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

FORM 8-K/A
(Amendment No. 2)

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

Date of Report (Date of earliest event reported) **April 6, 2021**

AST SpaceMobile, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-39040**	**84-2027232**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Midland Intl. Air & Space Port **2901 Enterprise Lane** **Midland, Texas**	**79706**
(Address of principal executive offices)	(Zip Code)

(432) 276-3966
Registrant's telephone number, including area code

New Providence Acquisition Corp.
10900 Research Blvd
Ste 160C PMB 1081
Austin, TX 78759
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	ASTS	The Nasdaq Stock Market LLC
Warrants exercisable for one share of Class A common stock at an exercise price of $11.50	ASTSW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [X]

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. [ ]

Explanatory Note

This Current Report on Form 8-K/A (this "Amendment") amends the Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on April 12, 2021 (the "Original Form 8-K"), as amended by Amendment No. 1 on Form 8-K/A filed with the SEC on April 23, 2021 ("Amendment No. 1" and, together with the Original Form 8-K, the "Amended Form 8-K").

As previously reported, in the evening, Eastern Time, on April 12, 2021, the Acting Chief Accountant and Acting Director of the Division of Corporation Finance of the Securities and Exchange Commission (the "SEC") released the Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (the "Staff Statement"). The Staff Statement sets forth the conclusion of the SEC's Office of the Chief Accountant that certain provisions included in the warrant agreements entered into by many special purpose acquisition companies require such warrants to be accounted for as liabilities measured at fair value, rather than as equity securities, with changes in fair value during each financial reporting period reported in earnings. AST SpaceMobile, Inc. (formerly known as New Providence Acquisition Corp.) (the "Company") has previously classified its private placement warrants and public warrants as equity (for a full description of the Company's private placement warrants and public warrants (collectively, the "warrants"), refer to the final prospectus filed in connection with the Company's initial public offering on September 12, 2019).

As previously reported, on April 29, 2021, the Audit Committee of the Board of Directors of the Company, in response to the Staff Statement, and after discussion with its independent registered public accounting firm, Marcum LLP, its valuation firm and its legal advisors, concluded that the Company's previously issued audited financial statements for the year ended December 31, 2020 and for the period from May 28, 2019 (inception) through December 31, 2019 and the Company's unaudited condensed financial statements for the period from May 28, 2019 (inception) through September 30, 2019, the three months ended September 30, 2019, the three months ended March 31, 2020 and the three months ended and year-to-date periods ended June 30, 2020 and September 30, 2020, as well as the financial statements as of September 13, 2019 (collectively, the "Affected Periods") should be restated to reflect the impact of the guidance in the Staff Statement and accordingly, should no longer be relied upon. Similarly, the Audit Committee concluded that any previously furnished or filed reports, related earnings releases, investor presentations or similar communications of the Company describing the Company's financial results for the Affected Periods should no longer be relied upon, including previously filed pro forma financial statements.

On May 6, 2021, the Company filed an amendment to its Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021 (the "Amended 10-K") reflecting this reclassification of the warrants for the Affected Periods. The adjustments to the financial statement items for the Affected Periods are set forth through expanded disclosure in the financial statements included in the Amended 10-K, including further describing the restatement and its impact on previously reported amounts.

The Company is filing this Amendment to the Amended Form 8-K to (i) incorporate by reference the restated audited financial statements of the Company as of December 31, 2020 and 2019 and for year ended December 31, 2020 and for the period from May 28, 2019 (inception) through December 31, 2019 included in the Amended 10-K into Item 9.01(a) of this Current Report on Form 8-K, (ii) incorporate by reference into Item 9.01(a) of this Current Report and file the audited consolidated financial statements of AST & Science, LLC ("AST") as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 as Exhibit 99.1 and (iii) incorporate by reference into Item 9.01(a) of this Current Report and file the amended unaudited pro forma condensed combined financial information of the Company as of and for the year ended December 31, 2020 as Exhibit 99.2. Accordingly, the Amended Form 8-K is hereby amended solely to amend and restate Item 9.01. The Amended Form 8-K otherwise remains unchanged.

Item 9.01. Financial Statement and Exhibits.

(a) Financial statements of businesses acquired

The financial statements of the Company included in the Company's annual report on Form 10-K/A filed on May 6, 2021 are incorporated herein by reference.

The financial statements of AST as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 set forth in Exhibit 99.1 to this Current Report on Form 8-K, are incorporated herein by reference.

(b) Pro Forma Financial Information

The information set forth in Exhibit 99.2 to this Current Report on Form 8-K, which includes the unaudited pro forma condensed combined financial information of the Company as of and for the year ended December 31, 2020, is incorporated herein by reference.

(d) Exhibits.

Exhibit No.	**Description**
2.1*	Equity Purchase Agreement, dated as of December 15, 2020, by and among AST & Science LLC, New Providence Acquisition Corp., New Providence Management LLC, the AST Existing Equityholder Representative and the AST Existing Equityholders listed on Annex A thereto (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2020).
3.1	Amended and Restated Certificate of Incorporation of AST SpaceMobile, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
3.2	Amended and Restated Bylaws of AST SpaceMobile, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
4.1	Specimen Common Stock Certificate of the Registrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
4.2	Specimen Warrant Certificate of the Registrant (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
4.3	Warrant Agreement, dated September 13, 2019, between Continental Stock Transfer & Trust Company and New Providence Acquisition Corp. (incorporated by reference to the Company's Current Report on Current Report on Form 8-K filed with the SEC on September 16, 2019).
10.1*	Stockholders' Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.2*	Sponsor Voting Agreement (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.3*	Registration Rights Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.4*	Tax Receivable Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.5*	Fifth Amended and Restated Limited Liability Limited Company Agreement of AST & Science, LLC (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.6†	AST SpaceMobile, Inc. 2020 Incentive Award Plan (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.7†	AST SpaceMobile, Inc. 2020 Incentive Award Plan – Form of Stock Option Agreement (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.8†	AST SpaceMobile, Inc. 2020 Incentive Award Plan – Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.9†	AST SpaceMobile, Inc. 2020 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.10†	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.11†	Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.12†	Offer Letter between AST SpaceMobile, Inc. and Abel Avellan (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).

10.13†	Offer Letter between AST SpaceMobile, Inc. and Thomas Severson (incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.14†	Offer Letter between AST SpaceMobile, Inc. and Rulfo Hernandez (incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.15*	Amended and Restated Series B Preferred Shares Purchase Agreement, dated as of February 4, 2020, by and among AST & Science, LLC, Vodafone Ventures Limited, ATC TRS II LLC and Rakuten Mobile Singapore PTE. LTD. (incorporated by reference to Exhibit 10.15 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.16*	Letter Agreement, dated as of December 15, 2020, by and between AST & Science, LLC and Vodafone Ventures Limited (incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.17*	Letter Agreement, dated as of December 15, 2020, by and between AST & Science, LLC and ATC TRS II LLC, as predecessor in interest to ATC TRS IV LLC (incorporated by reference to Exhibit 10.17 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.18*	Amended and Restated Commercial Agreement, dated as of December 15, 2020, by and between AST & Science, LLC and Rakuten Mobile Singapore Pte. Ltd. (incorporated by reference to Exhibit 10.18 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.19*	License Agreement, dated June 21, 2019, by and between SRS Space Limited and AST & Science, LLC (incorporated by reference to Exhibit 10.19 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.20*	Launch Services Contract, dated July 17, 2020, by and between AST & Science, LLC and Joint Stock Company "GK Launch Services" (incorporated by reference to Exhibit 10.20 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.21*	Design and Manufacturing Agreement, dated September 23, 2020, by and between Dialog Semiconductor Operations Services Limited and AST & Science LLC (incorporated by reference to Exhibit 10.21 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.22*	Sublease Agreement, dated November 13, 2018, by and between the Midland Development Corporation and AST & Science, LLC (incorporated by reference to Exhibit 10.22 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021).
10.25*	Form of Subscription Agreement, by and between New Providence Acquisition Corp. and the undersigned subscriber party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2020).
10.26	Registration and Stockholder Rights Agreement, dated as of September 13, 2019, by and among New Providence Acquisition Corp., New Providence Management LLC and the holders party thereto (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 16, 2019).
21.1	List of subsidiaries of AST SpaceMobile, Inc. (incorporated by reference to Exhibit 21.1 to the Company's Current Report on Form 8-K filed with the SEC on April 12, 2021)
99.1	Audited consolidated financial statements of AST as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019
99.2	Unaudited pro forma condensed combined financial information of the Company as of and for the year ended December 31, 2020
99.3	Management's Discussion and Analysis of Financial Condition and Results of Operations for AST for the years ended December 31, 2020 and 2019

*	Certain schedules and exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) or Item 601(b)(10)(iv), as applicable, of Regulation S-K. The Registrant agrees to furnish supplemental copies of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.
†	Indicates a management contract or compensatory plan.

SIGNATURE

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

Dated: May 6, 2021

AST SPACEMOBILE, INC.

By:	*/s/ Thomas Severson*
Name:	Thomas Severson
Title:	Chief Financial and Operating Officer

Exhibit 99.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
AST & Science, LLC
Midland, TX

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of AST & Science, LLC and Subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and members' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. 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 and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 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 audits 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. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA LLP

We have served as the Company's auditor since 2017.

Fort Lauderdale, FL
February 26, 2021

AST & SCIENCE LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	As of December 31, 2020	As of December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,777	$ 26,498
Accounts receivable, net	2,081	328
Inventory	2,591	182
Prepaid expenses	1,249	445
Other current assets	2,234	286
Total current assets	50,932	27,739
Property and equipment:		
BlueWalker 3 Satellite – construction in progress	27,013	2,097
Property and equipment, net	10,057	1,685
Total property and equipment, net	37,070	3,782
Other long-term assets:		
Operating lease right-of-use assets	7,045	—
Intangible assets, net	526	672
Goodwill	3,912	3,593
Other assets and deposits	160	162
Total other long-term assets, net	11,643	4,427
TOTAL ASSETS	$ 99,645	$ 35,948
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,990	$ 1,552
Accrued expenses and other current liabilities	4,222	1,948
Deferred revenue	3,401	949
Note payable to Founder	—	1,750
Current operating lease liabilities	504	—
Total current liabilities	13,117	6,199
Non-current operating lease liabilities	6,541	—
Total liabilities	19,658	6,199
Commitments and Contingencies (Note 6)		
Members' equity:		
Series A convertible preferred stock, $0.01 par value, authorized 684,932 shares, 684,932 shares issued and outstanding as of December 31, 2020 and 2019 (liquidation preference of $20,000 at December 31, 2020 and 2019)	9,394	9,394
Series B convertible preferred stock, $0.01 par value per share - 2,765,027 and 1,995,810 shares authorized as of December 31, 2020 and 2019, respectively; 2,765,027 and 773,376 shares issued and outstanding as of December 31, 2020 and 2019, respectively (liquidation preference of $119,636 and $31,520 at December 31, 2020 and 2019, respectively)	102,717	28,847
Members' common equity, 10,000,000 shares authorized as of December 31, 2020 and 2019; 5,500,840 and 5,500,000 issued and outstanding as of December 31, 2020 and 2019, respectively	5,462	5,171
Promissory note from common shareholder	—	(100)
Accumulated other comprehensive income (loss)	(168)	(329)
Accumulated Deficit	(39,908)	(15,847)
Noncontrolling interest	2,490	2,613
Total members' equity	79,987	29,749
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 99,645	$ 35,948

See accompanying notes to the consolidated financial statements

AST & SCIENCE LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(dollars in thousands, except per share data)

	2020		2019	
Revenues	$	5,967	$	1,414
Cost of sales		(3,025)		(954)
Gross profit		2,942		460
Operating expenses:				
Engineering services		13,081		4,668
General and administrative costs		12,320		5,404
Research and development costs		1,011		1,062
Depreciation and amortization		887		388
Total operating expenses		27,299		11,522
Other income and expense:				
Interest income		71		2
Interest expense		(10)		(22)
Other income and (expense), net		22		(15)
Total other income (expense)		83		(35)
Net loss before income taxes		(24,274)		(11,097)
Income taxes		(131)		(44)
Net loss		(24,405)		(11,141)
Add: Net loss attributable to noncontrolling interests		344		256
Net loss attributable to AST&Science	$	(24,061)	$	(10,885)
Cumulative convertible preferred stock dividends	$	(8,290)	$	(523)
Income available to common shareholders	$	(32,351)	$	(11,408)
Basic and diluted net loss per share	$	(5.88)	$	(2.07)
Basic and diluted shares used in computing net loss per share		5,500,404		5,500,000

See accompanying notes to the consolidated financial statements

AST & SCIENCE LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(dollars in thousands, except per share data)

	2020	2019
Net loss	$ (24,405)	$ (11,141)
Foreign currency translation adjustments	382	(145)
Comprehensive loss	(24,023)	(11,286)
Comprehensive loss attributable to noncontrolling interest:		
Add: Net loss attributable to noncontrolling interests	344	256
Foreign currency translation adjustments	(221)	65
Comprehensive loss attributable to AST&Science	$ (23,900)	$ (10,965)

See accompanying notes to the consolidated financial statements

AST & SCIENCE LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND MEMBERS’ EQUITY
(dollars in thousands)

	Series B Redeemable Preferred Stock		Series A Preferred Stock		Series B Preferred Stock		Common Equity		Promissory Note from Common	Accumulated Other Comprehensive	Accumulated	Noncontrolling	Total
	Shares	Values	Shares	Values	Shares	Values	Shares	Values	Shareholder	Loss	Deficit	Interest	Equity
Balance, December 31, 2018	—	$ —	684,932	$ 9,394	—	$ —	5,500,000	$ 5,039	$ (100)	$ (249)	$ (4,962)	$ 2,934	$ 12,056
Issuance of Series B Convertible Preferred Stock, net of issuance costs of $2,153	—	—	—	—	773,376	28,847	—	—	—	—	—	—	28,847
Stock-based compensation	—	—	—	—	—	—	—	132	—	—	—	—	132
Unrealized foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	(80)	—	(65)	(145)
Net income (loss)	—	—	—	—	—	—	—	—	—	—	(10,885)	(256)	(11,141)
Balance, December 31, 2019	—	$ —	684,932	$ 9,394	773,376	$ 28,847	5,500,000	$ 5,171	$ (100)	$ (329)	$ (15,847)	$ 2,613	$ 29,749
Stock options exercised	—	—	—	—	—	—	840	1	—	—	—	—	1
Issuance of Series B Redeemable Convertible Preferred Stock, net of issuance costs of $5,889	1,966,704	72,944	—	—	—	—	—	—	—	—	—	—	—
Issuance of Series B Convertible Preferred Stock, net of issuance costs of $69	—	—	—	—	24,947	926	—	—	—	—	—	—	926
Modification upon amendment of Series B Convertible Preferred Stock	(1,966,704)	(72,944)	—	—	1,966,704	72,944	—	—	—	—	—	—	72,944
Payment of Promissory Note by Common Shareholder	—	—	—	—	—	—	—	—	100	—	—	—	100
Stock-based compensation	—	—	—	—	—	—	—	290	—	—	—	—	290
Unrealized foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	161	—	221	382
Net income (loss)	—	—	—	—	—	—	—	—	—	—	(24,061)	(344)	(24,405)
Balance, December 31, 2020	—	$ —	684,932	$ 9,394	2,765,027	$ 102,717	5,500,840	$ 5,462	$ —	$ (168)	$ (39,908)	$ 2,490	$ 79,987

See accompanying notes to the consolidated financial statements

AST & SCIENCE LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(dollars in thousands)

	2020	2019
Cash flows from operating activities:		
Net loss	$ (24,405)	$ (11,141)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	670	174
Amortization of intangible assets	217	214
Non-cash operating lease expense	219	—
Stock-based compensation	290	132
Changes in operating assets and liabilities:		
Accounts receivable	(1,568)	118
Prepaid expenses and other current assets	(1,485)	(159)
Inventory	(2,236)	(148)
Accounts payable and accrued expenses	3,476	881
Operating lease liabilities	(219)	—
Deferred revenue	2,235	595
Other current assets and current liabilities	6	34
Net cash used in operating activities	(22,800)	(9,300)
Cash flows from investing activities:		
Purchase of property and equipment	(8,123)	(1,557)
Purchase of intangible asset	(23)	—
BlueWalker 3 Satellite – construction in process	(22,265)	(2,097)
Net cash used in investing activities	(30,411)	(3,654)
Cash flows from financing activities:		
Proceeds from Founder bridge loan	—	1,750
Repayment for Founder bridge loan	(1,750)	—
Proceeds from issuance of Series B Redeemable Preferred Stock	78,833	—
Issuance costs from issuance of Series B Redeemable Preferred Stock	(5,889)	—
Proceeds from issuance of Series B Preferred Stock	1,000	31,000
Issuance costs from issuance of Series B Preferred Stock	(1,856)	(371)
Proceeds from promissory note with common shareholder	100	—
Direct and incremental costs incurred for the merger with NPA	(775)	—
Net cash provided by financing activities	69,663	32,379
Effect of exchange rate changes on cash	(173)	(46)
Net increase in cash and cash equivalents	16,279	19,379
Cash and cash equivalents, beginning of period	26,498	7,119
Cash and cash equivalents, end of period	$ 42,777	$ 26,498
Supplemental disclosure of cash flow information:		
Non-cash investing activities:		
Purchase of accrued construction in process	2,615	—
Purchase of accrued property and equipment	794	—
Right-of-use assets obtained in exchange for operating lease liabilities as of January 1, 2020 upon adoption of ASC 842	6,472	—
Right-of-use assets obtained in exchange for operating lease liabilities	734	—
Non-cash financing activities:		
Accrued direct and incremental costs incurred for the merger with NPA	376	—
Transaction costs accrued in connection with issuance of Series B Preferred Stock	—	1,782
Cash paid during the fiscal year for:		
Interest	25	7
Income taxes	134	6

See accompanying notes to the consolidated financial statements

1. Nature of Business and Basis of Presentation

Nature of Business

AST & Science LLC and its subsidiaries ("AST" or the "Company") is an innovative satellite designer and manufacturer. AST is currently in the process of testing, developing and building its BlueWalker 3 test satellite in advance of manufacturing and launching the first space based global cellular network distributed through a constellation of Low Earth Orbit Satellites (the "AST Satellite Constellation"). Once deployed and operational, the AST Satellite Constellation will provide connectivity directly to standard/unmodified cellular phones or any 2G/3G/4G LTE/5G and IoT-enabled device (the "SpaceMobile Service"). The SpaceMobile Service will be made available to cellular subscribers and others through wholesale commercial roaming agreements with cellular service providers on a global basis.

The Company operates from six locations that include its corporate headquarters and 85,000 square foot satellite assembly, integrating and testing facility in Midland, Texas, as well as operations in Maryland, Spain, the United Kingdom, and Israel. In addition, its 51% owned and controlled subsidiary, NanoAvionika, is located in Lithuania. The accounts of all entities wholly owned by AST are fully consolidated and all intercompany balances are eliminated. NanoAvionika, AST's only non-wholly owned subsidiary, is also fully consolidated, with all intercompany balances eliminated. NanoAvionika's non-controlling equity interest and related losses are presented separately in the accompanying financial statements.

There continues to be uncertainties regarding the pandemic of the novel coronavirus ("COVID-19"), and the Company is closely monitoring the impact of COVID-19 on all aspects of its business, including how it will impact its customers, employees, suppliers, vendors, and business partners. Any estimates made herein may change as new events occur and additional information is obtained, and actual results could differ materially from any estimates made herein under different assumptions or conditions. The Company has evaluated the impact of the COVID-19 pandemic for the year ended December 31, 2020 and has not realized a material impact to the Company's technology development efforts or operations. The Company is unable to predict the impact that COVID-19 may have on its financial position and operations moving forward due to the numerous uncertainties. The Company will continue to assess the evolving impact of COVID-19.

CARES Act

On March 27, 2020, former President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES act was enacted as a response to the COVID-19 outbreak discussed above and is meant to provide companies with economic relief. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The impact of the CARES Act on the Company's financial position and statement of operations was immaterial as of December 31, 2020. The Company has not incurred any indebtedness with respect to loans available under the CARES Act, and given the Company is not taxable, the tax implications of the CARES Act do not apply. The Company will continue to assess the evolving impact of the CARES Act.

Basis of Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and intercompany transactions are eliminated during consolidation.

The Company has incurred recurring losses since its inception, including net losses of $24.4 million and $11.1 million for the years ended December 31, 2020 and 2019, respectively.

1. Nature of Business and Basis of Presentation (cont.)

As of December 31, 2020, the Company held cash and cash equivalents of $42.8 million. Management believes that its cash and cash equivalents on hand as of December 31, 2020 will be sufficient to continue funding the Company's increased operations through at least one year from the date these financial statements are available to be issued. The Company's success is dependent upon its ability to continue to raise capital in order to fund ongoing research and development, successfully commercialize its products, generate revenue, meet its obligations, and ultimately obtain profitable operations. The Company will seek additional financing to continue to fund its research and development efforts and the capital required to fund the AST Satellite Constellation. The ability of the Company to secure this additional capital cannot be assured.

2. Summary of Significant Accounting Policies

Goodwill

The Company evaluates goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired. Goodwill is tested at the reporting unit level, which is considered an operating segment or one level below an operating segment. The Company has two reporting units: AST and Nano. However, given no goodwill has been allocated to the AST reporting unit, the Company identifies Nano as the sole reporting unit for purposes of goodwill impairment testing.

Our annual goodwill impairment test is based on either a qualitative or quantitative assessment. We have the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If management determines this is the case, we are required to perform a quantitative assessment. A quantitative assessment is an analysis of the fair value of the reporting unit compared to its carrying value. A goodwill impairment charge is recorded for the amount by which the carrying amount exceeds the reporting unit's fair value. The Company performs the annual goodwill impairment test during the fourth quarter each year. There were no impairment charges for goodwill recognized for the years ended December 31, 2020 and 2019.

Long-Lived Assets

Long-lived assets, except for goodwill, consist of property and equipment and finite-lived acquired intangible assets, such as developed technology and tradenames. Long-lived assets, except for goodwill, are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. The Company continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and finite-lived intangible assets may warrant revision or if events or circumstances indicate that the carrying value of these assets may be impaired. To compute whether assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to the estimated fair value of the asset. There were no impairment charges for long-lived assets recognized for the years ended December 31, 2020 and 2019.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities as of and during the reporting period. The Company bases its estimates and assumptions on historical experience when available and on other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Significant estimates and assumptions reflected in these financial statements include, but are not limited to, useful lives assigned to property and equipment, the fair values of common stock and preferred stock, valuation and impairment of goodwill and intangible assets, and equity-based compensation expense. The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates.

Cash and Cash Equivalents

The Company's cash and cash equivalents consist of cash maintained within standard checking accounts for its operating subsidiaries and an interest bearing Money Market Demand and Deposit account with JPMorgan Chase Bank, N.A. (the "Chase Bank") ("Chase Bank Investment Account"). The Company considers all highly liquid investments with a maturity date of 90 days or less at the date of purchase to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents, and trade receivables. The Company maintains its cash in accounts at financial institutions that, at times, may exceed federally insured limits. The cash balances in these financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company may deposit cash at institutions that are not insured by the FDIC, which is limited to its foreign subsidiaries. The Company manages credit risk by reviewing the counterparties' credit at least quarterly.

Our subsidiary, NanoAvionika, typically derives its revenue from a small number of customers. Two customers accounted for approximately 76% of the Company's trade receivables as of December 31, 2020, and two customers accounted for approximately 24% of the Company's trade receivables as of December 31, 2019. Three customers accounted for approximately 50% of the Company's revenue as of December 31, 2020, and two customers accounted for approximately 28% of the Company's revenue as of December 31, 2019. Credit risk on accounts receivable is minimized given the research and development stage of the Company, and the fact that its primary business focus is to manufacture and launch its test satellites as opposed to entering into revenue transactions with customers in the short term.

Inventory

Inventories are carried at the lower of cost or net realizable value. Cost is determined by the first-in first-out (FIFO) method. The cost of construction in progress comprises raw materials, satellite componentry, direct labor, and other direct engineering costs. No reserve for excess and/or obsolete inventory was recognized in the periods presented.

Inventories consisted of the following at December 31, 2020 and 2019 (in thousands):

	December 31, 2020	December 31, 2019
Raw material	$ 2,285	$ 182
Work-in-process	306	—
Total	$ 2,591	$ 182

Property and Equipment

The Company records property and equipment at cost. Repairs and maintenance costs that do not extend the useful life or enhance the productive capacity of an asset are expensed as incurred and recorded as part of general and administrative operating expenses on the Consolidated Statement of Operations. Upon retirement or disposal of property and equipment, the Company derecognizes the cost and accumulated depreciation balance associated with the asset, with a resulting gain or loss from disposal included in the determination of net income or loss. Maintenance and repairs are charged to expense as incurred and any additions or improvements which extend the useful life of an asset or increase its productive capacity are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives which the Company has assigned to its underlying asset classes, which are as follows:

	Estimated Useful Life
Computers, software, and equipment	2 to 5 years
Leasehold improvements	Shorter of estimated useful life or lease term
Satellite antenna	5 years
Test and lab equipment	5 years
Phased array test facility	5 years
Assembly and integration equipment	5 years
Furniture and fixtures	7 years
Vehicles	5 years

Foreign Currency Translation

The financial statements of the Company's foreign subsidiaries are translated from local currency into reporting currency, which is U.S. dollars, using the current exchange rate at the balance sheet date for assets and liabilities, and the weighted average exchange rate prevailing during the period for revenues and expenses. The functional currency for AST's foreign subsidiaries is considered to be the local currency for each entity and, accordingly, translation adjustments for these subsidiaries are included in accumulated other comprehensive loss within members' capital.

Realized and unrealized gains and losses resulting from foreign currency transactions denominated in currencies other than the functional currency are reflected as other income (expense), net in the consolidated statements of operations. Foreign currency translation gains and losses are recorded to other comprehensive income on the Company's Consolidated Balance Sheets.

Fair Value Measurements

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A framework is used for measuring fair value utilizing a three-tier hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- **Level 1** — defined as observable inputs, such as quoted prices unadjusted in active markets for identical securities;

- **Level 2** — defined as inputs other than quoted prices included in Level 1 that are either directly or indirectly observable; and

- **Level 3** — defined as significant unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions

The Company's financial assets have been classified as Level 1. The carrying amounts of the Company's financial assets (which include cash, cash equivalents, and accounts receivable) and liabilities (which include accounts payable) approximate fair value because of the short maturity of these instruments. No financial assets have been classified as Level 2 or Level 3.

Engineering Costs

Engineering costs are charged to expense as incurred. Engineering costs consist primarily of the expenses associated with our ongoing engineering efforts to establish technical feasibility of our products, as well as the cost of internal staff (such as engineers and consultants) to support these efforts. Currently, major engineering activities include procuring and manufacturing the satellite components required for the BW3 satellite. AST intends to assemble and test the BW3 satellite at its Midland, Texas facility during the first half of 2021. The BW3 is scheduled to be launched during the second half of 2021. Additionally, AST has established alternative uses (separate economic value) for BW3 and therefore, the hard costs (i.e., test equipment, antennas, sensors, cables, launch vehicles) and other nonrecurring costs solely associated with AST's BW3 developments are capitalized to its construction in progress ("CIP") account, and presented on its Consolidated Balance Sheets.

Research and Development Costs

Research and development costs are charged to expense as incurred. Research and development costs consist principally of non-recurring engineering developments in which the Company typically engages third party vendors, including materials and supplies, license costs, contract services, and other outside expenses. Costs for certain research and development activities are recognized in line with the completion of specific tasks using information from the Company's vendors on their actual costs incurred. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and reflected in the financial statements as prepaid or accrued research and development.

Government and Space Agency Grants

The Company's subsidiary, NanoAvionika, receives grant funding in exchange for satellite technology development efforts made by the Company to the European Space Agency and other governmental bodies. If the Company fails to maintain required commitments, the funds received may have to be repaid or other adverse consequences may arise, which could affect our cash flows and profitability.

When the Company has been awarded grant funding, cost reimbursements are recognized when it is probable that the Company will comply with the conditions attached to the grant arrangement and the grant proceeds will be received. Grants are recognized in the Company's results of operations on a systematic basis over the periods in which the Company recognizes the related costs for which the grant is intended to compensate. Specifically, when grants are related to reimbursements, the grants are recognized as a reduction of the related expense in the Company's results of operations. For grants related to reimbursements of capital expenditures, the grants are recognized as a reduction of the basis of the asset and recognized in the Company's results of operations over the estimated useful life of the depreciable asset as reduced depreciation expense. The Company recognized a reduction to cost of sales related to grants for a total of $0.3 million and $1.6 million for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

AST & Science LLC and subsidiaries elected to be taxed as Limited Liability Companies which are treated as partnerships for federal and state income tax purposes. Accordingly, for federal and state income tax purposes, all income, losses, and other tax attributes pass through to the members' income tax returns, and no provision for income taxes has been recorded for these entities in the consolidated financial statements. Notwithstanding its disregarded status, the Company does have controlling ownership interest in a Lithuanian subsidiary that is subject to foreign income taxes. None of the Company's other subsidiaries were subject to material income tax consequences during the periods presented.

Convertible Preferred Stock

As of December 31, 2020 and 2019, the Company's outstanding Series A and B Convertible Preferred Stock does not meet any of the criteria requiring presentation in mezzanine equity, and as such, the Preferred Stock will be presented in permanent equity. In February 2020, the Company issued Series B Preferred Stock to Rakuten Mobile Singapore Pte. Ltd. ("Rakuten"), which the Company classified within mezzanine equity as the redemption of the shares was outside of the control of the Company. In December 2020, the Rakuten Series B Preferred Stock was amended to remove the redemption feature, which triggered a reclassification from mezzanine equity to permanent equity. The amendment to the Rakuten Series B Preferred Stock is discussed further in Note 5.

Stock-Based Compensation

The Company estimates the grant date fair value of share-based awards to employees and to members of the Board of Directors using the Black-Scholes option-pricing model. Use of the Black-Scholes model requires the Company to make assumptions with respect to the expected term of stock options, the expected volatility of the common stock consistent with the expected life of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates and expected dividend yields of the common stock. For awards that vest based solely on achievement of a service condition, the Company recognizes expense on a straight-line basis over the period during which the award holder provides such services. For awards that vest based on both service and performance conditions, the Company recognizes expense using a graded method for such awards only to the extent it believes achievement of the performance conditions are probable. The Company recognizes forfeitures as they occur and reverses any previously recognized compensation cost associated with forfeited awards. The Company accounts for stock-based compensation for awards granted to nonemployees in a similar fashion to the way it accounts for stock-based compensation awards to employees.

Collaboration Arrangements

The Company considers the nature and contractual terms of an arrangement and assess whether the arrangement involves a joint operating activity pursuant to which it is an active participant and exposed to significant risks and rewards with respect to the arrangement. If the Company is an active participant and exposed to the significant risks and rewards with respect to the arrangement, it accounts for these arrangements pursuant to Accounting Standards Codification ("ASC") Topic 808, Collaborative Arrangements, as amended by ASU 2018-18 ("ASC 808"), and applies a systematic and rational approach to recognize revenue (unless parts of the arrangement are within the scope of other authoritative accounting literature or can be appropriately analogized to other authoritative accounting literature).

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and its related amendments (collectively known as "ASC 606"). In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. To achieve this core principle, the Company applies the following five steps: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contract, and (5) recognize revenue when or as the Company satisfies a performance obligation.

Costs to obtain the Company's contracts are capitalized and amortized over the expected customer benefit period, and typically include commissions paid to external parties or distributors. Sales commissions are considered incremental costs in obtaining a new contract and thus are appropriately capitalized. Costs to fulfill the Company's contracts, such as our overhead costs and third-party costs to manufacturers, do not meet the specified capitalization criteria (i.e., do not generate or enhance resources of the Company) and as such are expensed as incurred. Costs to obtain and fulfill the Company's contracts were immaterial as of December 31, 2020 and 2019.

Segments

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

Recent Accounting Pronouncements

<u>Adopted accounting standards</u>

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).* This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption.

The Company early adopted ASC 842 as of January 1, 2020 using the modified retrospective method which did not require it to restate prior periods and did not have an impact on retained earnings. The Company has elected the "package of 3" practical expedients permitted under the transition guidance which eliminates the requirements to reassess prior conclusions about lease identification, lease classification, and initial direct costs. The Company also adopted an accounting policy which provides that leases with an initial term of 12 months or less and no purchase option that the Company is reasonably certain of exercising will not be included within the lease right-of-use assets and lease liabilities on its Consolidated Balance Sheets. The Company elected an accounting policy to combine the non-lease components (which include common area maintenance, taxes and insurance) with the related lease component. The Company elected to apply this practical expedient to all asset classes upon the adoption of ASC 842.

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the circumstances present. Leases with a term greater than one year are recognized on the Consolidated Balance Sheets as right-of-use assets, lease liabilities, and, if applicable, long-term lease liabilities. The Company includes renewal options to extend the lease in the lease term where it is reasonably certain that it will exercise these options. Lease liabilities and the corresponding right-of-use assets are recorded based on the present values of lease payments over the lease terms. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes the appropriate incremental borrowing rates, which are the rates that would be incurred to borrow on a collateralized basis, over similar terms, amounts equal to the lease payments in a similar economic environment. Variable payments that do not depend on a rate or index are not included in the lease liability and are recognized as incurred. Lease contracts do not include residual value guarantees nor do they include restrictions or other covenants. Certain adjustments to the right-of-use assets may be required for items such as initial direct costs paid, incentives received, or lease prepayments. If significant events, changes in circumstances, or other events indicate that the lease term or other inputs have changed, the Company would reassess lease classification, remeasure the lease liability by using revised inputs as of the reassessment date, and adjust the right-of-use asset.

See the Commitments and Contingencies footnote (Note 6) for the effects of the adoption of this ASU on the Company's financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326)*. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis such as loan receivables, trade and certain other receivables as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. The ASU does not apply to financial assets measured at fair value, and loans and receivables between entities under common control. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption may be selected for fiscal years beginning after December 15, 2018. An entity must apply the amendments in the ASU through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective except for certain exclusions.

The Company early adopted ASU 2016-13 as of January 1, 2020. The adoption primarily impacts the Company's trade receivables and grant receivables in relation to sales made by our subsidiary, NanoAvionika. The Company monitors its credit exposure through active review of customer balances. The Company's expected loss methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customers' account balances. Historical credit losses have not been significant due to the financial stability and creditworthiness of our limited number of customers. The Company considers credit losses immaterial to our business and, therefore, have not provided all of the disclosures otherwise required by the standard.

Accounting standards to be adopted in future periods

In August 2020, the FASB issued ASU 2020-06, *Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. The guidance in ASU 2020-06 simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. The amendments in ASU 2020-06 are effective for public entities that meet the definition of an SEC filer, excluding smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. Entities should adopt the guidance as of the beginning of the fiscal year of adoption and cannot adopt the guidance in an interim reporting period. The new standard will be effective in the first quarter of 2021. The Company is currently evaluating the impact the standard will have on the consolidated financial statements.

3. Property and Equipment

Property and equipment, net consisted of the following at December 31, 2020 and 2019 (in thousands):

	2020	2019
Computers, software, and equipment	$ 1,707	$ 699
Leasehold improvements	3,536	340
Satellite antenna	1,338	293
Test and lab equipment	2,666	—
Phased array test facility	704	234
Assembly and integration equipment	616	—
Furniture and fixtures	338	268
Vehicles	67	67
Property and equipment	10,972	1,901
Accumulated depreciation	(915)	(216)
Property and equipment, net	10,057	1,685
BlueWalker 3 Satellite – construction in progress	27,013	2,097
Total property and equipment, net	$ 37,070	$ 3,782

Depreciation expense for the years ended December 31, 2020 and 2019 was $0.7 million and $0.2 million, respectively. In addition, the Company is currently manufacturing, testing and integrating its Blue Walker 3 Test Satellite. As of December 31, 2020, the Company incurred $27 million relating to this effort.

4. Common Stock

Pursuant to the Fourth Amended and Restated Limited Liability Company Operating Agreement dated February 4, 2020, the Company is authorized to issue a total of 10,000,000 common shares, of which 5,500,840 common shares were issued and outstanding at December 31, 2020 and 4,499,160 common shares were available for future issuance at December 31, 2020.

The holders of common shares are entitled to one vote for each common share held at all meetings of Shareholders. Holders of common shares may receive distributions at the sole discretion of the Board of Directors.

The Company reserved the following shares of common stock for future issuance as of December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Convertible preferred stock	3,449,959	1,458,308
Options outstanding	815,233	635,730
Options available for future grants	67,488	242,832
Total common shares reserved for future issuance	4,332,680	2,336,870

5. Convertible Preferred Stock

On June 26, 2018, the Company entered into a Series A Preferred Stock Purchase Agreement. Under the Agreement, the Company issued an aggregate of 684,932 shares of Series A Preferred Stock ("Series A") at a purchase price of $14.60 per share for aggregate proceeds of $10 million. The Company incurred issuance costs of approximately $0.6 million in connection with the issuance of the Series A Preferred Shares.

On October 16, 2019, the Company entered into a Series B Preferred Stock Purchase Agreement. Under the Agreement, the Company issued an aggregate of 773,376 shares (the "Initial Series B Issuance") of Series B Preferred Stock ("Series B") at a purchase price of $40.08 per share for aggregate proceeds of $31 million. The proceeds are presented net of incurred issuance costs of approximately $2.1 million in connection with the issuance of the Series B Preferred Shares.

In connection with the Initial Series B Issuance, the Company entered into a commercial agreement on October 26, 2019 with Vodafone Ventures Limited ("Vodafone"), whereby Vodafone is provided exclusivity to operate the AST commercial service in agreed upon markets as defined in the agreement. As part of this agreement, Vodafone will promote the service as an element of its normal business and the Company is provided a 50/50 revenue share for all services enabled by the Company's SpaceMobile satellite segment. The term of the agreement is five (5) years starting with the initial launch of commercial service based on the Phase 3 constellation anticipated in 2023. The Vodafone Agreement is considered a collaborative arrangement under ASC 808 as both parties are active participants and share in the significant risks and rewards of the activities. The Company will not assign any value to the Vodafone Agreement at inception and will recognize their share of expenses as they are performed up to the time the activities are revenue generating. For the years ended December 31, 2020 and 2019, the Company has not recognized any revenue under the Vodafone collaborative arrangement.

On February 14, 2020, the Company entered into a Series B Preferred Stock Purchase Agreement. Under the Agreement, the Company issued an aggregate of 1,966,704 shares (the "Second Series B Issuance") of Series B Preferred Stock at a purchase price of $40.08 per share for aggregate proceeds of $78.8 million (the "Rakuten Shares") to Rakuten. In conjunction with the Second Series B Issuance, the Company also entered into a commercial agreement with Rakuten (the "Rakuten Commercial Agreement") (see Note 13). The Rakuten Commercial Agreement requires that the Company adhere to certain key performance indicators ("KPIs") beginning on September 30, 2023 (the "First Measurement Date") and December 31, 2024 (the "Second Measurement Date"). If the Company is unable to meet or exceed these KPIs on the First Measurement Date or the Second Measurement Date, or voluntarily or involuntary becomes subject to bankruptcy proceedings, Rakuten will have the option to require the Company to redeem the Rakuten Shares at the redemption price of $30 per share (the "Rakuten Redemption Clause"). Rakuten's redemption rights will be extended for a period of no later than 6 months if the Company's failure to meet the KPIs as required arises from any failure or delays in obtaining any governmental or third party approvals required in connection with the launch of the SpaceMobile Service (see Note 13) or in connection with the delivery of the KPIs. The Rakuten shares carry the same terms as the previously issued shares of Series B Preferred Stock, other than the Rakuten Redemption Clause noted herein. Upon issuance, the Rakuten Shares were classified outside of members' equity, within mezzanine equity, because the Rakuten Redemption Clause was not solely within the control of the Company.

On December 15, 2020 (the “Amendment Date”), the Company executed the Amended and Restated Commercial Agreement (the “A&R Commercial Agreement”) with Rakuten, which amended the Rakuten Commercial Agreement. The A&R Commercial Agreement removes the Rakuten Redemption Clause from the Rakuten Shares and replaces it with a one-time cash payment penalty (the “Penalty Payment”) of $10 million. The Penalty Payment is payable upon the Company’s failure to meet the KPIs at the measurement dates originally established in the Rakuten Commercial Agreement.

The amendment to Rakuten Commercial Agreement to replace the Rakuten Redemption Clause with the Penalty Payment was accounted for as a modification of the Rakuten Shares for accounting purposes. In making this determination, the Company considered the significance of the revisions to existing contractual terms. These revisions were not considered qualitatively or quantitatively significant as the redemption clause was not deemed probable to be triggered when the shares were originally issued or as of the amendment date. The Company determined that any incremental difference in the fair value of the shares as a result of the modification was de minimis, and accordingly, the carrying value remained unchanged. Additionally, as the Rakuten Redemption Clause was removed as part of the A&R Commercial Agreement, the Rakuten Shares are no longer redeemable outside of the control of the Company and have been reclassified from temporary to permanent equity. The Penalty Payment, which replaced the Rakuten Redemption Clause, is considered a revenue component of the A&R Commercial Agreement accounted for under ASC 606. The Company considers this a form of variable consideration which is fully constrained as of execution of the A&R Commercial Agreement as well as of December 31, 2020.

On March 1, 2020, the Company entered into another Series B Preferred Stock Purchase Agreement with Samsung Next Fund LLC. Under the Agreement, the Company issued an aggregate of 24,947 shares (the “Third Series B Issuance”) of Series B Preferred Stock for a purchase price of $40.08 per share for aggregate proceeds of $1 million. The Samsung shares carry the same terms as the previously issued shares of Series B Preferred Stock.

As of December 31, 2020, the Company has $8.8 million in aggregate preferred cumulative dividends equal to $3.19 per share.

As of December 31, 2020, the Series A and Series B Preferred Stock have the following rights, preferences and privileges:

Conversion Rights

Each share of Series A and Series B Preferred Stock is convertible at the option of the holder at any time after the date of issuance. The number of shares of common stock to be issued in the event of a conversion is determined by dividing the original issue price of $14.60 for the Series A preferred stock and $40.08 for the Series B preferred stock by the conversion price of then in effect for Series A preferred stock and Series B preferred stock. The conversion price for Series A preferred stock was initially $14.60 and Series B preferred stock was initially $40.08, subject to adjustment under certain circumstances, including but not limited to certain additional issuances of common shares.

The Series A Preferred Stock and Series B Preferred Stock automatically converts at the either (a) the closing of a Qualified IPO, all outstanding Series A Preferred Shares and Series B Preferred Shares shall automatically be converted into Common Shares, at the then effective Series A Conversion Price and Series B Conversion Price or (b) at the election of the Required Series A Holders and Required Series B Holders, all or any portion of the outstanding Series A Preferred Shares and Series B Preferred Shares shall automatically be converted into Common Shares, at the then effective Series A Conversion Price and Series B Conversion Price.

Liquidation Preference

Upon liquidation, dissolution, or winding-up of the Company, or a merger, consolidation, lease or transfer of the Company (a "Deemed Liquidation Event"), shareholders of Series A Preferred stock and Series B Preferred Stock are entitled to receive a liquidation preference, first, to each holder of Series B Preferred Shares on a pari passu basis in proportion to amounts distributable, until each holder of Series B Preferred Shares has received, in the aggregate, the greater of (i) cumulative distributions equal to one (1) times the Series B Original Issue Price paid by such holder in respect of each of such holder's Series B Preferred Shares, plus any accrued but unpaid dividends or (ii) distributions that would have been made to such holder had its Series B Preferred Shares been converted into Common Shares prior the distribution; and second, to each holder of Series A Preferred Shares on a *pari passu* basis in proportion to amounts distributable, until each holder of Series A Preferred Shares has received, in the aggregate, the greater of (i) cumulative distributions equal to two (2) times the Series A Original Issue Price paid by such holder in respect of each of such holder's Series A Preferred Shares; or (ii) distributions that would have been made to such holder had its Series A Preferred Shares been converted into Common Shares prior the distribution; and thereafter, to all holders of Common Shares, pro rata, in proportion to their percentage interests.

Dividends

Subject to the terms of the Dissolution or Deemed Liquidation Event, the Board of Directors may, in its sole discretion with the consent of the Required Series A Holders, cause the Company to distribute cash or property from time to time to the Shareholders in such amounts as the Board of Directors deems appropriate. Any such distributions shall be made to the Shareholders, pro rata, in proportion to their percentage interests. As of December 31, 2020 and 2019, no dividends have been paid or declared.

The Company shall not declare, pay or set aside any dividends on any class or series of Shares unless the holders of the Series B Preferred Shares then outstanding shall first receive, on a pro rata basis, a dividend on each outstanding share of the Series B Preferred Shares equaling the greater of (i) eight percent (8%) of the Series B Original Issue Price and (ii) the corresponding dividend the holder of the Series B Preferred Shares would receive on an as-converted to Common Share basis. The foregoing dividend shall be cumulative (non-compounding) and will accrue daily and be payable when declared or upon a Deemed Liquidation Event.

Voting Rights

Except as provided by law or by other provisions of the Preferred Stock Agreements, Preferred Stock and common stockholders' vote together as one class on an "as-converted basis". On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation, each holder of Series A Preferred Stock and Series B Preferred Stock is entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock and Series B Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. The holders of the shares of Series A Preferred Stock, exclusively and as a separate class, are entitled to elect 1 director of the Corporation. The holders of the shares of Series B Preferred Stock, exclusively and as a separate class, are entitled to elect 1 director of the Corporation. The holders of the shares of Common Stock, exclusively and as a separate class, are entitled to elect 2 directors of the Corporation.

6. Commitments and Contingencies

On November 13, 2018, the Company entered into both an Economic Development Agreement (the "EDA") and a sublease agreement with Midland Development Corporation. The premise of the EDA was to create jobs in the Midland Texas area, as well as, to have AST improve the land, office and hangar spaces at the Midland International Air & Space Port in Midland, Texas.

The rentable spaces included office space (44,988 SF), hangar A (28,480 SF), hangar B (11,900 SF), and land (approximately 238,000 SF). The term of the lease commenced on November 21, 2018 and extends through November 20, 2033. Pursuant to the agreement, the base rental payments for the first five years will be abated, provided that the Company prepays the rent in each period and achieves an increasing level of financial commitments, measured annually on March 31st of each of the first five years of the lease. The Company can qualify for an additional five years (years six through ten of the term) of abatements which are contingent upon the Company achieving its commitments through the first five years of the lease and maintaining or exceeding those year five commitment levels in years six through year ten of the term. These commitments include 1) the total number of full-time jobs and the related annual payroll costs and 2) cumulative capital investments in personal property and improvements to the existing land/structures. The Company recognizes the lease reimbursements as an offset to the lease asset, liability and rent expense for the related reimbursable month when the contingency is probable of being resolved.

The Company's other outstanding operating leasehold obligations include additional office space in Maryland, Illinois, Spain, Israel, United Kingdom and Lithuania. The Company's leases have established fixed payment terms which are subject to annual rent increases throughout the term of each lease agreement. The Company's lease agreements have varying non-cancellable rental periods which include options for the Company to extend portions of its lease terms. Management considered that it was not reasonably certain to exercise any extension options present in its lease arrangements that are outstanding as of the adoption date, with the exception of the Texas sublease. In addition, the Company's leases have similar terms in which they may terminate the lease prior to the end date but must provide advanced notice. The Company is not reasonably certain to exercise the right to terminate their agreements.

Based on an evaluation of the impact of the adoption of ASC 842, the Company determined that it will apply the modified retrospective approach, in which the Company will not adjust comparative periods. There was no cumulative-effect adjustment to the opening balance of retained earnings. As of the adoption date on January 1, 2020, the Company recognized a right-of-use asset and lease liability of $6.4 million. The Company identified and assessed significant assumptions in recognizing the right-of-use asset and lease liability on January 1, 2020 as follows:

Incremental Borrowing Rate

The Company derives its incremental borrowing rate from information available at the lease commencement date in determining the present value of lease payments. The incremental borrowing rate represents a collateralized rate of interest the Company would have to pay to borrow over a similar term an amount equal to the lease payments in a similar economic environment. The Company's lease agreements do not provide implicit rates. As the Company did not have any external borrowings at the transition date with comparable terms to its lease agreements, the Company estimated its incremental borrowing rate based on the lowest grade of debt available in the marketplace for the same term as the associated lease(s). The Company elected to use an 11.9% discount rate for its main, shorter-term operating leases (generally two (2) to five (5) year leases). For the Texas sublease, which is greater than 10 years, the Company elected to use a 15% discount rate. The weighted average discount rate at December 31, 2020 is 14%.

Operating Leases

The components of lease expense were as follows (in thousands):

	Year Ended December 31, 2020	
Short-term operating lease expense	$	41
Operating lease expense		301
Total lease expense	$	342

Additional lease information is summarized in the following table (in thousands, except lease term and discount rate):

	Year Ended December 31, 2020	
Cash paid for amounts included in the measurement of operating lease liabilities	$	349
Operating right-of-use assets obtained in exchange for lease obligations	$	759
Weighted-average remaining lease term – operating leases (years)		11.3
Weighted-average discount rate – operating leases		14%

Maturities of lease liabilities as of December 31, 2020 are as follows (in thousands):

Year ending December 31,		**Amount**
2021	$	1,432
2022		1,294
2023		1,310
2024		1,257
2025		1,156
Thereafter		7,702
Total lease payments		14,151
Less effects of discounting		(7,106)
Present value of lease liabilities	$	7,045

Under the prior lease standard (ASC 840), as of December 31, 2019 future minimum lease payments under operating leases were as follows:

Year ending December 31,		**Amount**
2020	$	1,174
2021		1,174
2022		1,045
2023		1,047
2024		983
Thereafter		8,678
Total minimum lease payments	$	14,101

Lease balances as of December 31, 2020 are as follows (in thousands):

Operating lease right-of-use assets	$	7,045
Short-term operating lease liabilities	$	504
Non-current operating lease liabilities		6,541
Total operating lease liabilities	$	7,045

Net rent expense under operating lease arrangements at the Company was $0.3 million for the year ended December 31, 2020. Net rent expense reported under ASC 840 was $0.2 million for the year ended December 31, 2019.

Legal Proceedings

The Company is not a party to any material litigation and does not have contingency reserves established for any litigation liabilities as of December 31, 2020 and 2019.

7. Goodwill and Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the years ended December 31, 2020 and 2019 is summarized as follows (in thousands):

	2020	2019
Balance at beginning of the year	$ 3,593	$ 3,666
Acquisitions	—	—
Translation adjustments	319	(73)
Balance at the end of the year	$ 3,912	$ 3,593

Intangible Assets

Identified intangible assets are comprised of the following as of December 31, 2020 and 2019 (in thousands):

	Useful Lives	2020	2019
Intangible assets subject to amortization:			
Developed technology	5	$ 1,161	$ 1,067
Trademarks and domain name	15	23	—
Total gross intangible assets subject to amortization		$ 1,184	$ 1,067
Accumulated amortization		(658)	(395)
Total net intangible assets subject to amortization		$ 526	$ 672

The aggregate amortization expense for the years ended December 31, 2020 and 2019 was $0.2 million . Based on the carrying value of identified intangible assets recorded at December 31, 2020, and assuming no subsequent impairment of the underlying assets, the amortization expense is expected to be as follows (in thousands):

Fiscal Year	Amortization Expense
2021	$ 234
2022	234
2023	40
2024	2
2025 and Thereafter	16
	$ 526

Impairments

In the fourth quarter of 2020, the Company performed its annual goodwill impairment test and completed a quantitative assessment for the Nano reporting unit. The fair value of the Nano reporting unit was based upon an equal weighting of the income and market approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the reporting unit. There was no impairment as a result of the annual test performed in the fourth quarter of 2020.

In the fourth quarter of 2019, the Company performed the annual goodwill impairment test and completed a qualitative assessment for the Nano reporting unit. This qualitative assessment included reviewing factors such as macroeconomic conditions, industry and market considerations, cost factors, entity-specific financial performance and other events, such as changes in the Company's management or strategy. There was no impairment as a result of the annual test performed in the fourth quarter of 2019.

The Company is required to evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company routinely assesses whether impairment indicators are present. As of December 31, 2020 or 2019, no impairment charges were recorded.

8. Accrued Expenses and Other Current Liabilities

As of December 31, 2020, accrued expenses includes accruals relating to the construction in process of $1.6 million and accrued payroll of $1.0 million. The remaining balance within the account relates to other general accruals.

As of December 31, 2019, accrued expenses includes transaction costs of $1.8 million, incurred in connection with the issuance of Series B Preferred Stock in the Initial Closing and subsequently paid in March 2020.

9. Revenue

Disaggregation of Revenue

The Company's subsidiary, NanoAvionika, recognizes revenue related to sales of manufactured small satellites and their components as well as launch related services. In general, the Company recognizes revenue for services provided over time as the Company's performance does not result in an asset with an alternative use and the Company is entitled to be compensated for performance completed to date. The Company recognizes revenue for services provided over time based on an output method, under which the total value of revenue is recognized based on each contract's deliverable(s) as they are completed and when value is transferred to a customer. Certain of the Company's performance obligations do not meet the criteria for over time recognition. In these scenarios, the Company recognizes revenue upon transfer of control of the performance obligation to the customer. Revenue recognized over time versus revenue recognized upon transfer for the periods ending December 31, 2020 and 2019 was as follows (in thousands):

	2020	2019
Revenue from performance obligations recognized over time	$ 5,037	$ 1,236
Revenue from performance obligations recognized at point-in-time transfer	930	178
Total	$ 5,967	$ 1,414

Contract Balances

Contract assets relate to our conditional right to consideration for our completed performance under the contract. Contract liabilities relates to payments received in advance of performance under the contract. Contract liabilities (i.e., deferred revenue) are recognized as revenue as (or when) the Company perform under the contract. During the years ended December 31, 2020 and 2019, the Company recognized approximately $0.6 million and $0.4 million, respectively, of revenue related to its deferred revenue balance at January 1, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the Company had deferred revenue of $3.4 million and $0.9 million, respectively, classified in current liabilities related to performance obligations that have not yet been satisfied. The Company expects to recognize the revenue associated with satisfying these performance obligations within the next 12 months.

Accounts Receivable

The Company receives payments from customers based on a billing schedule as established in our contracts. Accounts receivable includes amounts billed and currently due from customers. Accounts receivable are recorded when the right to consideration becomes unconditional. The Company did not reserve an allowance for doubtful accounts for the years ended December 31, 2020 and 2019 given historical experience and management's evaluation of outstanding accounts receivable at the end of the fiscal year.

10. Share-Based Compensation

Share-Based Compensation Expense

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

	2020	2019
Engineering services	$ 211	$ 68
General and administrative costs	72	64
BlueWalker 3 Satellite – construction in progress	7	—
Total	$ 290	$ 132

Equity Incentive Plan

Under the 2019 Equity Incentive Plan ("Option Plan"), the Company is authorized to issue ordinary shares, as well as options exercisable for ordinary shares, as incentives to its employees, consultants, and members of its Board of Directors. The issuance of share options and ordinary shares is administered by the Board of Directors using standardized share option and share subscription agreements.

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

As of December 31, 2020, the Company was authorized to issue a total of 883,561 ordinary service-based and performance-based shares under a reserve set aside for equity awards. As of December 31, 2020, there were 67,488 ordinary shares available for future issuance and 815,233 options outstanding.

The following table summarizes the Company's option activity for the year ended December 31, 2020:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding at December 31, 2019	635,730	$ 0.93	—
Granted	263,600	8.71	—
Exercised	(840)	0.93	—
Cancelled or forfeited	(83,257)	6.04	—
Outstanding at December 31, 2020	815,233	$ 2.92	2.04
Options exercisable as of December 31, 2020	365,174	$ 1.27	2.03
Vested and expected to vest at December 31, 2020	815,233	$ 2.92	2.04

On May 20, 2020, the Board approved the issuance of 248,600 non-statutory common share option grants under the 2019 Equity Incentive Plan. On November 14, 2020, the Board approved the issuance of 15,000 performance-based option grants, for which 100% of the shares fully vest on the date of the launch of the Company's Blue Walker 3 test satellite. The weighted average grant date fair value of share options granted was $4.76 per share, with an aggregate fair value of $1.3 million for the year ended December 31, 2020. The Company recorded share-based compensation expense of $0.3 million for the year ended December 31, 2020, with a portion capitalized to BlueWalker 3 satellite construction-in-progress on the Consolidated Balance Sheets.

During the twelve months ended December 31, 2020, the Company granted 181,600 service-based options for the purchase of an aggregate of 42 service-based awards, and the Company granted 82,000 performance-based options for the purchase of an aggregate of 7 performance-based awards. Performance-based conditions vary by employee contract and may include triggers pertaining to successful completion of Company initiatives, transactions, or change-in-control clauses. The Company concluded that the performance conditions associated with 2 of these performance-based awards were probable as of the grant dates, and therefore began to recognize expense at the time of the grant of the award. The Company recorded expense of less than $0.1 million during the twelve months ended December 31, 2020 related to these 2 performance awards, which includes the acceleration of vesting expense. For the remaining 5 performance-based awards, the Company determined that the achievement of the performance targets was not probable as of the grant dates and as of the reporting date, and therefore has not recognized any expense related to these awards during the year ended December 31, 2020. The total unrecognized compensation expense for these performance awards was $0.4 million for the year ended December 31, 2020.

The following table summarizes the Company's unvested option activity for the year ended December 31, 2020:

	Number of Shares	**Weighted-Average Grant Date Fair Value**
Unvested at December 31, 2019	410,044	$ 0.59
Granted	263,600	4.76
Vested	(153,440)	1.24
Forfeited	(70,146)	3.30
Unvested at December 31, 2020	450,058	$ 2.37

For the year ended December 31, 2020, total unrecognized compensation expense related to the unvested employee and director share-based awards was $1.0 million, which is expected to be recognized over a weighted average period of 1.82 years.

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

The following table presents, on a weighted average basis, the assumptions used in the Black-Scholes option pricing model to determine the fair value of share options granted to employees and directors:

	2020	2019
Exercise price	$ 8.71	$ 0.93
Fair market value	$ 4.83	$ 0.58 – $0.59
Expected dividend yield	0.0%	0.0%
Expected term (in years)	6.32	5.60 – 6.20
Expected volatility	60.00%	70.00%
Weighted-average risk-free rate	0.43%	2.21% – 2.45%

11. Net Loss Per Share

The Company presents basic net loss per share using the two-class method. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to common stockholders and that determines basic net loss per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings that would have been available to common stockholders. A participating security is defined as a security that may participate in undistributed earnings with common stock. The Company's capital structure includes securities that participate with common stock on a one-for-one basis for distribution of dividends. These are the Series B Preferred Stock and the Series A Preferred Stock. The Company determines the diluted net income per share by using the more dilutive of the two-class method or the treasury stock method and by including the basic weighted average of the outstanding preferred shares in the calculation of diluted net income per share under the two-class method and including all potential common shares assumed issued in the calculation of diluted net income per share under the treasury stock method.

The following table sets forth the computation of basic and diluted net loss per share:

	Fiscal Year Ended December 31,	
	2020	2019
	(dollars in thousands, except per share amounts)	
Numerator – basic and diluted:		
Net loss attributable to AST & Science	$ (24,061)	$ (10,885)
Cumulative convertible preferred stock dividends	(8,290)	(523)
Income available to common shareholders	(32,351)	(11,408)
Denominator – basic and diluted:		
Shares used in computing net loss per share attributable to common stockholders	5,500,404	5,500,000
Basic and diluted net loss per share attributable to common stockholders	$ (5.88)	$ (2.07)

For the year ended December 31, 2020, 3,449,959 shares of preferred stock convertible into common stock and 815,233 shares of underlying stock options were excluded from the calculation of diluted earnings per share as their effect on the calculation would have been anti-dilutive.

12. Related Parties

On December 15, 2017, the Company exchanged 110,000 common shares for a $0.1 million promissory note receivable due from an executive officer of the Company. The note receivable accrues interest monthly at a rate of two percent and is payable on December 15, 2027 or upon a Deemed Liquidation event. As the executive officer paid fair value for the shares, the Company determined that the transaction would be presented as a reduction to Members' Equity. The executive officer repaid all amounts outstanding relating to the promissory note receivable in December 2020.

On July 11, 2019, the Company entered into a promissory note agreement with the Founder and Chief Executive Officer of AST (the "Founder Note"). Under the terms of the original and amended agreement dated September 10, 2019, the principal amount borrowed by the Company was $1.75 million bearing interest at 2.37% per annum. The balance outstanding under the Founder Note was $1.75 million and interest expense related to the Founder Note was less than $0.1 million for the year ended December 31, 2020. The Company repaid all amounts outstanding relating to the Founder Note on March 3, 2020.

On March 1, 2018, NanoAvionika entered into the Option Agreement with InMotion Holdings, LLC, a Delaware limited liability company wholly-owned by AST's Chief Executive Officer and Chairman of the Board, Abel Avellan, whereby Nano granted InMotion 2,919 option shares in connection with a Service Agreement between Nano and InMotion dated March 1, 2018 (the "Services Agreement") pursuant to which InMotion is to provide consulting services to Nano. The option shares vest over a three-year period and for so long as the Service Agreement is in effect. In addition, the options shares are only exercisable upon a change of control. For this reason, the Company has not recognized any expense related to the grant of these shares. For such consulting services, InMotion is also entitled to receive, but has never billed to or collected from Nano a management fee totaling $15,000 per month.

On January 20, 2020, the Company entered into the Support Services Agreement with Finser Corporation ("Finser"), which is part of the Cisneros Group of Companies, of which a member of the Board of Directors is the Chief Executive Officer, whereby Finser will provide the Company consulting and administrative support services. The Company incurred $0.2 million in consulting services for the year ended December 31, 2020, which were included within the general and administrative expenses on the Consolidated Statement of Operations.

13. Significant Agreements

Launch Services Agreement with GK Launch Services

On July 17, 2020, the Company entered into an agreement with GK Launch Services ("the Contractor") as part of the testing and development of the BlueWalker 3 Satellite (the "Launch Services Agreement"). Under the Launch Services Agreement, the Contractor will provide payload and launch services for the BlueWalker 3 Satellite. The Company has agreed to pay the Contractor up to $7.8 million in exchange for its services on a milestone-based schedule, commencing at the inception of the contract and continuing until the Company's final acceptance of the results of the launch services. In July 2020, the Company paid the Contractor an upfront, nonrefundable amount of $1.6 million. In September 2020, the Company paid the Contractor an additional nonrefundable installment of $1.2 million. Total additional payments of $5.0 million are due to the Contractor beginning in 2021 based on the completion of certain contingent milestones and the completion of services.

The Company may terminate the Launch Services Agreement at any time, without obligation to pay future milestone payments, unless the Contractor has commenced services in relation to that milestone, in which case the Company must pay a portion of that future milestone payment proportionate to the services provided to-date. In the event of termination, the Contractor is entitled to retain all payments made by the Company for any milestones achieved to-date. As of December 31, 2020, the Company classified $3.6 million of costs incurred made to-date within BlueWalker 3 Satellite – Construction in progress on the Consolidated Balance Sheets.

Rakuten Commercial Agreement and Amended and Restated Commercial Agreement

In connection with the Second Series B Issuance, the Company entered into a commercial agreement on February 14, 2020 (the "Rakuten Commercial Agreement") with Rakuten, whereby Rakuten will receive unlimited exclusive rights and usage of the AST Satellite Constellation capacity in Japan and AST will receive a fixed $0.5 million annual maintenance fee payable to the Company upon the launch of such coverage. The Company does not expect to launch the AST Satellite Constellation capacity in Japan until 2023.

The terms of the Rakuten Commercial Agreement will continue for so long as Rakuten owns a majority of the Series B Preferred Stock or the equity interest into which those shares convert (see Note 5). The Rakuten Agreement also provides that Rakuten will receive preferential commercial terms in certain Rakuten partner markets where the SpaceMobile Service will be made to cellular subscribers.

The Company has determined that its sole performance obligation in the Rakuten Commercial Agreement is to provide the unlimited exclusive rights and usage of the AST Satellite Constellation capacity in Japan over the contract term, which includes the maintenance of Rakuten's earth stations in Japan, commencing on the date of coverage launch (the "Coverage Term"). The Company will therefore recognize the annual payments associated with the exclusive rights and maintenance over the Coverage Term using a time-based measure toward complete satisfaction of the performance obligation. During the year ended December 31, 2020, the Company did not receive any payments or recognize any revenue pursuant to the Rakuten Commercial Agreement.

On December 15, 2020, the Company executed the Amended and Restated Commercial Agreement (the "A&R Commercial Agreement"). The A&R Commercial Agreement did not substantively impact the terms of the Rakuten Commercial Agreement except the Rakuten Redemption Clause as described in Note 5.

Dialog Design and Manufacturing Agreement

On September 29, 2020, the Company entered into a Design and Manufacturing Agreement with Dialog Semiconductor Operations Services Ltd ("Dialog"). Dialog will provide the delivery of design and supply chain services for four radio-frequency integrated circuits ("RFICs"), in addition to materials, facilities, and equipment required for the design and validation of these RFICs.

The Company has agreed to pay Dialog up to $7.0 million for its services on a milestone-based schedule, commencing with $0.5 million due to Dialog at project start, with an additional $3.6 million due in the first two stages of the SOW (design and qualification). Additionally, the Company has agreed to pay $2.9 million under an optional third stage (production), including the purchase of production units from Dialog, under the condition that the Company completes an additional financing. The Company incurred $0.8 million in costs related to this during the year ended December 31, 2020, which have been recorded to Research and development costs in the Consolidated Statement of Operations.

Equity Purchase Agreement

On December 15, 2020, the Company entered into an equity purchase agreement (the "Equity Purchase Agreement") with New Providence Acquisition Corp. ("NPA"), a blank check company formed as a Delaware corporation, whereby AST and NPA will enter into a business combination transaction (the "Business Combination"), subject to approval of NPA's current shareholders to affect the merger.

14. Subsequent Events

The Company has evaluated subsequent events for financial statement purposes occurring through February 26, 2021, the date these financial statements were issued, and determined that no additional subsequent events had occurred that would require recognition in these financial statements and that all subsequent events that require disclosure have been disclosed.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below have the same meaning as terms defined and included elsewhere in this Form 8-K.

Introduction

Under the Equity Purchase Agreement, a series of transactions occurred, including the following: NPA (i) entered into the A&R Certificate of Incorporation to, among other things, (a) changed the name of NPA to AST SpaceMobile, Inc., (b) converted all then-outstanding Sponsor Stock, into Class A Common Stock and (c) authorized the issuance of Class B Common Stock and Class C Common Stock, (ii) replaced the Existing Bylaws with the SpaceMobile Bylaws, and (iii) entered into the Tax Receivable Agreement with AST and the Existing Equityholders as part of the transaction. Following the Closing Date, NPA is organized in an “Up-C” structure in which substantially all of the operating assets of AST’s business are held by AST, and NPA’s only assets are its equity interests in AST.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X. The following unaudited pro forma condensed combined financial statements of the Company presents the combination of the financial information of NPA and AST, adjusted to give effect to the Business Combination including:

- the reverse recapitalization between AST and NPA, whereby no goodwill or other intangible assets are recorded;
- the completion of the PIPE Investment pursuant to the PIPE subscription agreements; and
- the effectiveness of the Tax Receivable Agreement.

NPA was a blank check company incorporated on May 28, 2019 as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. On September 13, 2019, the closing date of the IPO, NPA completed its IPO of 20,000,000 units at $10.00 per unit, generating gross proceeds of $200,000,000. Simultaneously with the closing of the IPO, NPA completed the sale of 5,500,000 private placement warrants to the Sponsor at a price of $1.00 per warrant, generating gross proceeds of $5,500,000. The 20,000,000 public warrants issued in the IPO units and the 5,500,000 private placement warrants are each exercisable for one share of Class A Common Stock at an exercise price of $11.50. On September 19, 2019, in connection with the underwriters’ full exercise of their over-allotment option, NPA completed the sale of an additional 3,000,000 units and the sale of an additional 600,000 private placement warrants, generating total gross proceeds of $30,600,000. Following the IPO, the exercise of the over-allotment option and the sale of the private placement warrants, a total of $230,000,000 was placed in the Trust Account. At the close of the transaction, immediately prior to the effect of redemptions, there was approximately $232 million held in the Trust Account.

AST was organized as a limited liability company under the laws of the State of Delaware on May 31, 2017. AST’s SpaceMobile Service is expected to provide cost-effective, high-speed mobile broadband services with global coverage to all end-users, regardless of where they live or work, without the need to purchase special equipment. The SpaceMobile Service would be the first global space-based cellular broadband network using LEO satellites to provide connectivity to any standard, unmodified, off-the-shelf mobile phone or 2G/3G/4G LTE/5G and IoT-enabled device. We believe AST’s innovative satellite designs and components will reduce the communication delay effects which existing geostationary satellite systems experience. The SpaceMobile Service is intended to provide global coverage for users traveling in and out of areas without terrestrial mobile services on land, at sea or in flight.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2020 assumes that the Business Combination occurred on December 31, 2020. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 present the pro forma effect to the Business Combination as if they had been completed on January 1, 2020.

The unaudited pro forma condensed combined financial statements have been presented for illustrative purposes only and do not necessarily reflect what the Company's financial condition or results of operations would have been had the Business Combination occurred on the dates indicated. Further, the pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of the Company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The historical financial information of NPA was derived from the audited financial statements of NPA as of and for the year ended December 31, 2020, incorporated by reference into this Form 8-K. The historical financial information of AST was derived from the audited consolidated financial statements of AST as of and for the year ended December 31, 2020, incorporated by reference into this Form 8-K. This information should be read together with NPA's and AST's audited financial statements and related notes, the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of NPA*," in NPA's Annual Report on Form 10-K for the year ended December 31, 2020 (as amended), which is incorporated by reference in this Form 8-K, "*Management's Discussion and Analysis of Financial Condition and Results of Operations of AST*" attached as Exhibit 99.3 to this Form 8-K and other financial information incorporated by reference into this Form 8-K.

The Business Combination has been accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with United States generally accepted accounting principles ("GAAP"). The AST members continue to control AST before and after the Business Combination. As there is no change in control, AST was determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- AST members have a majority of the voting power of the Company;
- AST has the ability to nominate and represent a majority of the Company's Board; and
- AST's former management comprises the vast majority of the management and executive positions of the Company.

Under this method of accounting, NPA was treated as the "acquired" company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of AST issuing stock for the net assets of NPA, accompanied by a recapitalization. The net assets of NPA were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are those of AST.

Description of the Business Combination

On December 15, 2020, NPA entered into the Equity Purchase Agreement. The consideration paid in connection with the Business Combination consisted of the Contribution Amount. Following the completion of the Equity Purchase Agreement, a series of transactions occurred including the following: NPA (i) entered into the A&R Certificate of Incorporation to, among other things, (a) changed the name of NPA to AST SpaceMobile, Inc., (b) converted all then-outstanding Sponsor Stock into Class A Common Stock and (c) authorized the issuance of Class B Common Stock and Class C Common Stock, (ii) replaced the Existing Bylaws with the SpaceMobile Bylaws, and (iii) entered into the TRA with AST and the Existing Equityholders as part of the transaction.

Additionally, the Existing Equity holders, the Company and AST entered into the A&R Operating Agreement of AST, which, among other things, (i) restructured the capitalization of AST to (a) authorize the issuance of AST Common Units to NPA, (b) reclassified the Existing AST Units, other than any Existing AST Prior Incentive Equity Units, held by the Existing Equityholders into AST Common Units and (c) reclassified all of the Existing AST Prior Incentive Equity Units into AST Incentive Equity Units, concurrently with and subject to adjustments to the AST Options affecting the number of units and exercise price (as applicable) thereof, (ii) appointed NPA as the managing member of AST. Pursuant to the completion of the Equity Purchase Agreement, each Existing AST Unit held by each Existing Equityholder were automatically reclassified into the number of AST Common Units set forth in Schedule I of the Equity Purchase Agreement. Following this reclassification, any certificates outstanding evidencing ownership of Existing AST Units are of no further force or effect.

Following the completion of the Equity Purchase Agreement, the Company is organized in an "Up-C" structure whereby the existing members of AST received a class of noneconomic common shares (Class B Common Stock) and Abel Avellan, the prior controlling party of AST, received a class of super-voting, noneconomic common shares (Class C Common Stock) in the Company while retaining economic interests in AST that are exchangeable to Class A Common Stock or redeemable for cash. When a holder of Class B Common Stock exchanges AST Common Units for shares of Class A Common Stock, a number of shares of Class B Common Stock equal to the number of such AST Common Units will be immediately retired and will no longer be outstanding. However, when a holder of Class C Common Stock exchanges AST Common Units for Class A Common Stock, no shares of Class C Common Stock are retired until the shares of Class A Common Stock received in exchange are transferred to a person who is not a Key Holder. By contrast, if AST Common Units are redeemed for cash, whether by holders of Class B Common Stock or Class C Common Stock, a corresponding number of shares of Class B Common Stock or Class C Common Stock will be retired and will no longer be outstanding.

The following table shows the effect on the voting rights and economic interests on each class of stockholders based on the economic interest and voting rights at Closing Date if all of the holders of Class B Common Stock exchanged their AST Common Units for Class A Common Stock following the closing of the Business Combination.

	Economic and Voting Rights at Closing						**Class B Holders Exchange All Common Units for Class A Common Stock Post-Closing**					
	Class A Shares	**Class B Shares**	**Class C Shares**	**Economic %**	**Voting Rights**	**Voting %**	**Class A Shares**	**Class B Shares**	**Class C Shares**	**Economic %**	**Voting Rights**	**Voting %**
Class A Holders	51,729,704	—	—	29%	51,729,704	6%	51,729,704	—	—	29%	51,729,704	6%
Class B Holders	—	51,636,922	—	28%	51,636,922	6%	51,636,922	—	—	28%	51,636,922	6%
Class C Holders	—	—	78,163,078	43%	781,630,780	88%	—	—	78,163,078	43%	781,630,780	88%
Totals	**51,729,704**	**51,636,922**	**78,163,078**	**100%**	**884,997,406**	**100%**	**103,366,626**	**—**	**78,163,078**	**100%**	**884,997,406**	**100%**

Because all of the shares of Class B Common Stock are retired immediately upon exchange, and effectively replaced with Class A Common Stock, the economic interest and voting rights of the various classes of stockholders do not change following such exchange.

The effect of the holders of Class C Common Stock collectively exchanging all of their AST Common Units for shares of Class A Common Stock, is reflected in the table below.

	Economic Interests and Voting Rights at Closing						**Class C Holders Exchange All Common Units for Class A Common Stock Post-Closing**					
	Class A Shares	**Class B Shares**	**Class C Shares**	**Economic %**	**Voting Rights**	**Voting %**	**Class A Shares**	**Class B Shares**	**Class C Shares**	**Economic %**	**Voting Rights**	**Voting %**
Class A Holders	51,729,704	—	—	29%	51,729,704	6%	51,729,704	—	—	20%	51,729,704	6%
Class B Holders	—	51,636,922	—	28%	51,636,922	6%	—	51,636,922	—	20%	51,636,922	6%
Class C Holders	—	—	78,163,078	43%	781,630,780	88%	78,163,078	—	78,163,078	60%	781,630,780	88%
Totals	**51,729,704**	**51,636,922**	**78,163,078**	**100%**	**884,997,406**	**100%**	**129,892,782**	**51,636,922**	**78,163,078**	**100%**	**884,997,406**	**100%**

Although the shares of Class C Common Stock remain outstanding, they are non-economic, and so the economic percentages for each class of stockholder do not change by virtue of the exchange. Furthermore, the voting percentages do not change either, because the calculation of the Class C Share Voting Amount, reduces the number of shares that each share of Class C Common Stock bears by an amount proportional to the number of shares of other voting stock (other than Class C Common Stock) held by the Class C Common Stockholder. The practical effect of the formula used to calculate the Class C Share Voting Amount is that it will cap the aggregate voting power of the Class C Common Stock so that, in most scenarios, the voting power of the Class C Common Stock will not increase, or will increase more slowly than it would otherwise in the event the Class C holders acquire additional voting stock in the Company. In this example, because the Class C Stockholders received additional voting stock in the form of Class A Common Stock, the Class C Share Voting Amount is reduced from 10 votes per share (at Closing) to approximately 9 votes per share, so the overall voting power of the Class C shares remains constant.

As such, in these examples, a holder of Class B Common Stock exchanging AST Common Units for Class A Common Stock and forfeiting its voting shares of Class B Common Stock, such holder has the same voting and economic rights in the Company before and after such transaction. Upon a holder of Class C Common Stock exchanging AST Common Units for Class A Common Stock but not also forfeiting its voting shares of Class C Common Stock, such holder retains their same ownership rights in the Company before and after such exchange; however, because the holder retains shares of Class C Common Stock until the corresponding shares of Class A Common Stock are transferred to non-Key Holders, the holder's voting rights remain the same as before the exchange. Although the holder of Class C Common Stock now has additional voting stock in the Company—the Class A Common Stock received in exchange of AST Common Units—the number of votes each share of Class C Common Stock bears is reduced (through the calculation of the Class C Share Voting Amount) so that the holder's overall voting power does not increase.

However, there can be situations in the future where, unlike the above example, a holder of Class C Common Stock could exchange AST Common Units for shares of Class A Common Stock and increase their voting power, because the cap in the calculation of "Class C Share Voting Amount" does not come into play. Holders of Class C Common Stock could, in certain situations, increase their voting power by conducting an exchange of AST Common Units, even when their economic position does not change. The following table shows the effect an exchange of AST Common Units by holders of Class C Common Stock could have if undertaken at a time when the total share base of the Company is significantly expanded. The columns on the right reflect that, as the result of subsequent issuances, the number of Class A shares outstanding has increased four-fold, to 207,000,000 shares, with no changes in the holdings of the other classes of stockholder. The columns on the right show the effect on voting and economic interests caused by a Class C Holder exchanging 20% of their total AST Common Units when the Class A share base is so expanded.

	Economic Interests and Voting Rights with Four-Fold Increase in Public Float						**Class C Holders Exchange 20% of Aggregate Common Units for Class A Common Stock**					
	Class A Shares	**Class B Shares**	**Class C Shares**	**Economic %**	**Voting Rights**	**Voting %**	**Class A Shares**	**Class B Shares**	**Class C Shares**	**Economic %**	**Voting Rights**	**Voting %**
Class A Holders	206,918,816	—	—	62%	206,918,816	19.9%	206,918,816	—	—	58%	206,918,816	19.6%
Class B Holders	—	51,636,922	—	15%	51,636,922	5.0%	—	51,636,922	—	15%	51,636,922	4.9%
Class C Holders	—	—	78,163,078	23%	781,630,780	75.1%	15,632,616	—	78,163,078	27%	797,263,396	75.5%
Totals	**206,918,816**	**51,636,922**	**78,163,078**	**100%**	**1,040,186,518**	**100%**	**222,551,432**	**51,636,922**	**78,163,078**	**100%**	**1,055,819,134**	**100%**

In this case, although the Class C Holders have not increased their economic stake in the Company — only exchanged their AST Common Units for Class A Common Stock — because they can now vote that Class A Common Stock in addition to the Class C Common Stock that has not been retired, they have increased their number of total votes by approximately 15.6 million and their percentage of voting power by 0.4% relative to the holders of Class A and Class B Common Stock.

Following the completion of the transactions contemplated by the Equity Purchase Agreement, Avellan holds all the outstanding shares of Class C Common Stock and as a percentage of the sum of Class A Common Stock, Class B Common Stock and Class C Common Stock outstanding that is approximately 43% of the total. In addition to voting together with Class A Common Stock and Class B Common Stock (with one vote per share) on all matters, as a holder of Class C Common Stock, Avellan is, prior to the Sunset Date, entitled to a number of votes on all matters on which stockholders are entitled to vote equal to the lesser of 10 votes per share and the Class C Share Voting Amount, the latter of which is a number of votes per share equal to (i) the Closing Class C Percentage (which is approximately 88%) of the total voting power of the outstanding voting stock of the Company, minus (ii) the total voting power of the outstanding stock of the Company owned or controlled by the Key Holders (other than of Class C Common Stock), divided by (iii) the number of shares of Class C Common Stock outstanding.

All the Company’s assets are held directly by, and all of the Company’s operations are conducted through, AST, and the Company’s only direct asset consists of the AST Common Units. The existing AST equity holders control own approximately 71% of AST Common Units, respectively; the Company is the sole manager of AST in accordance with the terms of the A&R Operating Agreement entered into in connection with the closing of the Business Combination. After the Closing Date, current NPA stockholders, together with the PIPE Investors, own approximately 29% of the combined Class A Common Stock. The public and private placement warrants remained outstanding following the Business Combination.

In connection with the Business Combination, NPA entered into the Subscription Agreements with the PIPE Investors, under which NPA issued 23 million shares of NPA Class A Common Stock at $10.00 per share, for gross proceeds to NPA of approximately $230 million.

Also, at the closing of the Business Combination, the Company, AST, the Existing Equity holders and the TRA Holder Representative entered into the Tax Receivable Agreement. Under the Tax Receivable Agreement, AST SpaceMobile is generally required to pay the TRA Holders 85% of the amount of savings, if any, in U.S. federal, state, local, and foreign taxes that are based on, or measured with respect to, net income or profits, and any interest related thereto that the Tax Group (i.e., the Company and applicable consolidated, unitary, or combined Subsidiaries thereof) realizes, or is deemed to realize, as a result of certain Tax Attributes, which include:

- existing tax basis in certain assets of AST and certain of its direct or indirect Subsidiaries, including assets that will eventually be subject to depreciation or amortization, once placed in service, attributable to AST Common Units acquired by the Company from a TRA Holder (including AST Common Units held by a Blocker Corporation acquired by the Company in a Reorganization Transaction (as defined in the Tax Receivable Agreement)), each as determined at the time of the relevant acquisition;

- tax basis adjustments resulting from taxable exchanges of AST Common Units (including any such adjustments resulting from certain payments made by the Company under the Tax Receivable Agreement) acquired by the Company from a TRA Holder pursuant to the terms of the A&R Operating Agreement;

- tax deductions in respect of portions of certain payments made under the Tax Receivable Agreement; and

- certain tax attributes of Blocker Corporations holding AST Common Units that are acquired directly or indirectly by the Company pursuant to a Reorganization Transaction.

The following summarizes the consideration for the Business Combination:

in thousands [(a)]		
Cash held in the Trust Account prior to redemptions	$	232,033
Less: Redemptions		(205)
Proceeds of PIPE Investment		230,000
Less: Deferred underwriting commissions		(4,830)
Contribution Amount	$	456,998

(a) The Contribution Amount that was contributed to AST is calculated based on the $232.0 million of NPA cash and $230.0 million raised from the PIPE Investment less $4.8 million for deferred underwriting commissions payable to BTIG and $0.2 million in redemptions. The Contribution Amount does not reflect a reduction of $0.6 million related to the repayment of a 2021 loan between the Sponsor and NPA upon closing of the Business Combination.

The following summarizes the pro forma shares of Common Stock economic ownership and voting rights associated with such shares:

Ownership and Voting

in actuals	Shares	Ownership %	Voting Rights	Voting %
Class A Common Stock[(a)]	51,729,704	29%	51,729,704	6%
Class B Common Stock[(b)]	51,636,922	28%	51,636,922	6%
Class C Common Stock[(c)]	78,163,078	43%	781,630,780	88%
Total Shares at Closing	**181,529,704**	**100%**	**884,997,406**	**100%**

(a) Excludes (i) 129,800,000 AST Common Units held by parties other than the Company outstanding immediately following the completion of the Business Combination, (ii) 6,100,000 private placement warrants outstanding and (iii) 11,500,000 public warrants outstanding. AST Common Units are redeemable for, at the Company's election (subject to certain exceptions), either cash (based on the market price for a share of Class A Common Stock at the time of the redemption) or an equal number of shares of Class A Common Stock.

(b) Class B Common Stock are non-economic and carry one vote per share whereas Class A Common Stock are economic shares and will have one vote per share.

(c) Class C Common Stock are non-economic and, until the Sunset Date, will entitle the holder thereof to cast a number of votes on all matters on which stockholders are entitled to vote equal to the lesser of (x) 10 votes and (y) the Class C Share Voting Amount, whereas Class A Common Stock are economic shares and will have one vote per share. From and after the Sunset Date, Class C Common Stock will entitle the holder thereof to case one vote per share.

The following unaudited pro forma condensed combined balance sheet as of December 31, 2020, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 are based on the historical financial statements of NPA and AST. The unaudited pro forma adjustments are based on information currently available, assumptions and estimates underlying the unaudited pro forma adjustments and are described in the accompanying notes. Actual results may differ materially from the assumptions used to present the accompanying unaudited pro forma condensed combined financial information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2020
(in thousands)

	NPA (Historical) (US GAAP)	AST (Historical) (US GAAP)	Combined	Pro Forma Adjustments		Pro Forma Combined
ASSETS						
Current Assets						
Cash and cash equivalents	$ 131	$ 42,777	$ 42,908	(110)	**(A)**	$ 461,137
				232,033	**(B)**	
				230,000	**(C)**	
				(5,295)	**(C) (E)**	
				(8,050)	**(E)**	
				(29,482)	**(E)**	
				(350)	**(G)**	
				(312)	**(F)**	
				(205)	**(N)**	
Accounts receivable, net	-	2,081	2,081	-		2,081
Inventory	-	2,591	2,591	-		2,591
Prepaid expenses	23	1,249	1,272	-		1,272
Other current assets	55	2,234	2,289	(1,107)	**(E)**	1,182
Property and Equipment						
BlueWalker 3 satellite - construction in progress	-	27,013	27,013	-		27,013
Property and equipment, net	-	10,057	10,057	-		10,057
Other Long-Term Assets						
Operating lease right-of-use assets	-	$ 7,045	7,045	-		7,045
Intangible assets, net	-	526	526	-		526
Goodwill, net	-	3,912	3,912	-		3,912
Investment and cash held in trust account	232,196	-	232,196	(163)	**(A)**	-
				(232,033)	**(B)**	
Other assets and deposits	-	160	160	-		160
Total Assets	**$ 232,405**	**$ 99,645**	**$ 332,050**	**184,926**		**$ 516,976**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Accounts payable	$ 634	$ 4,990	$ 5,624	$ (559)	**(D)**	$ 4,631
				(359)	**(E)**	
				(75)	**(F)**	
Accrued expenses	-	4,222	4,222	559	**(D)**	4,104
				(450)	**(E)**	
				(227)	**(F)**	
Deferred revenue	-	3,401	3,401	-		3,401
Current operating lease liability	-	504	504	-		504
Long-Term Liabilities						
Deferred tax liabilities	10	-	10	(10)	**(F)**	-
				-	**(H)**	
Deferred underwriting fees payable	8,050	-	8,050	(8,050)	**(E)**	-
Warrant liabilities	68,114	-	68,114	-		68,114
Non-current operating lease liability	-	6,541	6,541	-		6,541
Total Liabilities	**76,808**	**19,658**	**96,466**	**(9,171)**		**87,295**
Redeemable Equity						-
Common stock subject to possible redemption	150,597	-	150,597	(150,597)	**(I)**	-
Equity						
Class A Common Stock	1	-	1	2	**(C)**	6
				2	**(I)**	
				1	**(K)**	
				-	**(N)**	
Class B Common Stock	1	-	1	(1)	**(K)**	5
				5	**(L)**	
Class C Common Stock	-	-	-	8	**(L)**	8
Series A convertible preferred units, net		9,394	9,394	(9,394)	**(L)**	-
Series B convertible preferred units, net		102,717	102,717	(102,717)	**(L)**	-
Founder's common equity	-	5,462	5,462	(5,462)	**(L)**	-
Accumulated other comprehensive income (loss)	-	(168)	(168)	168	**(J)**	-
Additional paid in capital	59,840	-	59,840	229,998	**(C)**	162,191
				(5,295)	**(C) (E)**	
				(29,780)	**(E)**	

				150,595	**(I)**	
				(305,512)	**(M)**	
				(168)	**(J)**	
				(54,842)	**(J)**	
				117,560	**(L)**	
				(205)	**(N)**	
Accumulated deficit	(54,842)	(39,908)	(94,750)	(273)	**(A)**	(40,531)
				(350)	**(G)**	
				54,842	**(J)**	
Total equity attributable to stockholders	**5,000**	**77,497**	**82,497**	**39,182**		**121,679**
Noncontrolling interests	-	2,490	2,490	305,512	**(M)**	308,002
Total equity	**5,000**	**79,987**	**84,987**	**344,694**		**429,681**
Total liabilities and equity	**$ 232,405**	**$ 99,645**	**$ 332,050**	**$ 184,926**		**$ 516,976**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(in thousands, except share and per share data)

	NPA (Historical) (US GAAP)	AST (Historical) (US GAAP)	Combined	Pro Forma Adjustments (1)		Pro Forma Combined (1)
Revenues	$ -	$ 5,967	$ 5,967	$ -		$ 5,967
Cost of Sales	-	(3,025)	(3,025)	-		(3,025)
Gross Profit	**-**	**2,942**	**2,942**	**-**		**2,942**
Operating Expenses						
Engineering services	-	(13,081)	(13,081)	-		(13,081)
General and administrative cost	-	(12,320)	(12,320)	(350)	**AA**	(12,670)
Research and development cost	-	(1,011)	(1,011)	-		(1,011)
Formation and operating cost	(1,125)	-	(1,125)	120	**BB**	(1,005)
Depreciation and amortization	-	(887)	(887)	-		(887)
Total Operating Expense	**(1,125)**	**(27,299)**	**(28,424)**	**(230)**		**(28,654)**
Other Income and Expense						
Interest and dividend Income	1,480	71	1,551	(1,480)	**CC**	71
Changes in fair value of warrant liabilities	(52,152)	-	(52,152)	-		(52,152)
Interest expense	-	(10)	(10)	-		(10)
Other income and (expense), net	2	22	24	-		24
Total other income /(expense)	**(50,670)**	**83**	**(50,587)**	**(1,480)**		**(52,067)**
Loss before income taxes	**(51,795)**	**(24,274)**	**(76,069)**	**(1,710)**		**(77,779)**
Provision for income taxes	(166)	(131)	(297)	-		(297)
Net Loss	**(51,961)**	**(24,405)**	**(76,366)**	**(1,710)**		**(78,076)**
Less: Net loss attribute to non-controlling interest	-	344	344	54,812	**DD**	55,156
Loss attributable to stockholders	**(51,961)**	**(24,061)**	**(76,022)**	**53,102**		**(22,920)**
Net loss per common share	$ (6.13)					$ (0.44)
Weighted average shares outstanding						
Basic and diluted	8,598,542					51,729,704

(1) Net loss per common share is based on the weighted average shares of Class A Common Stock and does not include Class B Common Stock and Class C Common Stock as these shares are non-economic.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The Business Combination will be accounted for as a reverse recapitalization in accordance with GAAP as AST has been determined to be the accounting acquirer, primarily due to the fact that AST shareholders continue to control the Company. Under this method of accounting, while NPA is the legal acquirer, it is treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of AST issuing stock for the net assets of NPA, accompanied by a recapitalization. The net assets of NPA are stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination are those of AST.

The unaudited pro forma condensed combined balance sheet as of December 31, 2020 assumes that the Business Combination occurred on December 31, 2020. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 present pro forma effect to the Business Combination as if they have been completed on January 1, 2020.

The unaudited pro forma condensed combined balance sheet as of December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- NPA's audited balance sheet as of December 31, 2020 and the related notes, incorporated by reference into this Form 8-K; and
- AST's audited consolidated balance sheet as of December 31, 2020 and the related notes, incorporated by reference into this Form 8-K .

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2020 has been prepared using, and should be read in conjunction with, the following:

- NPA's audited statement of operations for the year ended December 31, 2020 and the related notes, incorporated by reference into this Form 8-K and
- AST's audited consolidated statement of operation for the year ended December 31, 2020 and the related notes, incorporated by reference into this Form 8-K statement.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings, cost savings or anticipated costs of operating a public company that may be associated with the Business Combination.

The pro forma adjustments reflecting the completion of the Business Combination are based on certain currently available information and certain assumptions and methodologies that we believe are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. We believe that these assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the Company. They should be read in conjunction with the historical financial statements and notes thereto of the Company and AST.

2. Accounting Policies

Upon completion of the Business Combination, the Company's management performed a comprehensive review of the two entities' accounting policies. As a result of the review, management may identify differences between the accounting policies of the two entities which, when conformed, could have a material impact on the financial statements of the Company. Based on initial analysis, management did not identify any differences that would have a material impact on the unaudited pro forma condensed combined financial information. As a result, the unaudited pro forma condensed combined financial information does not assume any differences in accounting policies.

3. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses". Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the transaction ("Transaction Accounting Adjustments") and present the reasonably estimable synergies and other transaction effects that have occurred or reasonably expected to occur ("Management's Adjustments"). We have elected not to present Management's Adjustments and will only be presenting Transaction Accounting Adjustments in the following unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the Company filed consolidated income tax returns during the periods presented.

The unaudited pro forma basic and diluted earnings per share amounts presented in the unaudited pro forma condensed combined statements of operations are based upon the amount of Class A Common Stock outstanding, assuming the Business Combination occurred on January 1, 2020.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The adjustments included in the unaudited pro forma condensed combined balance sheet as of December 31, 2020 are as follows:

(A) Reflects the change in the cash and cash equivalents, and cash held in Trust balances held by NPA, prior to redemption payments, at the close of the Business Combination.

(B) Reflects the reclassification of $232.0 million of investments and cash held in the Trust Account, prior to redemptions, that became available to fund the Business Combination.

(C) Represents the gross proceeds of $230.0 million from the issuance of 23 million shares of Class A Common Stock at $0.0001 par value, in the PIPE Investment offset by the PIPE Investment fee of $5.3 million.

(D) Reflects the reclassification of NPA's historical accrued expenses to align with the balance sheet presentation of AST.

(E) Reflects the settlement of $43.7 million of transaction costs in connection with the Business Combination, of which $0.8 million has been paid as of December 31, 2020. $5.3 million relates to the PIPE Investment fee as noted above and is reflected as a reduction of additional paid-in capital as those are directly related to the equity raise. $8.1 million is the settlement of NPA's deferred underwriting compensation fees incurred during the IPO due upon completion of the Business Combination of which $4.8 million is payable to BTIG. $0.8 million relates to the settlement of the accrued transaction expenses within accrued expenses and accounts payable. $1.1 million of deferred transaction costs which is directly related to the equity raise is reflected within additional paid in capital. The remaining settlement amount of $29.5 million relates to advisory, legal, and other fees incurred and is reflected within additional paid-in capital.

(F) Reflects the settlement of NPA's historical liabilities after payment of liabilities related to transaction costs in connection with the Business Combination that was settled upon the close of the Business Combination.

(G) Reflects the reduction in cash for the one-time discretionary transaction bonus approved by the AST board of directors to Mr. Severson for efforts towards the completion of the Business Combination.

(H) Pursuant to the Tax Receivable Agreement, the Company will generally be required to pay the TRA Holders 85% of the amount of savings, if any, in U.S. federal, state, local, and foreign taxes that are based on, or measured with respect to, net income or profits, and any interest related thereto that the Tax Group realizes, or is deemed to realize, as a result of certain Tax Attributes, which include existing tax basis in certain assets of AST and certain of its direct or indirect Subsidiaries, including assets that will eventually be subject to depreciation or amortization, once placed in service, attributable to AST Common Units acquired by the Company from a TRA Holder (including AST Common Units held by a Blocker Corporation acquired in a Reorganization Transaction (as defined in the Tax Receivable Agreement)), each as determined at the time of the relevant acquisitions; tax basis adjustments resulting from taxable exchanges of AST Common Units (including any such adjustments resulting from certain payments made by the Company under the Tax Receivable Agreement) acquired by the Company from a TRA Holder pursuant to the terms of the A&R Operating Agreement; tax deductions in respect of portions of certain payments made under the Tax Receivable Agreement; and certain tax attributes of Blocker Corporations holding AST Common Units that are acquired directly or indirectly by the Company pursuant to a Reorganization Transaction.

Upon the completion of the Business Combination, the Tax Group did not acquire any AST Common Units in an Exchange or Reorganization Transaction, as defined in the Tax Receivable Agreement. As a result, no Tax Receivable Agreement liability has been recorded. As part of the Business Combination, the Company obtains an increased tax basis in its AST Common Units. The gross (pre-tax) deferred tax asset relating to SpaceMobile's investment in AST is approximately $299 million. The Company has assessed the realizability of their deferred tax assets and in that analysis has considered the relevant positive and negative evidence available to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. As a result, the Company has recorded a full valuation allowance against its deferred tax assets. A full valuation allowance on deferred tax assets will be maintained until there is sufficient evidence to support the reversal of all or some portion of these allowances.

(I) Reflects the reclassification of the NPA Class A Common Stock subject to possible redemption to permanent equity at $0.0001 par value.

(J) Reflects the reclassification of NPA's historical accumulated deficit and AST's accumulated other comprehensive loss to additional paid in capital as part of the recapitalization.

(K) Reflects the conversion of Founder Shares to Class A Common Stock at the closing of the Business Combination. In connection with the closing of the Business Combination, all Founder Shares converted into shares of Class A Common Stock.

(L) Reflects conversion of redeemable preferred units and AST Series A Preferred Units and AST Series B Preferred Units into AST Common Units, and the recapitalization of AST as the issuance of Class B Common Stock and Class C Common Stock as consideration for the reverse recapitalization.

(M) Reflects the recognition of 71% noncontrolling interests as a result of the Up-C structure. The noncontrolling interest is determined based on the noncontrolling interest percentage of NPA's pro forma equity less certain adjustments.

Our A&R Operating Agreement provides that the AST Common Units not held by the Company provide each member with the right to cause the Company to redeem its AST Common Units in whole or in part at any time and from time to time following the waiver or expiration of the lock-up period pursuant to the Stockholders' Agreement. NPA, as the Managing Member of AST, shall have the option to elect to have the redeemed

AST Common Units redeemed for either shares of Class A Common Stock or cash as set forth in the A&R Operating Agreement (the "Cash Settlement"). The Company established a committee to exercise full control over all decisions on settlement for noncontrolling interest redemptions. The committee, named the Redemption Election Committee, has the fiduciary duties to act in the best interests of all of the Company's stockholders, was delegated the full power of the Company's Board of Directors in respect of redemption settlement decisions, and consists solely of directors that are neither nominated by, or affiliated with, any noncontrolling interest holders.

Further, the settlement decisions made by the Redemption Election Committee will be solely in the Company's control and cannot be overridden or vetoed by other board members, including Mr. Avellan. Under the Stockholders' Agreement, the Stockholder Parties agreed that, until such date as the Stockholder Parties collectively control less than 50% of the total voting power of the Company, (i) the Stockholder Parties will take all necessary action to cause the Company and the Company's Board to maintain the Redemption Election Committee of the Company's Board and its delegated powers and (ii) the provisions of the Stockholders' Agreement relating to the Redemption Election Committee cannot be amended without the express approval of the Redemption Election Committee.

The noncontrolling interest was classified as permanent equity within the pro forma balance sheet as the Company, acting through the Special Redemption Committee, may only elect to settle a redemption request in cash if the cash delivered in the exchange is limited to the cash proceeds to be received from a new permanent equity offering through issuance of Class A Common Stock in accordance with Section 11.1.2 of the Operating Agreement.

(N) Reflects the actual redemption of 20,296 shares of NPA Common Stock for aggregate redemption payments of $0.2 million at a redemption price of approximately $10.09 per share and allocated to Class A Common Stock and additional paid-in capital using par value $0.0001 per share as of the close of the transaction.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The pro forma adjustments included in the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2020 are as follows:

(AA) Reflects the one-time payment of a discretionary transaction bonus approved by the AST board of directors to Mr. Severson for efforts towards the completion of the Business Combination.

(BB) Reflects the elimination of NPA's administrative service fee paid to the Sponsor that ceased upon the close of the Business Combination.

(CC) Reflects elimination of interest income and dividends earned on the Trust Account.

(DD) Reflects the recognition of net income attributable to the 71% noncontrolling interests as a result of the Up-C structure.

4. Earnings per Share

Represents net earnings per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination, assuming the shares were outstanding since January 1, 2020. As the Business Combination are being reflected as if they had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire periods presented.

(in thousands, except share and per share data)		
Pro forma net loss attributable to stockholders	$	(22,920)
Pro forma weighted average Class A Common Stock – basic and diluted		51,729,704
Pro forma Class A net loss per ordinary share	$	(0.44)
Pro forma weighted average Class A shares outstanding – basic and diluted		
Class A – Public Stockholders		22,979,704
Class A – Sponsors		5,750,000
Total New Providence Acquisition Corp.		28,729,704
Class A – Private Placement Investors (PIPE)		23,000,000
Pro forma weighted average Class A shares outstanding – basic and diluted[1]		51,729,704

(1) The Class B Common Stock and Class C Common Stock issued for consideration are non-economic and as such are excluded from the earnings per share calculation. For the purposes of applying the treasury stock method for calculating diluted earnings per share, it was assumed that all outstanding warrants sold in the IPO and warrants sold in the private placement are exchanged for 17.6 million underlying Class A Common Stock. However, this results in anti-dilution, and the effect of such exchange was not included in calculation of diluted earnings per share.

Exhibit 99.3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the "Selected Historical Financial Information" section of this prospectus and our financial statements and the related notes. This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" sections and elsewhere in this prospectus, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

We are an innovative satellite designer and manufacturer. We operate from six locations that include our corporate headquarters and 85,000 square foot satellite assembly, integrating and testing facility in Midland, Texas, as well as operations in Maryland, Spain, the United Kingdom, and Israel. In addition, our 51% owned and controlled subsidiary, Nano, is located in Lithuania.

We and our global partners are building the first and only space-based cellular broadband network to be accessible by standard smartphones. Our SpaceMobile Service is expected to provide cost-effective, high-speed mobile broadband services with global coverage to all end-users, regardless of where they live or work, without the need to purchase special equipment. We believe the SpaceMobile Service would be the first global direct mobile broadband network using low Earth orbit ("LEO") satellites to provide connectivity to any standard, unmodified, off-the-shelf mobile phone or 2G/3G/4G LTE/5G and IoT-enabled device. We intend to partner with mobile network operators ("MNOs") to offer the SpaceMobile Service to the MNOs' end-user customers. Users will not need to subscribe to the SpaceMobile Service directly with us, nor will they need to purchase any new or additional equipment. Users will be able to access the SpaceMobile Service when prompted on their device that they are no longer within range of the land-based facilities of the MNO operator or will be able to purchase a plan directly with their existing mobile provider.

The SpaceMobile Service is planned to be provided through a network of 168 high-powered, large phased-array satellites in LEO. The worldwide mobile traffic will be directed by the SpaceMobile Service to a terrestrial gateway and then to the in-country MNO's core cellular network connected to the internet. Users will connect to the SpaceMobile Service as if they were using a local cell tower, with less communication delay effects than existing geostationary satellite communication systems experience.

On April 1, 2019, we launched our first test satellite, the BlueWalker 1 ("BW1"), which was used to validate our satellite to cellular architecture and was capable of managing communications delays from LEO orbit and the effects of doppler in a satellite to ground cellular environment using the 4G-LTE protocol. We are currently manufacturing and procuring the satellite componentry required for our BlueWalker 3 ("BW3") test satellite. As of December 31, 2020, we have incurred approximately $27.0 million on our BW3 efforts, and we intend to incur an additional $27 to $30 million to bring this project to completion. During the first half of 2021, we will be assembling and testing the BW3 satellite at our facility in Midland, Texas. BW3 is scheduled to launch in the second half of 2021. We are planning our first commercial satellite launches for the second half of 2022 or early 2023, which are expected to provide satellite coverage in certain Equatorial countries with 20 satellites. We plan to achieve full global mobile coverage with 110 satellites by the end of 2023 or early in 2024 and multiple input multiple output ("MIMO") with a total of 168 satellites by the end of 2024.

Revenue is currently generated from Nano, which consists of satellite development and manufacturing, procuring and arranging launch services, as well as in-orbit operations. Additionally, on a smaller scale, Nano offers hosted payload services, sale of individual satellite parts and subsystems, and software licenses. We are exploring the possibility of reducing our ownership interest in Nano, such that we would no longer own a majority of the share capital of Nano.

For additional information regarding our relationships with industrial and wireless infrastructure providers, see the section entitled "*Business — Key Industrial and Wireless Infrastructure Provider Relationships*."

Impact of COVID-19 Pandemic

With the on-going global spread of the COVID-19 pandemic, we have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our business. The extent to which the COVID-19 pandemic impacts our business, research and development efforts and the value of our equity, will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements, and the effectiveness of actions taken globally to contain and treat the disease. The global economic slowdown, the overall disruption of global healthcare systems and the other risks and uncertainties associated with the pandemic could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In addition, to the extent the ongoing COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties specific to the industry. To date, the pandemic has not had a material impact to our technology development efforts or results of our operations. However, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, we are not able to estimate the future effects of the COVID-19 outbreak on our results of operations, financial condition, or liquidity.

Components of Results of Operations

Revenues

To date, we have not generated significant revenues and do not expect to begin generating revenues from the SpaceMobile Service until 2023. Our 51% owned subsidiary, Nano, generates revenue from ancillary sales and services in Europe and the United States, but is primarily engaged in the development and manufacture of satellite technology. Nano also sells individual satellite parts, subsystems, and software to be configured to customers' satellites, and enters into "rideshare" type agreements whereby Nano provides hosted payload services using customers' payloads integrated with Nano-owned Satellite Buses for scheduled launches. Given the above information, any revenue recognition presented herein primarily relates to Nano's commercially available goods and services.

Cost of Sales

Cost of sales includes the purchase price of various products and services that are used in performing under Nano's revenue arrangements. Cost of sales also includes operational costs to fulfill Nano customer orders, including costs for Nano employees and overhead.

Engineering Services

Engineering costs are charged to expense as incurred. Engineering costs consist primarily of the expenses associated with our ongoing engineering efforts to establish technical feasibility of our products, as well as the cost of internal staff (such as engineers and consultants) to support these efforts. Currently, major engineering activities include procuring and manufacturing the satellite components required for the BW3 satellite. We intend to assemble and test the BW3 satellite at our Midland, Texas facility during the first half of 2021. The BW3 is scheduled to be launched during the second half of 2021. Additionally, we have established alternative uses (separate economic value) for BW3 and therefore, the hard costs (i.e., test equipment, antennas, sensors, cables, launch vehicles) and other nonrecurring costs solely associated with our BW3 developments are capitalized to its construction in progress ("CIP") account, and presented on our Consolidated Balance Sheets.

Research and Development Costs

Our research and development ("R&D") costs consist principally of non-recurring engineering developments in which we typically engage third party vendors. Currently, major R&D activities include engaging with vendors to help develop the electronic componentry and software to be used in the first commercial satellite launch phase of the SpaceMobile Service, which is expected to provide satellite coverage in certain countries along the Equator with 20 satellites.

General and Administrative Costs

Our general and administrative expenses include the costs of insurance, personnel, and outside professional services, including accounting and legal fees. We expect to incur additional expenses in anticipation of becoming 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 higher expenses for general and director and officer insurance, investor relations, and professional services.

Depreciation and Amortization

Depreciation and amortization expense includes amounts related to property and equipment as well as finite-lived intangible assets. Once BW3 is completed and successfully launched, we expect a significant portion of our depreciation expense to relate to the depreciation of this asset, given its assigned useful life is two years.

Interest Income

Our interest income consists primarily of interest earned on cash and cash equivalents held by us in interest bearing demand deposit accounts.

Interest Expense

Our interest expense consists of interest on the borrowings from our Chief Executive Officer, Abel Avellan. We repaid all amounts due under this borrowing as of March 3, 2020.

Other Income and (Expense), Net

Our other income or expense consists of miscellaneous non-operating items, such as foreign exchange gains or losses.

Income Taxes

Our income tax expense is driven by our foreign subsidiaries, primarily Israel and Nano.

Results of Operations

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

The following table sets forth a summary of our consolidated results of operations for the year-end periods indicated below and the changes between the periods.

	Year Ended December 31,		
	2020	**2019**	**$ Change**
	(dollars in thousands)		
Revenues	$ 5,967	$ 1,414	$ 4,553
Cost of sales	(3,025)	(954)	(2,071)
Gross profit	2,942	460	2,482
Operating expenses:			
Engineering services	13,081	4,668	8,413
General and administrative costs	12,320	5,404	6,916
Research and development costs	1,011	1,062	(51)
Depreciation and amortization	887	388	499
Total operating expenses	27,299	11,522	15,777
Other income and expense:			
Interest income	71	2	69
Interest expense	(10)	(22)	12
Other income and (expense), net	22	(15)	37
Total other income (expense)	83	(35)	118
Net loss before income taxes	(24,274)	(11,097)	(13,177)
Income taxes	(131)	(44)	(87)
Net loss	$ (24,405)	$ (11,141)	$ (13,264)

Revenues

Total revenues increased by $4.6 million to $6.0 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily due to a $3.9 million increase in sales to new third-party customers, and a $0.7 million increase in revenue recognized on existing Nano customers.

Cost of Sales

Total cost of sales increased by $2.1 million to $3.0 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily due to increased costs to deliver new and existing revenue contracts to Nano customers, specifically at the newly established Nano US entity during the fiscal year.

Engineering Services

Total engineering services increased by $8.4 million to $13.1 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily due to a $5.2 million increase in internal engineer headcount and a $1.8 million increase in internal consultant headcount. The costs related to recurrent engineers and consultants that are not solely associated with the development of BW3 are expensed as engineering services. The remaining $1.4 million increase relates to other operating expenses, such as consumables, components and facility expenses, specifically relating to new operations in United Kingdom during the current fiscal year. We expect engineering expenses to continue to increase over the upcoming years as the SpaceMobile Service is developed.

General and Administrative Costs

Total general and administrative costs increased by $6.9 million to $12.3 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily due to a $4.0 million increase in employee and consultant-related expenses such as salaries and recruiting fees due to the increase in headcount compared to the prior year period, a $1.8 million increase in professional costs due to the increase in legal and accounting services compared to the prior year period, and a $1.5 million increase in other miscellaneous expenses such as corporate office supplies, licenses, and insurance costs, offset by a $0.4 million decrease in travel expenses due to reduced travel as a result of the COVID-19 pandemic.

Research and Development Costs

Total research and development costs decreased by $0.1 million to $1.0 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The decrease was primarily due a $1.1 million decrease in costs relating to the development of BW1 given this project was completed in 2019, offset by a $1.0 million increase in 2020 development efforts relating to the SpaceMobile constellation.

Depreciation and Amortization

Total depreciation and amortization increased by $0.5 million to $0.9 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily due to the purchase of additional fixed assets and leasehold improvements during the fiscal year.

Total Other Income (Expense)

Total other income increased by $0.1 million to $0.1 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019. The increase was primarily driven by a $0.1 million increase in interest earned during the current fiscal year.

Liquidity and Capital Resources

We require capital to fund our operating expenses and to make capital expenditures. We expect our capital requirements to increase as our operations expand. Historically, we have funded operations primarily from the proceeds from issuances of AST Series A Preferred Units and AST Series B Preferred Units ("AST Preferred Stock"). Through December 31, 2020, we had raised an aggregate of $120.8 million in gross proceeds from the issuance of AST Preferred Stock. As of December 31, 2020, cash and cash equivalents totaled $42.8 million and working capital totaled $37.8 million. We closely monitor our liquidity and capital resources for any potential impact that the COVID-19 pandemic may have on operations. In addition, we are exploring various sources of funding, including the Business Combination, aimed at further supporting our liquidity profile, as well as maintaining business and organizational continuity through the pandemic.

The design, development, manufacture, integration, testing, assembly and launch of satellites and related components is a capital-intensive venture. We estimate the gross costs associated with designing, building and launching the 20 Equatorial SpaceMobile satellites to be approximately $510 million, which includes $128 million of capital raised to date by us from preferred stock, common stock, and founder loan proceeds. To raise the necessary capital to fund this expenditure in the short term, we entered into an Equity Purchase Agreement with NPA on December 15, 2020 with respect to the Business Combination, which closed on April 5, 2021. As part of the Business Combination, NPA contributed approximately $418 million in net proceeds to us in exchange for 28.5% of the outstanding AST Common Units and became the managing member of AST. We estimate the gross costs associated with designing, building and launching all global and MIMO SpaceMobile satellites and related infrastructure to be approximately $1.7 billion. We believe that, following the Closing, we have sufficient capital to fund planned operations and development for the next 12 to 24 months, which includes the launch of our first 20 Equatorial satellites. We will need to raise additional capital to continue developing and launching satellites to complete subsequent phases of the SpaceMobile Service. We expect to raise additional funds through the issuance of equity, equity related or debt securities, or through obtaining credit from government or financial institutions. This capital may be necessary to fund our ongoing operations, continue research, development and design efforts, improve infrastructure, and launch satellites. We cannot be certain that additional funds will be available to us on favorable terms if required, or at all. If we cannot raise additional funds when needed, our financial condition, results of operations, business and prospects could be materially adversely affected.

Cash Flows

Historical Cash Flows

The following table summarizes our sources and uses of cash for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
	(dollars in thousands)	
Cash and cash equivalents at end of period	$ 42,777	$ 26,498
Cash used in operating activities	$ (22,800)	$ (9,300)
Cash used in investing activities	(30,411)	(3,654)
Cash provided by financing activities	69,663	32,379

Operating activities

Cash used in operating activities was $22.8 million for the year ended December 31, 2020, as compared to cash used in operating activities of $9.3 million for the same period in 2019. The $13.5 million increase in cash used in operating activities for the year ended December 31, 2020 was primarily attributable to the $24.4 million net loss as a result of the expansion of our operations and satellite technology development efforts, an increase in net loss of $13.3 million, as well as a $0.2 million increase driven by a $1.1 million change in operating assets and liabilities, offset by a $0.9 million change in adjustments to reconcile net loss to cash used in operating activities.

Investing activities

Cash used in investing activities was $30.4 million for the year ended December 31, 2020, as compared to cash used in investing activities of $3.7 million for the same period in 2019. The $26.8 million increase in cash used in investing activities for the year ended December 31, 2020 was primarily attributable to a $20.2 million increase in BW3 satellite construction costs that started at the end of year 2019 and are still in progress, as well as a $6.6 million increase in purchases of property and equipment including satellite antennas, test equipment, and leasehold improvements.

Financing activities

Cash provided by financing activities was $69.7 million for the year ended December 31, 2020, as compared to cash provided by financing activities of $32.4 million for the same period in 2019. The $37.3 million increase in cash provided by financing activities for the year ended December 31, 2020 was primarily attributable to $72.9 million of net proceeds from the issuance of AST Series B Rakuten Preferred Units during the fiscal year, offset by a $31.5 million decrease in net proceeds from AST Series B Preferred Units issued in the prior period.

Funding Requirements

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

Future capital requirements will depend on many factors, including:

- Seeking and obtaining market access approvals;

- Establishing and maintaining supply and manufacturing relationships with third parties that can provide adequate, in both amount and quality, products and services to support our satellite development;

- Addressing any competing technological and market developments; and

- Attracting, hiring, and retaining qualified personnel.

Further details on the various risks to our operations are provided and discussed in the “Risk Factors” section of this document.

Until such time, if ever, as we can generate substantial revenues to support our cost structure, we expect to finance cash needs through a combination of equity offerings, debt financings, commercial and other similar arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through commercial agreements, or other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies and/or future revenue streams, or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. In addition, our ability to raise necessary financing could be impacted by the COVID-19 pandemic and its effects on the market conditions. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our commercialization efforts or grant rights to develop and market other services even if we would otherwise prefer to develop and market these services ourself or potentially discontinue operations. See the sections entitled "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Statements*" included herein for additional information.

Contractual Obligations

The following table reflects our contractual obligations as of December 31, 2020:

	Payments Due by Period				
	Total	**Less than 1 year**	**More than 1 year and less than 3**	**More than 3 years and less than 5**	**More than 5 years**
	(dollars in thousands)				
Operating lease obligations[1]	$ 14,151	$ 1,432	$ 2,604	$ 2,413	$ 7,701
Purchase obligations[2]	8,337	8,337	—	—	—
Total	$ 22,488	$ 9,769	$ 2,604	$ 2,413	$ 7,701

(1) We primarily lease office space under operating lease agreements, with the most material lease relating to our International Air & Space Port in Midland, Texas. Refer to Note 6 — *Commitments and Contingencies* in the Notes to Consolidated Financial Statements for additional information on our leases.

(2) The purchase obligations are associated with contracts with GK Launch Services and Dialog that are enforceable and legally binding, and specify all significant terms, including quantities to be purchased, price provisions, and the approximate timing of the transactions. Refer to Note 13 — *Significant Agreements* in the Notes to Consolidated Financial Statements for additional information.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our policies and estimates, including but not limited to, those related to our revenue from contracts with customers, goodwill, intangibles and long-lived assets. Our management bases our estimates on historical experience, data available at the time the estimates are made and various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We consider the following accounting policies to be those that require the most subjective judgment or that involve uncertainty that could have a material impact on our financial statements. If actual results differ significantly from management's estimates and projections, there could be a material effect on the financial statements. This is not a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment in its application. For a discussion of our other accounting policies, see Note 2 — *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements.

Revenue from Contracts with Customers

We recognize revenue when or as control is transferred to a customer, which is in accordance with ASC 606, “Revenue from Contracts with Customers” (“ASC 606”). The determination of revenue is dependent upon the following five step process: 1) we account for a contract with a customer when there is written approval, the contract is committed, the rights of the parties are identified, the contract has commercial substance and consideration is probable of collection; 2) we determine performance obligations by assessing whether the products or services are distinct from the other elements of the contract. In order to be distinct, the product or service must perform either on its own or with readily available resources and must be separate within the context of the contract; 3) we consider the amount stated on the face of the purchase order to be the transaction price and does not have variable consideration which could impact the stated purchase price agreed to; 4) transaction price is allocated to each individual performance obligation based on the standalone selling price of that performance obligation and if standalone market transactions are not available, we will estimate the standalone selling price through market assessments; and 5) if the transaction meets the criteria for over time recognition, we recognize revenue as the good or service is delivered. For transactions that do not meet the criteria for over time recognition, we will recognize revenue at a point in time based on an assessment of the five criteria for transfer of control. We have concluded that revenue should be recognized when shipped or delivered based on contractual terms.

As it relates to government and space agency grants, Nano receives grant funding in exchange for satellite technology development efforts made by Nano to the European Space Agency and other governmental bodies. If Nano fails to maintain required commitments, the funds received may have to be repaid or other adverse consequences may arise, which could affect cash flows and profitability. When Nano has been awarded grant funding, cost reimbursements are recognized when it is probable that Nano will comply with the conditions attached to the grant arrangement and the grant proceeds will be received. Grants are recognized in Nano’s results of operations on a systematic basis over the periods in which it recognizes the related costs for which the grant is intended to compensate. Specifically, when grants are related to reimbursements, the grants are recognized as a reduction of the related expense in our results of operations. For grants related to reimbursements of capital expenditures, the grants are recognized as a reduction of the basis of the asset and recognized in Nano’s results of operations over the estimated useful life of the depreciable asset as reduced depreciation expense.

As it relates to collaborative arrangements, we consider the nature and contractual terms of an arrangement and assess whether the arrangement involves a joint operating activity pursuant to which we are an active participant and exposed to significant risks and rewards with respect to the arrangement. If we are an active participant and exposed to the significant risks and rewards with respect to the arrangement, we account for these arrangement pursuant to ASC Topic 808, Collaborative Arrangements, as amended by ASU 2018-18 (“ASC 808”), and applies a systematic and rational approach to recognize revenue (unless parts of the arrangement are within the scope of other authoritative accounting literature or can be appropriately analogized to other authoritative accounting literature). In connection with the Initial Series B Preferred Stock Issuance, we entered into a commercial agreement on October 26, 2019 with Vodafone, whereby Vodafone is provided exclusivity to operate the SpaceMobile Service in agreed upon markets as defined in the agreement. As part of this agreement, Vodafone will promote the service as an element of its normal business, and we are provided a 50/50 revenue share for all services enabled by our SpaceMobile satellite segment. The term of the agreement is five years starting with the initial launch of commercial service based on the Phase 3 constellation anticipated in 2023. The Vodafone commercial agreement is considered a collaborative arrangement under ASC 808 as both parties are active participants and share in the significant risks and rewards of the activities. We will not assign any value to the Vodafone commercial agreement at inception and will recognize their share of expenses as they are performed up to the time the activities are revenue generating.

Goodwill, Intangibles and Long-Lived Assets

We assess goodwill for impairment at least annually in the fourth quarter, on a reporting unit basis, or more frequently, when events and circumstances occur indicating that the recorded goodwill may be impaired. For the year ended December 31, 2020, our goodwill impairment process included applying a quantitative impairment analysis where the fair value of the reporting unit was compared to its carrying value (including goodwill). We engaged an independent third-party valuation specialist to assist in the determination of the fair value of the reporting unit based upon inputs and assumptions provided by management. The fair value of the reporting unit was based upon an equal weighting of the income and market approaches, utilizing estimated cash flows and a terminal value, discounted at a rate of return that reflects the relative risk of the cash flows, as well as valuation multiples derived from comparable publicly traded companies that are applied to operating performance of the reporting unit. Significant judgments inherent in these analyses include estimating the amount and timing of future cash flows and the selection of appropriate discount rates and long-term growth rate assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for the reporting unit and could result in an impairment charge, which could be material to our financial position and results of operations. Based on the results of the quantitative impairment analysis, it was determined that there has been no impairment of goodwill related to the reporting unit as of December 31, 2020.

We assesses the impairment of intangible and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important in the determination of an impairment include significant underperformance relative to historical or projected future operating results, significant changes in the manner that we use the acquired asset and significant negative industry or economic trends.

Recent Accounting Pronouncements

See Note 2 — *Summary of Significant Accounting Policies* in the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.