignored and/or refused a prior demand made by Ms. Hanna on Momentus's Board of Directors. Momentus disputes the allegations in the complaint and intends to vigorously defend the litigation.

SAFE Note Litigation

Note 14. Commitments and Contingencies (cont.)

On July 20, 2022, The Larian Living Trust ("TLLT") filed an action against Momentus in New Castle County Superior Court, Delaware, in the Complex Commercial Litigation Division, Case No. N22C-07-133 EMD CCLD. TLLT pleads claims for fraudulent inducement and breach of contract arising from two investment contracts pursuant to which TLLT alleges it invested $4 million in Momentus. TLLT alleges that a "liquidity event" occurred when Momentus closed the Business Combination, such that it was entitled to the greater of its $4 million investment or its “Conversion Amount” of Momentus shares, which was a total of 724,995 shares of Momentus stock. TLLT further alleges that Momentus refused to provide it the conversion amount of shares until April 2022, at which point the value of its shares had dropped significantly from their peak value in August of 2021, in excess of $7.6 million. TLLT seeks damages in excess of $7.6 million, in addition to interests and its attorney's fees and costs. On September 22, 2022, Momentus filed its motion to dismiss the complaint in this matter. On November 16, 2022, TLLT filed an amended complaint in lieu of responding to the motion to dismiss. Momentus filed its motion to dismiss the amended complaint on December 2, 2022. On January 24, 2023, TLLT filed its response to the motion to dismiss. On February 17, 2023, Momentus filed its reply in support of the motion to dismiss. Hearing on the motion to dismiss will take place on March 16, 2023. Momentus disputes the allegations in the complaint and intends to vigorously defend the litigation.

Kokorich Litigation

On June 8, 2021, former co-founders and shareholders of the Company, Mikhail Kokorich and Lev Khasis signed the NSA alongside stock repurchase agreements, whereby they agreed to divest their interests in the Company in exchange for a cash payments and other considerations. As part of the NSA and stock repurchase agreements, Messrs. Kokorich and Khasis agreed to a broad waiver and release of all claims (broadly defined) against the Company. The Company has maintained that this release is effective as to various advancement and indemnification claims either individual may have against the Company.

Both Messrs. Kokorich and Khasis have, through counsel, disagreed with the Company’s position. For example, Mr. Kokorich is named as a defendant in the securities class action pending against the Company and other defendants, although he has not been served nor appeared in those matters. In addition, Mr. Kokorich is the sole defendant in a civil litigation action filed against him by the Securities and Exchange Commission, which remains pending in the US District Court for the District of Columbia, Case No. 1:21-cv-01869. Mr. Kokorich has demanded indemnification and advancement from Momentus for his fees and costs incurred in these actions, which claims are disputed by the Company.

The Company continues to maintain that Mr. Kokorich’s release in the NSA and stock repurchase agreements is effective as to his claims for advancement and indemnification in these litigation matters. On August 16, 2022, Mr. Kokorich filed a verified complaint against Momentus in the Delaware Court of Chancery (Case. No. 2022-0722) seeking indemnification and advancement from Momentus. On October 14, 2022, Momentus filed its motion to dismiss this action. On November 14, 2022 Kokorich filed an amended complaint, after which Momentus’ motion to dismiss survived only as to its Rule 12(b)(1) argument. On the same day, Kokorich filed his opposition to Momentus’ motion to dismiss under Rule 12(b)(1). On December 2, 2022, Momentus filed its reply in support of this motion to dismiss complaint. Also on December 2, 2022, Momentus filed its motion to dismiss the amended complaint. On January 5, 2023, Kokorich filed his response to the motion to dismiss. On January 26, 2023, Momentus filed its reply in support of the motion to dismiss. A hearing on the motion to dismiss was held on February 2, 2023, and the Court of Chancery has taken the matter under advisement, with an order on Momentus’s motion to dismiss expected in the coming weeks. Momentus disputes the allegations in the complaint and intends to vigorously defend the litigation.

Delaware Class Action

On November 10, 2022, purported stockholders filed a putative class action complaint against Brian Kabot, James Hofmockel, Ann Kono, Marc Lehmann, James Norris, Juan Manuel Quiroga, SRC-NI Holdings, LLC, Edward K. Freedman, Mikhail Kokorich, Dawn Harms, Fred Kennedy, and John C. Rood in the Court of Chancery of the State of Delaware, in a case captioned Shirley, et al. v. Kabot et al., 2022-1023-PAF. The complaint alleges that the defendants made certain material misrepresentations, and omitted certain material information, in their public statements and disclosures regarding the Proposed Transaction, in violation of the securities laws, and seeks damages on behalf of a putative class of stockholders who purchased SRAC stock on or before August 9, 2021. The putative class action does not name Momentus as a defendant. Regardless, the SPAC directors and officers, together

Note 14. Commitments and Contingencies (cont.)

with current and former directors and officers of Momentus, have demanded indemnification and advancement from Momentus, under the terms of the merger agreement and the exhibits thereto, the Delaware corporate code, the Company's bylaws, and their individual indemnification agreements. Momentus may be liable for the fees and costs incurred by the SPAC defendants, and has an obligation to advance such fees during the pendency of the litigation. On December 5, 2022, a motion of interested party James Burk to stay proceedings was filed by the plaintiff in the Shareholder Section 220 Litigation (discussed above). On January 25, 2023, the putative stockholders filed their opposition to the motion of interested party James Burk to stay proceedings. On February 3, 2023, interested party James Burk filed his reply in support of the motion to stay proceedings. On February 9, 2023, the court denied the motion of interested party James Burk to stay proceedings. Momentus disputes the allegations in the complaint and intends to vigorously defend against any such litigation.

Other Litigation and Related Matters

These and other litigation matters may be time-consuming, divert management's attention and resources, cause the Company to incur significant defense and settlement costs or liability, even if we believe the claims asserted against us are without merit. We intend to vigorously defend against all such claims. Because of the potential risks, expenses and uncertainties of litigation, as well as claims for indemnity from various of the parties concerned, we may from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, further compounded by various claims for indemnity which may or may not be fully insured, we cannot assure that the results of these actions, either individually or in the aggregate, will not have a material adverse effect on our operating results and financial condition.

From time to time, the Company may be a party to litigation and subject to claims incident to the ordinary course of business on in connection with the matters discussed above. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these matters will not have a material adverse effect on its business. Regardless of the outcome, litigation can have an adverse impact on the Company because of judgment, defense and settlement costs, diversion of management resources and other factors. At each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, *Contingencies*. Legal fees are expensed as incurred.

Note 15. Income Taxes

The Company accounts for income taxes in accordance with authoritative guidance, which requires the use of the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based upon the difference between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed.

The following table presents the components of pre-tax income (loss) for the years ended:

(in thousands)	2022	2021
US	$ (95,444)	$ 120,656
Total	$ (95,444)	$ 120,656

The following are the components of the provision for income taxes for the years ended:

	2022	2021
Current		
State	$ —	$ 2
Total Provision	$ —	$ 2

Note 13. Income Taxes (cont.)

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the years ended:

(in thousands)	2022		2021	
Tax provision (benefit) at U.S. statutory rate	(20,042)	21.0 %	25,338	21.0 %
State income taxes, net of federal benefit	11,113	(11.6)%	(8,446)	(7.0)%
Non-deductible expenses	(60)	0.1 %	3,426	2.8 %
Change in value of equity instruments	(1,089)	1.1 %	(51,790)	(42.9)%
Deferred adjustments	(143)	0.2 %	171	0.1 %
Research and development credits	(1,085)	1.1 %	(1,333)	(1.1)%
Uncertain tax positions	276	(0.3)%	336	0.3 %
Change in valuation allowance	11,030	(11.6)%	32,300	26.8 %
	—	— %	2	— %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table presents the significant components of the Company's deferred tax assets and liabilities as of December 31, 2022 and 2021:

(in thousands)	December 31, 2022	December 31, 2021
Deferred tax assets:		
Capitalized research and development credits	17,922	16,473
Start-up and Organization Costs	16,965	15,311
Net operating loss carryforwards	16,562	10,350
Research and development credits	4,595	3,758
Stock-based compensation	3,072	1,457
Operating lease obligations	1,534	2,381
Accrued expenses and reserves	$ 1,710	$ 1,070
Property and equipment	173	586
Intangibles	22	26
Other	1	—
Warrants	—	893
Total deferred tax assets before valuation allowance	62,556	52,305
Valuation allowance	(61,200)	(50,168)
Total deferred tax assets	$ 1,356	$ 2,137
Deferred Tax Liabilities:		
Operating lease right-of-use assets	$ (1,356)	$ (2,137)
Total deferred tax liabilities	$ (1,356)	$ (2,137)
Net deferred tax assets	$ —	$ —

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result of a history of taxable losses and uncertainties as to future profitability, the Company recorded a full valuation allowance against its deferred tax assets. The valuation allowance for the year ended December 31, 2022 was $61.2 million.

As of December 31, 2022, the Company had federal and state net operating loss ("NOL") carryforwards of $78.7 million and $6.5 million, respectively. As of December 31, 2021, the Company had federal and state NOL carryforwards of $38.9 million and $30.9 million, respectively. While the federal NOLs can be carried forward indefinitely, California NOLs begin to expire in the year ending December 31, 2038. As of December 31, 2022, the Company had federal and California research and development credit carryforwards of $3.4 million and $3.4 million, respectively. As of December 31, 2021, the Company had federal and California research and development

Note 13. Income Taxes (cont.)

credit carryforwards of $2.9 million and $2.7 million, respectively. The federal research and development credit will begin to expire in the year ending December 31, 2038, and the California research and development credit has no expiration.

ASC Topic No. 740-10 requires companies to determine whether it is “more likely than not” that a tax position will be sustained upon examination by the appropriate taxing authorities before any tax benefit can be recorded in the consolidated financial statements. It also provides guidance on the recognition, measurement, classification and interest and penalties related to uncertain tax positions. The following table summarizes the activity related to the Company’s gross unrecognized tax benefits:

(in thousands)	Gross unrecognized tax benefits	
Balance as of December 31, 2021	$	1,253
Increases related to prior tax positions		(163)
Increases related to current tax positions		442
Balance as of December 31, 2022	$	1,532

The Company’s policy is to record estimated interest and penalties related to the underpayment of income taxes or unrecognized tax benefits as a component of its income tax provision. The Company has not recorded any interest or penalties related to unrecognized tax benefits through December 31, 2022.

In the normal course of business, the Company is subject to examination by federal and state jurisdictions where applicable based on the statue of limitations that apply in each jurisdiction. The tax return years 2017 through 2021 remain open to examination. The Company is not currently under audit by the taxing jurisdictions to which the Company is subject.

The Company performed IRC Section 382 study for year-ended December 31, 2021. In its study, the Company identified two changes to the ownership, resulting the limitation of the net operating loses. The first change of ownership occurred on November 1, 2018 and the second change of ownership occurred on June 8, 2021. In it's study of section 382, the Company identified that there were limitations to NOLs, however, none of the NOLs will expire utilized. An IRC Section 382 refresh study for year-ended December 31, 2022 is not performed.

The Company does not anticipate any material change in its unrecognized tax benefits in the next twelve months.

For the first five months of the year, the company was in start-up phase and had no revenue recognized as of May 31, 2022. Under section 195(b), all the expenses other than R&D, taxes and interest income/expense must be capitalized and amortized from the date the Company starts active trade or business. As of May 31, 2022, section 195(b) costs accumulated an ending gross DTA of $84.3 million. The Company began active trade or business as of June 01, 2022 and amortized section 195(b) costs for the remaining of the year. The Company has section 195(b) gross deferred tax asset of $80.6 million as of December 31, 2022.

The Company adopted Accounting Standards Update (“ASU”) 2016-02, Leases (“Topic 842” or “ASC 842”) on January 1, 2020, recognizing all leases, including operating leases, with a term of over twelve months on the balance sheets and disclosing key information about leasing transactions. At the end of December 31, 2022, total deferred tax asset and deferred tax liability outstanding leases is $1.5 million and $(1.4) million respectively.

The U.S. federal government responded to the COVID-19 pandemic on March 18, 2020 by enacting the Families First Coronavirus Response Act (“FFCRA”) and on March 27, 2020, the CARES Act. In addition to the deferral of the payment of certain payroll taxes until December 31, 2021 and 2022 noted above, the CARES Act amends the Tax Cut and Jobs Act of 2017 by modifying the amount of allowable interest expense deductions, allowing five-year carryback of net operating losses, and characterizing qualified improvement property as 15-year property eligible for bonus depreciation. The Company plans to avail itself of all applicable credits and deferrals, and continues to assess the impact the CARES Act may have on the business, however the FFCRA or the CARES Act is not expected to have a material impact on the financial condition, results of operations or liquidity.

August 12, 2021, the Company completed the Business Combination described in Note 3. The transaction is treated as tax-free merger under IRC Section 368.

Note 16. Subsequent Events

Securities Class Action Settlement

On February 10, 2023, the Company and the lead plaintiff reached an agreement in principle to settle the Securities Class Action. Under the terms of the agreement in principle, the lead plaintiff, on behalf of a class of all persons that purchased or otherwise acquired Company stock between October 7, 2020 and July 13, 2021, inclusive, would release the Company from all claims asserted or that could have been asserted in the Securities Class Actions and dismiss such claims with prejudice, in exchange for payment of $8.5 million by the Company (at least $4.0 million of which is expected to be funded by insurance proceeds).

Registered Direct Securities Sale

On February 23, 2023 the Company entered into an agreement to sell 9,396,000 shares of Common Stock, 2,170,043 prefunded warrants and 11,566,043 warrants with strike price of $1.15, in exchange for aggregate gross proceeds of $10.0 million. The offering closed on February 27, 2023.

As a result of the proceeds from the sale, the Company triggered its liability of $10.0 million under the stock repurchase agreements with the Co-Founders. See Note 14.

Delaware Court of Chancery Petition

On February 17, 2023 the Company filed a petition in the Delaware Court of Chancery, seeking an order validating and declaring effective the Second Amended and Restated Certificate of Incorporation of the Company, which, among other things, increased the total number of authorized shares of Class A common stock from 100,000,000 to 250,000,000. The petition hearing is scheduled for March 14, 2023.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

The Company's internal control over financial reporting is a process designed by, or under the supervision of, that company's principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the year ended December 31, 2022. Based on the evaluation of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as described in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not Applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Our Corporate Governance Guidelines, the charters for our Audit, Compensation, Disclosure, and Nominating and Corporate Governance Committees and our Code of Conduct covering all employees, including our principal executive officer and principal financial officers, are available on our website, investors.momentus.space, under the "*Governance – Governance Overview*" caption. A print copy of any of these documents will be mailed upon a written request made by a stockholder to the Corporate Secretary, Momentus Inc., 3901 N. First Street, San Jose, California, 95134. We intend to disclose any amendments to or waivers of the Code of Conduct on behalf of our principal financial officer, principal financial officer and persons performing similar functions on our website, at investors.momentus.space, promptly following the date of any such amendment or waiver

The information required by this item will be set forth under the captions "Election of Directors," "Delinquent Section 16(a) Reports" and "Board Matters" in the definitive Proxy Statement for our Annual Meeting of Stockholders in 2023 (the "2023 Proxy Statement") and is incorporated by reference herein.

ITEM 11. Executive Compensation

The information required by this item will be set forth under the captions "Executive Compensation," and "Corporate Governance" in the 2023 Proxy Statement and is incorporated by reference herein.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth under the captions "Securities Authorized for Issuance under Equity Compensation Plans" and "Voting Securities and Principal Stockholders" in the 2023 Proxy Statement and is incorporated by reference herein.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth under the captions "Certain Relationships and Related Party Transactions" and "Board Matters" in the 2023 Proxy Statement and is incorporated by reference herein.

ITEM 14. Principal Accountant Fees and Services

The information required by this item will be set forth under the caption "Independent Public Accountants" in the 2023 Proxy Statement and is incorporated by reference herein.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

Exhibit Number	Description of Exhibit
1.1	Sales Agreement, dated September 28, 2022, by and between Momentus Inc. and Stifel, Nicolaus & Company, Incorporated. (incorporated by reference to Exhibit 1.1 to the Company Current Report on Form 8-K filed on September 28, 2022).
1.2	Placement Agency Agreement, dated as of February 23, 2023, by and between the Company and Stifel, Nicolaus & Company, Incorporated (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on February 23, 2023).
2.1*	Agreement and Plan of Merger, dated as of October 7, 2020, by and among Stable Road Acquisition Corp., Project Marvel First Merger Sub, Inc., Project Marvel Second Merger Sub, LLC, and Momentus Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 7, 2020).
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated March 5, 2021, by and among Stable Road Acquisition Corp., Project Marvel First Merger Sub, Inc., Project Marvel Second Merger Sub, LLC, and Momentus Inc. (incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form S-4 (Registration No. 333-249787) filed on March 8, 2021).
2.3	Amendment No. 2 to Agreement and Plan of Merger, dated as of April 6, 2021, by and among Stable Road Acquisition Corp., Project Marvel First Merger Sub, Inc., Project Marvel Second Merger Sub, LLC, and Momentus Inc. (incorporated by reference to Exhibit 2.3 to the Company's Registration Statement on Form S-4 (Registration No. 333-249787) filed on June 29, 2021).
2.4	Amendment No. 3 to Agreement and Plan of Merger, dated as of June 29, 2021, by and among Stable Road Acquisition Corp., Project Marvel First Merger Sub, Inc., Project Marvel Second Merger Sub, LLC, and Momentus Inc. (incorporated by reference to Exhibit 2.4 to the Company's Registration Statement on Form S-4 (Registration No. 333-249787) filed on June 29, 2021).
3.1	Second Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 18, 2021)
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on August 18, 2021).
4.1	Warrant Agreement, dated November 7, 2019, between Continental Stock Transfer & Trust Company and SRAC (incorporated by reference to the Company's Current Report on Form 8-K filed on November 13, 2019).
4.2	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (Registration No. 333-233980) filed on October 10, 2019).
4.3	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on February 23, 2023).
4.4	Form of Warrant (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on February 23, 2023).
4.5	Description of Securities (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K filed March 9, 2022).
10.1	Amended and Restated Registration Rights Agreement, dated as of August 12, 2021, by and among the Company, Sponsor, and certain other parties (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 18, 2021).

Exhibit Number	Description of Exhibit
10.2	Form of Insider Letter (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (Registration No. 333-233980) filed on October 10, 2019).
10.3#	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.4#†	Momentus 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.5#†	Form of option award agreement under 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.6#†	Form of RSU award agreement under 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.7#†	Momentus 2021 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.8#†	Momentus Inc. 2022 Inducement Equity Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed on March 14, 2022).
10.9#	Form of option award agreement under 2022 Inducement Equity Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2022).
10.10#	Form of RSU award agreement under 2022 Inducement Equity Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2022).
10.11#†	Amended and restated offer letter by and between Momentus Inc. and Dawn Harms effective July 30, 2021 (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.12#†	Offer Letter by and between Momentus Inc. and Jikun Kim dated September 6, 2020 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (Registration No. 333-259281) filed on September 3, 2021.
10.13#†	Employment Agreement of John C. Rood dated August 1, 2021 (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.14	National Security Agreement (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-4 (Registration No. 333-249787) filed on July 16, 2021)).
10.15	Form of Repurchase Agreement, dated as of June 8, 2021, between the Company and each of (i) Mikhail Kokorich and Dorsey & Whitney Trust Company LLC, as trustee of the Mikhail Kokorich 2021 Irrevocable Trust u/a/d March 1, 2021, (2) Mikhail Kokorich and Dorsey & Whitney Trust Company LLC, as trustee of the Momentus Inc. Voting Trust Agreement u/a/d March 1, 2021, and (3) Brainyspace LLC, Dorsey & Whitney Trust Company LLC, as trustee of the Olga Khasis 2021 Irrevocable Trust u/a/d March 1, 2021 (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-4 (Registration No. 333-249787) filed on June 29, 2021).
10.16#†	Director Compensation Policy (incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K filed on August 18, 2021).
10.17	SEC Order in Administrative Proceeding 3-20393 (incorporated by reference to Annex J to the Company's Registration Statement on Form S-4 (Registration No. 333-249787) filed on July 21, 2021).
10.18#†	Momentus Inc. Amended and Restated 2018 Stock Plan and forms of award agreement thereunder (incorporated by reference to Exhibit 10.11 to the Company's Amendment No. 4 to Registration Statement on Form S-4 filed on July 21, 2021).
10.19#†	Space Apprentices Enterprise Inc. 2018 Stock Plan and forms of award agreements thereunder (incorporated by reference to Exhibit 10.10 to the Company's Amendment No. 4 to Registration Statement on Form S-4 filed on July 21, 2021).
10.20#†	Employment Agreement, by and between Momentus Inc. and Paul Ney, dated September 17, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 4, 2021).
10.21†	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on February 23, 2023).
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Current Report on Form 8-K filed on August 18, 2021).
23.1**	Consent of Armanino LLP, independent registered public accounting firm.
24.1	Power of Attorney (filed as part of the signature page)
31.1*	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) Under The Securities Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) Under The Securities Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit Number	Description of Exhibit
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

Management contract or compensatory plan or arrangement

* Filed herewith

** Furnished herewith

† Certain of the exhibits and schedules to this Exhibit List have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

ITEM 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

MOMENTUS INC.

Date: March 7, 2023	By:	/s/ John C. Rood
	Name:	John C. Rood
	Title:	Chief Executive Officer
Date: March 7, 2023	By:	/s/ Dennis Mahoney
	Name:	Dennis Mahoney
	Title:	Interim Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints John Rood and Dennis Mahoney as his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John C. Rood	Chief Executive Officer and Director	March 7, 2023
John C. Rood	*(Principal Executive Officer)*	
/s/ Dennis Mahoney	Interim Chief Financial Officer	March 7, 2023
Dennis Mahoney	*(Principal Financial and Accounting Officer)*	
/s/ Brian Kabot	Director	March 7, 2023
Brian Kabot		
/s/ Chris Hadfield	Director	March 7, 2023
Chris Hadfield		
/s/ Kimberly A. Reed	Director	March 7, 2023
Kimberly A. Reed		
/s/ Linda J. Reiners	Director	March 7, 2023
Linda J. Reiners		
/s/ Mitchel B. Kugler	Director	March 7, 2023
Mitchel B. Kugler		
/s/ Vic Mercado	Director	March 7, 2023
Vic Mercado		

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armanino

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 7, 2023, with respect to the consolidated financial statements, included in the Annual Report of Momentus Inc. on Form 10-K as of and for the years ended December 31, 2022 and December 31, 2021 and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the two years ended December 31, 2022. We consent to the incorporation by reference of said report in the Registration Statements of Momentus Inc. on Forms S-8 (File Nos. 333-260331, 333-263524 and 333-263525), Form S-3 (File No. 333-259281) and Form S-3 (File No. 333-267230).

Armanino LLP
San Ramon, California

March 7, 2023

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) OR 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, John Rood, certify that:

1 I have reviewed this Annual Report on Form 10-K of Momentus Inc.;

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

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

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

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

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

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

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

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

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

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

		By:	**/s/John C. Rood**
		Name:	John C. Rood
Dated:	March 7, 2023	Title:	Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) OR 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Dennis Mahoney, certify that:

1 I have reviewed this Annual Report on Form 10-K of Momentus Inc.;

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

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

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

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

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

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

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

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

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

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

		By:	**/s/Dennis Mahoney**
		Name:	Dennis Mahoney
Dated:	March 7, 2023	Title:	Interim Chief Financial Offic

Exhibit 32.1

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 Annual Report of Momentus Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, John Rood, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Form 10-K fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

		By:	**/s/John C. Rood**
		Name:	John C. Rood
Dated:	March 7, 2023	Title:	Chief Executive Officer

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Exhibit 32.2

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 Annual Report of Momentus Inc., a Delaware corporation (the "Company"), on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Dennis Mahoney, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(i) the Form 10-K fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

		By:	**/s/Dennis Mahoney**
		Name:	Dennis Mahoney
Dated:	March 7, 2023	Title:	Interim Chief Financial Officer

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.