UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1

(Mark One)

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

For the fiscal year ended December 31, 2022

OR

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

For the transition period from ______ to ______

Commission file number 001-40031

BigBear.ai Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**85-4164597**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6811 Benjamin Franklin Drive, Suite 200, Columbia, MD	**21046**
(Address of Principal Executive Offices)	(Zip Code)

(410) 312-0885

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value	**BBAI**	**New York Stock Exchange**
Redeemable warrants, each full warrant exercisable for one share of common stock at an exercise price of $11.50 per share	**BBAI.WS**	**New York Stock Exchange**

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes☐ No ☒

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

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

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

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

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

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

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

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

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

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

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2022, based on the closing price of $5.66 per share for shares of the Registrant's common stock as reported by the New York Stock Exchange, was approximately $37.8 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

There were 142,834,513 shares of our common stock, $0.0001 par value per share, outstanding as of April 3, 2023.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

BigBear.ai Holdings, Inc. ("*BigBear*," the "*Company*," "*we*," "*our*" or "*us*") is filing this Amendment No. 1 on Form 10-K/A (this "*Amendment*") to amend the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, originally filed with the Securities and Exchange Commission (the "*SEC*") on March 31, 2023 (the "*2022 10-K*"), to include the information required by Items 10 through 14 of Part III of Form 10-K. This information was previously omitted from the 2022 10-K in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference from the Company's definitive proxy statement if it is filed no later than 120 days after the Company's fiscal year-end (or, if such definitive proxy statement or information statement is not filed with the SEC in the l20-day period, the Items comprising the Part III information must be filed as part of the Form 10-K, or as an amendment to the Form 10-K, not later than the end of the 120-day period). We are filing this Amendment to provide the information required in Part III of Form 10-K because a definitive proxy statement containing such information will not be filed by the Company within 120 days after the end of the fiscal year covered by the 2022 10-K.

This Amendment amends and restates in their entirety Items 10, 11, 12, 13 and 14 of Part III of the 2022 10-K and the exhibit index set forth in Part IV of the 2022 10-K and includes certain exhibits as noted thereon. Additionally, this Amendment amends and restates Item 8 solely to correct the dates in the first paragraph of the report of the independent registered public accounting firm.

Except as described above, no other changes have been made to the 2022 10-K, and this Amendment does not modify, amend or update in any way any of the financial or other information contained in the 2022 10-K. This Amendment does not reflect events occurring after the date of the filing of our 2022 10-K. Accordingly, this Amendment should be read in conjunction with our 2022 10-K and with our filings with the SEC subsequent to the filing of our 2022 10-K.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), this Form 10-K/A also contains certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, which are attached hereto. Terms used but not defined herein are as defined in our 2022 10-K.

BIGBEAR.AI HOLDINGS, INC.
Amendment No. 1 on FORM 10-K/A

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Part II

Item 8. Financial Statements and Supplementary Data

BigBear.ai Holdings, Inc. and Subsidiaries

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
BigBear.ai Holdings, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of BigBear.ai Holdings, Inc. (a Delaware corporation) and subsidiaries (formerly BigBear.ai Holdings, LLC, collectively the “Company” or “Successor”) as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in stockholders’ (deficit) equity, and cash flows for the years ended December 31, 2022 and December 31, 2021 and the period from May 22, 2020 through December 31, 2020 (Successor) and the consolidated statements of operations, changes in equity, and cash flows of PCI Strategic Management, LLC (Predecessor) for the period from January 1, 2020 through October 22, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years ended December 31, 2022 and December 31, 2021 and the period from May 22, 2020 through December 31, 2020 (Successor) and the period from January 1, 2020 through October 22, 2020 (Predecessor), in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion
These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2021.

Arlington, Virginia
March 31, 2023

BIGBEAR.AI HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	Successor	
	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 12,632	$ 68,900
Restricted cash	—	101,021
Accounts receivable, less allowance for doubtful accounts of $98 as of December 31, 2022 and $43 as of December 31, 2021	30,091	28,605
Contract assets	1,312	628
Prepaid expenses and other current assets	10,300	7,028
Total current assets	**54,335**	**206,182**
Non-current assets:		
Property and equipment, net	1,433	1,078
Goodwill	48,683	91,636
Intangible assets, net	85,685	83,646
Right-of-use assets	4,638	—
Deferred tax assets	51	—
Other non-current assets	483	780
Total assets	**$ 195,308**	**$ 383,322**
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 15,422	$ 5,475
Short-term debt, including current portion of long-term debt	2,059	4,233
Accrued liabilities	13,366	10,735
Contract liabilities	2,022	4,207
Current portion of long-term lease liability	806	—
Derivative liabilities	—	44,827
Other current liabilities	2,085	541
Total current liabilities	**35,760**	**70,018**
Non-current liabilities:		
Long-term debt, net	192,318	190,364
Long-term lease liability	5,092	—
Deferred tax liabilities	—	248
Other non-current liabilities	10	324
Total liabilities	**233,180**	**260,954**
Commitments and contingencies (Note O)		
Stockholders' (deficit) equity:		
Common stock, par value $0.0001; 500,000,000 shares authorized and 127,022,363 shares issued at December 31, 2022 and 135,566,227 at December 31, 2021	14	14
Additional paid-in capital	272,528	253,744
Treasury stock, at cost 9,952,803 shares at December 31, 2022 and 0 shares at December 31, 2021	(57,350)	—
Accumulated deficit	(253,064)	(131,390)
Total stockholders' (deficit) equity	**(37,872)**	**122,368**
Total liabilities and stockholders' (deficit) equity	**$ 195,308**	**$ 383,322**

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

BIGBEAR.AI HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(*in thousands, except share and per share data*)

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Revenues	$ 155,011	$ 145,578	$ 31,552	$ 59,765
Cost of revenues	112,018	111,510	22,877	46,755
Gross margin	**42,993**	**34,068**	**8,675**	**13,010**
Operating expenses:				
Selling, general and administrative	84,775	106,507	7,909	7,632
Research and development	8,393	6,033	530	85
Restructuring charges	4,203	—	—	—
Transaction expenses	2,605	—	10,091	—
Goodwill impairment	53,544	—	—	—
Operating (loss) income	**(110,527)**	**(78,472)**	**(9,855)**	**5,293**
Interest expense	14,436	7,762	616	1
Net (decrease) increase in fair value of derivatives	(1,591)	33,353	—	—
Loss on extinguishment of debt	—	2,881	—	—
Other expense	19	—	—	
(Loss) income before taxes	**(123,391)**	**(122,468)**	**(10,471)**	**5,292**
Income tax (benefit) expense	(1,717)	1,084	(2,633)	3
Net (loss) income	**$ (121,674)**	**$ (123,552)**	**$ (7,838)**	**$ 5,289**
Basic net loss per share	$ (0.95)	$ (1.15)	$ (0.07)	
Diluted net loss per share	$ (0.95)	$ (1.15)	$ (0.07)	
Weighted-average shares outstanding:				
Basic	127,698,478	107,009,834	105,000,000	
Diluted	127,698,478	107,009,834	105,000,000	

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

BIGBEAR.AI HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(*in thousands, except unit data*)

For the Predecessor 2020 Period

	Period from January 1, 2020 through October 22, 2020				
	Class A Units	Class B Units	Members' contribution	Retained earnings	Total members' equity
As of December 31, 2019	**900**	**10**	**4,998**	**6,677**	**11,675**
Net income	—	—	—	5,289	5,289
Equity-based compensation expense	—	—	80	—	80
Distributions	—	—	—	(9,773)	(9,773)
As of October 22, 2020	**900**	**10**	**$ 5,078**	**$ 2,193**	**$ 7,271**

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

BIGBEAR.AI HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(*in thousands, except share data*)

For the Successor 2022 Period

	Year Ended December 31, 2022										
	Common Stock				Additional		Treasury		Accumulated		Total stockholders'
	Shares		Amount		paid-in capital		stock		deficit		equity (deficit)
As of December 31, 2021	135,566,227	$	14	$	253,744	$	—	$	(131,390)	$	122,368
Net loss	—		—		—		—		(121,674)		(121,674)
Equity-based compensation expense	—		—		10,865		—		—		10,865
Repurchase of shares as a result of Forward Share Purchase Agreements	(9,952,803)		—		—		(57,350)		—		(57,350)
Issuance of common stock as consideration for the acquisition of ProModel Corporation	649,976		—		7,501		—		—		7,501
Stock issued upon the exercise of warrants	51		—		1		—		—		1
Issuance of shares purchased under ESPP	508,062		—		417		—		—		417
Issuance of shares vested for RSUs	250,850		—		—		—		—		—
As of December 31, 2022	**127,022,363**	**$**	**14**	**$**	**272,528**	**$**	**(57,350)**	**$**	**(253,064)**	**$**	**(37,872)**

For the Successor 2021 Period

	Year Ended December 31, 2021										
	Common Stock				Additional		Treasury		Accumulated		Total stockholders'
	Shares		Amount		paid-in capital		stock		deficit		equity
As of December 31, 2020[1]	105,000,000	$	11	$	108,224	$	—	$	(7,838)	$	100,397
Net loss	—		—		—		—		(123,552)		(123,552)
Equity-based compensation expense	—		—		60,615		—		—		60,615
GigCapital4 shares net of redemptions, including PIPE, warrant liability, and Merger costs	30,566,227		3		84,905		—		—		84,908
As of December 31, 2021	**135,566,227**	**$**	**14**	**$**	**253,744**	**$**	**—**	**$**	**(131,390)**	**$**	**122,368**

(1) The units of the Company prior to the Merger (as defined in Note A—Description of the Business) have been retroactively restated to reflect the exchange ratio established in the Merger (computed as 105,000,000 shares of Common Stock to 100 Company units).

For the Successor 2020 Period

	Period from May 22, 2020 through December 31, 2020								
	Common Stock				Additional		Accumulated		Total stockholders'
	Shares		Amount		paid-in capital		deficit		equity
As of May 22, 2020	—	**$**	—	**$**	—	**$**	—	**$**	—
Net loss	—		—		—		(7,838)		(7,838)
Parent's contributions[2]	105,000,000		11		95,036		—		95,047
Parent's contributions for acquisitions	—		—		13,188		—		13,188
As of December 31, 2020	105,000,000	$	11	$	108,224	$	(7,838)	$	100,397

(2) The units of the Company prior to the Merger (as defined in Note A—Description of the Business) have been retroactively restated to reflect the exchange ratio established in the Merger (computed as 105,000,000 shares of Common Stock to 100 Company units).

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

BIGBEAR.AI HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASHFLOWS
(*in thousands*)

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Cash flows from operating activities:				
Net (loss) income	$ (121,674)	$ (123,552)	$ (7,838)	$ 5,289
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization expense	7,758	7,262	1,028	52
Amortization of debt issuance costs	2,302	679	17	—
Equity-based compensation expense	10,865	60,615	—	80
Goodwill impairment	53,544	—	—	—
Impairment of right-of-use assets	901	—	—	—
Non-cash lease expense	174	—	—	—
Provision for doubtful accounts	55	—	43	—
Deferred income tax (benefit) expense	(1,757)	1,042	(2,637)	(8)
Loss on extinguishment of debt	—	2,881	—	—
Net (decrease) increase in fair value of derivatives	(1,591)	33,353	—	—
Loss on sale of property and equipment	—	14	—	—
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(798)	(7,179)	(4,000)	6,818
(Increase) decrease in contract assets	(286)	1,947	3,868	(4,300)
Increase in prepaid expenses and other assets	(1,702)	(6,437)	(453)	(29)
Increase in accounts payable	9,942	2,744	1,111	51
(Decrease) increase in accrued liabilities	(5,121)	2,845	1,224	504
(Decrease) increase in contract liabilities	(3,740)	3,666	40	—
Increase in other liabilities	2,210	338	181	157
Net cash (used in) provided by operating activities	**(48,918)**	**(19,782)**	**(7,416)**	**8,614**
Cash flows from investing activities:				
Acquisition of businesses, net of cash acquired	(4,465)	(224)	(184,714)	—
Purchases of property and equipment	(769)	(645)	(155)	(121)
Proceeds from disposal of property and equipment	—	6	—	—
Net cash used in investing activities	**(5,234)**	**(863)**	**(184,869)**	**(121)**
Cash flows from financing activities:				
Proceeds from term loan	—	—	107,249	—
Repurchase of shares as a result of forward share purchase agreements	(100,896)	—	—	—
Repayment of term loan	—	(110,000)	—	—
Proceeds from promissory notes	—	—	91,283	—
Repayment of promissory notes	—	—	(91,283)	—
Proceeds from short-term borrowings	2,059	9,233	4,000	2,000
Repayment of short-term borrowings	(4,233)	(5,000)	(4,000)	(2,000)
Proceeds from issuance of convertible notes	—	200,000	—	—
Proceeds from the Merger	—	101,958	—	—
Payment of Merger transaction costs	—	(9,802)	—	—
Payment of debt issuance costs to third parties	—	(5,527)	(307)	—
Payments for taxes related to net share settlement of equity awards	(67)	—	—	—
Distributions to members	—	—	—	(9,773)
Parent’s contribution	—	—	95,047	—
Net cash (used in) provided by financing activities	**(103,137)**	**180,862**	**201,989**	**(9,773)**
Net (decrease) increase in cash and cash equivalents and restricted cash	(157,289)	160,217	9,704	(1,280)
Cash and cash equivalents and restricted cash at the beginning of period	169,921	9,704	—	1,644
Cash and cash equivalents and restricted cash at the end of the period	**$ 12,632**	**$ 169,921**	**$ 9,704**	**$ 364**

BIGBEAR.AI HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASHFLOWS
(*in thousands*)

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Cash paid during the period for:				
Interest	$ 12,409	$ 6,241	$ 384	$ 1
Income taxes	$ 9	$ 68	$ —	$ 9
Supplemental schedule of non-cash investing and financing activities:				
Issuance of common stock as consideration for the acquisition of ProModel Corporation	$ 7,501	$ —	$ —	$ —
Merger transaction costs paid included in accrued liabilities	$ —	$ 259	$ —	$ —
Merger costs settled through issuance of common stock	$ —	$ 10,153	$ —	$ —
Debt issuance costs settled through issuance of common stock	$ —	$ 4,800	$ —	$ —
Initial fair value of written put option at closing	$ —	$ 11,371	$ —	$ —
Initial fair value of private warrants at closing	$ —	$ 421	$ —	$ —
Parent units issued for acquisitions	$ —	$ —	$ 13,188	$ —

Reconciliation of cash and cash equivalents and restricted cash:	December 31, 2022	December 31, 2021
Cash and cash equivalents	$ 12,632	$ 68,900
Restricted cash	—	101,021
Cash and cash equivalents and restricted cash at end of the period	**$ 12,632**	**$ 169,921**

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

Note A—Description of the Business

BigBear.ai Holdings, Inc.'s (*"BigBear.ai", "BigBear.ai Holdings",* or the *"Company"*) mission is to help deliver clarity for clients as they face their most complex decisions. BigBear.ai's artificial intelligence (*"AI"*)-powered decision intelligence solutions are leveraged across our Cyber & Engineering and Analytics reportable segments and in three primary markets—global supply chains & logistics, autonomous systems and cybersecurity. The Company's customers, including federal defense and intelligence agencies, manufacturers, third party logistics providers, retailers, healthcare, and life sciences organizations, rely on BigBear.ai's solutions to empower leaders to decide on the best possible course of action by creating order from complex data, identifying blind spots, and building predictive outcomes. Unless otherwise indicated, references to "we", "us" and "our" refer collectively to BigBear.ai Holdings, Inc. and its consolidated subsidiaries.

On December 7, 2021, the previously announced merger (*"Merger"*) with GigCapital4, Inc. (*"GigCapital4"*) was consummated pursuant to the business combination agreement (the *"Agreement"*) dated June 4, 2021, as amended in July 2021 and December 2021, by and between GigCapital4 Merger Sub Corporation (the*"Merger Sub"*), a wholly owned subsidiary of GigCapital4, BigBear.ai Holdings, and BBAI Ultimate Holdings (*"Parent"*). Immediately prior to the stockholder vote for the Merger, GigCapital4 executed a series of Forward Share Purchase Agreements (*"FPAs"*) with certain investors (the *"Investors"*). Included within the FPAs was a provision that each of the Investors would not redeem their shares and instead would hold the shares for a period of up to three months following the consummation of the Merger, at which time they would have the right to sell the shares to the Company for $10.15 per share. During the three months ended March 31, 2022, the Company repurchased all 9,952,803 shares of its common stock at the Investors' request (refer to Note P—Written Put Option for detail).

Upon the closing of the Merger, GigCapital4 was renamed to BigBear.ai, Holdings Inc., the U.S. Securities and Exchange Commission (*"SEC"*) registrant. As a result of the Merger, the Company received aggregate gross proceeds of $101,958 from GigCapital4's trust account and PIPE Proceeds, and issued $200,000 of unsecured convertible notes that were convertible into 17,391,304 shares of the Company's common stock at the initial Conversion Price of $11.50, subject to adjustment (refer to Note K—Debt for detail). Proceeds from the Merger were partially used to fund the $114,393 repayment of the Antares Loan and Merger transaction costs and other costs paid through the funds flow of $9,802, consisting of marketing, legal and other professional fees.

The Merger is accounted for as a reverse recapitalization in which GigCapital4 is treated as the acquired company. For accounting purposes, the Merger is treated as the equivalent of BigBear.ai Holdings issuing equity for the net assets of GigCapital4 followed by a recapitalization. A reverse recapitalization does not result in a new basis of accounting, and the consolidated financial statements of the combined entity (BigBear.ai) represent the continuation of the consolidated financial statements of BigBear.ai Holdings in many respects.

Immediately prior to the closing of the Merger, but following the consummation of GigCapital4's domestication to a Delaware corporation, the authorized capital stock of GigCapital4 consisted of 501,000,000 shares, including (i) 500,000,000 shares of common stock and (ii)1,000,000 shares of preferred stock. 135,566,227 shares of common stock and no shares of the preferred stock were outstanding as of December 31, 2021. At the effective time of the Merger,100 units of BigBear.ai Holdings were cancelled and automatically deemed for all purposes to represent the Parent's right to receive, in the aggregate, $75 million in cash and shares in GigCapital4, and Parent exchanged its100 units of BigBear.ai Holdings for 105,000,000 shares of BigBear.ai's common stock. In addition, 8,000,000 shares of PIPE financing were issued and1,495,320 shares were issued to certain advisors. AE Industrial Partners, LP (*"AE"*) became the majority stockholder of the Company, via its ownership of PCISM Ultimate Holdings, LLC (subsequently renamed to BBAI Ultimate Holdings, LLC), following the close of the Merger (83.5%).

Note B—Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ('*GAAP"*) and all intercompany balances and transactions have been eliminated in consolidation. Amounts presented within the consolidated financial statements and accompanying notes are presented in thousands of U.S. dollars unless stated otherwise, except for percentages, units, shares, per unit, and per share amounts.
The period from May 22, 2020 (inception) through December 31, 2020 and as of December 31, 2020 (the "Successor 2020

Period"), the year ended December 31, 2021 (the "*Successor 2021 Period*"), and the year ended December 31, 2022 (the "*Successor 2022 Period*") relate to activity of BigBear.ai Holdings and its subsidiaries. The period from January 1, 2020 to October 22, 2020 (the "*Predecessor 2020 Period*") relate to the predecessor period. The Successor 2020 Period begins before the Predecessor 2020 Period ended due to the acquisitions that took place prior to the acquisition of PCI.

The PCI, NuWave, Open Solutions, and ProModel acquisitions were accounted for as business combinations in accordance with Financial Accounting Standards Board ("*FASB*") Accounting Standards Codification ("*ASC*") 805, Business Combinations ("*ASC 805*"), and the resulting new basis of accounting is reflected in the Successor 2020 Period as of each acquisition date. As a result, financial information of the Predecessor and Successor periods has been prepared under two different bases of accounting and therefore are not comparable.

PCI was identified as the Predecessor through an analysis of various factors, including the size, financial characteristics, and ongoing management.

The audited consolidated financial statements are presented as described below:

- The consolidated financial statements for the Predecessor 2020 Period, which includes the operating results of PCI from January 1, 2020 to October 22, 2020.
- The combined financial statements for the Successor 2020 Period, which includes the operating results of BigBear.ai Holdings and its subsidiaries from each of their respective acquisition dates through December 31, 2020.
- The consolidated financial statements for the Successor 2021 Period and the Successor 2022 Period, which includes the operating results of BigBear.ai Holdings and its subsidiaries for the years ended December 31, 2021 and December 31, 2022, respectively.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, actual results could differ materially from those estimates. Accounting policies subject to estimates include valuation of goodwill, intangible assets, impairments, revenue recognition, income taxes, business combinations and equity-based compensation.

Business Combinations

The Company utilizes the acquisition method of accounting under ASC 805, for all transactions and events in which it obtains control over one or more other businesses (even if less than 100% ownership is acquired), to recognize the fair value of all assets and liabilities assumed and to establish the acquisition date fair value as of the measurement date.

While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed as of the acquisition date, the estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. For changes in the valuation of intangible assets between the preliminary and final purchase price allocation, the related amortization is adjusted in the period it occurs. Subsequent to the measurement period, any adjustment to assets acquired or liabilities assumed is included in operating results in the period in which the adjustment is determined. Transaction expenses that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred.

Revenue Recognition

The Company's revenues from contracts with customers are from offerings including artificial intelligence and machine learning, data science, advanced analytics, offensive and defensive cyber, data management, cloud solutions, digital engineering, and systems integration, primarily with the U.S. Government and its agencies. The Company also serves various commercial customers.

The Company organizes its solutions into three markets:

i. Supply Chain & Logistics Solutions: Data Conflation at Scale (providing a full view of operations, enabling real-time tracking of inventory, and facilitating predictive analytics to optimize functions like routes and delivery times), Discrete Event Simulation (Course of Action Analysis & Digital Twins), and Next-Gen Decision Support (e.g. Macroeconomic & Geopolitical Forecasting)
ii. Cybersecurity Solutions: AI-powered / machine-accelerated binary analysis, Cyber-Physical systems vulnerability testing & evaluation, Vulnerability assessment as a Service, and Specialized services for the Department of Defense and Intelligence Community
iii. Autonomous Systems Solutions: AI/machine learning (*"ML"*) decision intelligence solutions (conflate millions of data points to provide situational awareness, predictive forecasts, and anomaly detection), AI Orchestration as a Service, and specialized consulting services

Each of the Company's solutions can be sold individually or combined and sold together. Regardless of whether a customer is procuring only one of the Company's solutions or a combination of solutions, the Company's contracts generally include a significant service of integrating the solutions with the Company's customer's existing solutions and information systems. After the Company implements the solutions, the Company may also enter into contracts with the customers to further refine or customize these solutions to either enhance the functionality or adjust for changes in the customer's requirements. These post-implementation service contracts are generally performed on a time-and-materials basis.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company performs under various types of contracts, which generally include firm-fixed-price ("*FFP*"), time-and-materials ("*T&M*"), and cost-reimbursable contracts.

Under fixed-price contracts, the Company agrees to perform the specified work for a pre-determined price. To the extent the Company's actual costs vary from the estimates upon which the price was negotiated, the Company will generate more or less profit or could incur a loss. Under T&M contracts, the Company agrees to perform the specified work for a pre-determined rate per hour, as well as the reimbursement of other direct billable costs which are presented on a gross basis. Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract plus a fee up to a ceiling based on the amount that has been funded. The majority of our cost-reimbursable contracts are cost-plus-fixed-fee, which provide a fixed fee that is negotiated at the inception of the contract and does not vary with actual costs.

For T&M contracts and cost-reimbursable contracts, the Company has a right to consideration from the customer in an amount that corresponds directly with the value of the Company's performance and recognizes revenue in the amount to which the Company has a right to invoice (the "right to invoice" practical expedient).

The Company assesses each contract at its inception to determine whether it should be combined with other contracts. When making this determination, the Company considers factors such as whether two or more contracts were negotiated and executed at or near the same time or were negotiated with an overall profit objective. If combined, the Company treats the combined contracts as one single contract for revenue recognition purposes.

The Company generally uses internally developed and third-party applications, which the Company integrates, when implementing solutions to meet specific customer requirements. The Company evaluates the solutions or services promised in each contract at inception to determine whether the contract should be accounted for as having one or more performance obligations. Each of the Company's solutions is capable of being distinct as the customer can benefit from each individual solution on its own or with other resources that are readily available. When customer contracts include a significant service of integrating the solutions to provide a set of integrated or highly interrelated tasks, the Company accounts for these arrangements as a single performance obligation. While the contracts provide customers access to the Company's solutions, the contracts generally do not contain separate licensing provisions for independent use of the underlying internally developed software. Additionally, these components are highly interdependent and highly interrelated into the solutions delivered to the Company's customers. Therefore, these components are not capable of being distinct and are not separately identifiable from the other promises in the contract. In cases where customer contracts have an explicit licensing provision to the underlying software, such software is generally accounted for as a separate performance obligation.

The Company determines the transaction price for each contract based on the consideration the Company expects to receive for the solutions or services being provided under the contract. For contracts where a portion of the price may vary, the Company estimates variable consideration at the most likely amount, which is included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. The Company analyzes the risk of a significant revenue reversal and if necessary, constrains the amount of variable consideration recognized in order to mitigate this risk.

At the inception of a contract, the Company estimates the transaction price based on its current rights and does not contemplate future modifications (including unexercised options) or follow-on contracts until they become legally enforceable. Contracts are often subsequently modified to include changes in specifications, requirements or price, which may create new or change existing enforceable rights and obligations. Depending on the nature of the modification, the Company considers whether to account for the modification as an adjustment to the existing contract or as a separate contract. The Company's contracts with the U.S. Government often contain options to renew existing contracts for an additional period of time (generally a year at a time) under the same terms and conditions as the original contract, and generally do not provide the customer any material rights under the contract. Therefore, such modifications are accounted for as if they were part of the existing contract and may result in a cumulative adjustment to revenue recognized. The Company accounts for renewal options as separate contracts when they include distinct goods or services at standalone selling prices.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the estimated standalone selling price of the solution or service underlying each performance obligation. The standalone selling price represents the amount for which the Company would sell the solution or service to a customer on a standalone basis (i.e., not bundled with any other solutions or services). The Company's contracts with the U.S. government are subject to the Federal Acquisition Regulation ("*FAR*") and priced on estimated or actual costs of providing the goods or services. The FAR provides guidance on types of costs that are allowable in establishing prices for goods and services provided to the U.S. government and its agencies. Each contract is competitively priced and bid separately. Pricing for non-U.S. government agencies and commercial customers is based on specific negotiations with each customer. In circumstances where the standalone selling price is not directly observable, the Company estimates the standalone selling price using the expected cost-plus margin approach.

The Company recognizes revenue as performance obligations are satisfied and the customer obtains control of the solutions and services. In determining when performance obligations are satisfied, the Company considers factors such as contract terms, payment terms and whether there is an alternative future use of the solution or service. Substantially all of the Company's revenue is recognized over time as the Company performs under the contract because control of the work in process transfers continuously to the customer. For most contracts with the U.S. Government, this continuous transfer of control of the work in process to the customer is supported by clauses in the contract that give the customer ownership of work in process and allow the customer to unilaterally terminate the contract for convenience and pay the Company for costs incurred plus a reasonable profit. For most non-U.S. Government contracts, continuous transfer of control to the customer is supported because the Company delivers solutions that do not have an alternative use to the Company and if the Company's customer were to terminate the contract for reasons other than the Company's non-performance, the Company would have the right to recover damages which would include, among other potential damages, the right to payment for the work performed to date plus a reasonable profit.

For performance obligations to deliver solutions with continuous transfer of control to the customer, revenue is recognized based on the extent of progress towards completion of the performance obligation, generally using the percentage-of-completion cost-to-cost measure of progress for the Company's contracts because it best depicts the transfer of control to the customer as the Company incurs costs on the contracts. Under the percentage-of-completion cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs to complete the performance obligation(s). For T&M contracts, revenue is recognized over time based on costs incurred or the right to invoice method (in situations where the value transferred matches the Company's billing rights) as the customer receives and consumes the benefits.

For arrangements with the U.S. Government, the Company generally does not begin work on contracts until funding is appropriated by the customer. Billing timetables and payment terms on the Company's contracts vary based on a number of factors, including the contract type. Cost-reimbursable and T&M contracts are generally billed on a monthly basis. FFP contracts are generally billed based on milestones, which are the achievement of specific events as defined in the contract. Amounts billed and due from customers are classified as receivables on the combined balance sheets. On some contracts, the Company may be entitled to receive an advance payment, which is not considered a significant financing component because it is used to facilitate inventory demands at the onset of a contract and to safeguard the Company from the failure of the other party to abide by some or all of their obligations under the contract.

In some cases where a portion of payment retained by the customer is not considered a significant financing component; the Company expects, at contract inception, that the lag period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will not constitute a significant financing component.

Sale of Products

Revenue from sale of products to customers purchased from third parties is recognized at a point in time when control has transferred to the customer. Control is transferred to the customer upon customer acceptance or receipt of the product. At this point in time, the Company has a present right to payment, and the customer has legal title and physical possession of the product as well as the risks and rewards of ownership.

Contract Balances

Contract balances result from the timing of revenue recognized, billings and cash collections, and the generation of contract assets and liabilities.

Contract assets represent revenue recognized in excess of amounts invoiced to the customer and the right to payment is not subject to the passage of time. Contract liabilities consist of billings in excess of revenues and customer advances. Billings in excess of revenues represents milestone billing contracts where the billings of the contract exceed recognized revenues

Cash and Cash Equivalents

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

Restricted Cash

The Company’s restricted cash consists of cash deposited into escrow accounts reflecting the full obligation to certain investors related to the FPAs. The funds held in the escrow accounts as at December 31, 2021 were not available to the Company for three months following the consummation of the Merger unless and until any of the Investors sold these shares in the market or the investors redeemed their shares under FPAs by March 7, 2022. The Company settled its obligations under the FPAs during the year ended December 31, 2022.

Property and Equipment

Property and equipment are the long-lived, physical assets of the Company acquired for use in the Company’s normal business operations and not intended for resale by the Company. These assets are recorded at cost. Renewals and betterments that increase the useful lives of the assets are capitalized. Repair and maintenance expenditures that increase the efficiency of the assets are expensed as incurred. Assets under capital leases are recorded at the present value of the minimum lease payments required during the lease period. Depreciation is based on the estimated useful lives of the assets using the straight-line method and is included in selling, general and administrative or cost of revenues based upon the asset. Expected useful lives are reviewed at least annually. Estimated useful lives are as follows:

Property and equipment	**Estimate useful life in years**
Computer equipment	3
Furniture and fixtures	7
Laboratory equipment	5-10
Software	3-5
Leasehold improvements	5 or lease term

As assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations.

The Company regularly evaluates its property and equipment for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable, in accordance with *ASC 360, Property, Plant, and Equipment.* If the Company determines that the carrying amount of an asset or asset group is not recoverable based upon the undiscounted expected future cash flows of the asset or asset group, the Company records an impairment loss equal to the excess of carrying amount over the estimated fair value of the asset or asset group.

Finite-lived Intangible Assets

Finite-lived intangible assets result from the Company's various business combinations and consist of identifiable finite-lived intangible assets, including technology and customer relationships. These finite-lived intangible assets are reported at cost, net of accumulated amortization, and are either amortized on a straight-line basis over their estimated useful lives or over the period the economic benefits of the intangible asset are consumed.

The Company regularly evaluates its intangible assets other than goodwill for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable, in accordance with *ASC 350, Intangibles–Goodwill and Other.* If the Company determines that the carrying amount of an asset or asset group is not recoverable based upon the undiscounted expected future cash flows of the asset or asset group, the Company records an impairment loss equal to the excess of carrying amount over the estimated fair value of the asset or asset group.

Leases

The Company determines whether an arrangement is a lease at inception. An arrangement is or contains a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration. The Company has operating leases for office space, automobiles, and other equipment that expire at various dates through 2040. These lease terms may include optional renewals, terminations or purchases, which are considered in the Company's assessments when such options are reasonably certain to be exercised.

The Company measures right-of-use assets and related lease liabilities based on the present value of remaining lease payments. Lease contracts may include fixed payments for non-lease components, such as common area maintenance, which are included in the measurement of lease liabilities for certain asset classes based on the Company's election to combine lease and non-lease components. The Company does not recognize short-term leases, those lease contracts with durations of twelve months or less, on the consolidated balance sheets.

As applicable borrowing rates are not typically implied within the lease arrangements, the Company discounts lease payments based on its estimated incremental borrowing rate at lease commencement, or modification, which is based on the Company's estimated credit rating and the lease term at commencement.

Warrants

As part of GigCapital4's Initial Public Offering, public and private warrants were issued, which were assumed by BigBear.ai upon consummation of the Merger. Warrants are accounted for in accordance with the guidance of *ASC 815, Derivatives and Hedging* ("*ASC 815*"), under which private warrants do not meet the criteria for equity treatment and are classified as liabilities measured at fair value. Public warrants meet the criteria for equity classification. The Company measured the private warrant liability at fair value at the closing of the Merger and then at each reporting period with changes in fair value recognized in the consolidated statements of operations.

Written Put Option

The Written Put Option is a liability under *ASC 480, Distinguishing Liabilities from Equity*, because it embodies an obligation to repurchase the Company's shares by paying cash. Furthermore, the Written Put Option meets the definition of derivative under ASC 815. Therefore, the Written Put Option is classified as a current liability measured at fair value and is presented in Derivative liabilities on the Company's consolidated balance sheets as of December 31, 2021. The unrealized gains and losses from changes in the fair value of the Written Put Option is reflected in the consolidated statements of operations. The Company settled the derivative liability associated with the Written Put Option during the first quarter of 2022.

Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value*ASC 820, Fair Value Measurement and Disclosures* (*"ASC 820"*), specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1—Quoted prices for identical instruments in active markets;

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

These inputs are based on Company's own assumptions about current market conditions and require significant management judgement or estimation. Financial instruments consist of cash equivalents, accounts receivable, accounts payable, accrued liabilities, private warrants, written put options, and debt. Cash equivalents are stated at fair value on a recurring basis. Accounts receivable, accounts payable and accrued liabilities are stated at their carrying value, which approximates fair value due to the short time to the expected receipt of payment date. Private warrants and written put options are marked to fair value on a periodic basis.

Income Taxes

The Company estimates its current tax expense together with assessing temporary differences resulting from differing treatment of items not currently deductible for tax purposes. These differences result in deferred tax assets and liabilities on the Company's consolidated balance sheets, which are estimated based upon the difference between the financial statement and tax bases of assets and liabilities using the enacted tax rates that will be in effect when these differences reverse. In general, deferred tax assets represent future tax benefits to be received when certain expenses previously recognized in the Company's consolidated statements of operations become deductible expenses under applicable income tax laws or loss or credit carry forwards are utilized. Accordingly, the realization of the Company's deferred tax assets are dependent on future taxable income against which these deductions, losses, and credits can be utilized.

The Company evaluates the realizability of its deferred tax assets and recognizes a valuation allowance when it is more likely than not that a future benefit on such deferred tax assets will not be realized. Changes in the valuation allowance, when recorded, would be included in the Company's consolidated statements of operations. Management's judgment is required in determining the Company's valuation allowance recorded against its net deferred tax assets.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties related to uncertain tax positions in its provision (benefit) for income taxes. As of December 31, 2022, the Company accrued $785 for uncertain tax positions.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, certificates of deposit, and accounts receivable. The Company places its cash and cash equivalents with financial institutions of high credit quality. At times, such amounts may exceed federally insured limits. Cash and cash equivalents and restricted cash on deposit or invested with financial and lending institutions was $12,632 and $169,921, as of December 31, 2022 and December 31, 2021, respectively.

The Company provides credit to customers in the normal course of business. The carrying amount of current accounts receivable is stated at cost, net of an allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of accounts receivable that will not be fully collected. The allowance is based on the assessment of the following factors: customer creditworthiness, historical payment experience, and age of outstanding accounts receivable and any applicable collateral.

Segment Information

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 and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company has determined that it operates in two operating and reportable segments, Cyber & Engineering and Analytics, as the CODM reviews financial information presented for both segments on a disaggregated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

Cyber & Engineering
The Cyber & Engineering segment provides high-end technology and management consulting services to its customers. This segment focuses in the areas of cloud engineering and enterprise IT, cybersecurity, computer network operations and wireless, systems engineering, strategy and program planning. The segment's primary solutions relate to the identification of cyber-attack risks and the development and deployment of customized solutions to mitigate those risks.

Analytics
The Analytics segment provides high-end technology and consulting services to its customers. This segment focuses on the areas of big data computing and analytical solutions, including predictive and prescriptive analytic software solutions. The segment's primary solutions assist customers in aggregating, interpreting, and synthesizing data to enable real-time decision-making capabilities.

The Predecessor operated as a single reportable operating segment of Cyber & Engineering.

Goodwill

Goodwill is the amount by which the purchase price exceeded the fair value of the net identifiable assets acquired and liabilities assumed in a business combination on the date of acquisition. Goodwill is assessed for impairment at least annually as of October 1, on a reporting unit basis, or when events and circumstances occur indicating that the recorded goodwill may be impaired. The Company assesses impairment first on a qualitative basis to determine if a quantitative assessment is necessary. In circumstances where the qualitative analysis indicates that it is more likely than not that the fair value of a reporting unit does not exceed its carrying value, the Company performs a quantitative impairment test by which the goodwill impairment loss is measured as the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. All indefinite-lived assets are reviewed for impairment annually, and as necessary if indicators of impairment are present.

Internal-Use Software

Costs incurred in developing internal-use software are either capitalized or expensed, depending on both the nature of the costs and the phase of development in which they are incurred. Costs incurred for implementation activities during the preliminary and post-implementation phases of a project are expensed as incurred, while costs incurred during the application development phase are generally capitalized. Costs incurred to upgrade or enhance existing software are capitalized if the changes result in additional functionality, but these costs are expensed if the software's functionality is not improved. No costs were capitalized during the Successor 2022 Period, Successor 2021 Period, Successor 2020 Period, and Predecessor 2020 Period.

Equity-based Compensation

Pursuant to ASC 718, *Compensation – Stock Compensation*, stock-based awards are measured at fair value on the grant date. For equity classified equity-based awards without performance conditions, the Company recognizes equity-based compensation cost on a straight-line basis over the vesting period of the award. For equity classified equity-based awards with performance conditions, the Company recognizes equity-based compensation cost using the accelerated attribution method over the requisite service period when the Company determines it is probable that the performance condition will be satisfied. The Company recognizes forfeitures of equity-based awards in the period they occur.

(in thousands of U.S. dollars unless stated otherwise)

Research and Development Costs

Research and development costs are primarily made up of labor charges, prototype material, and development expenses. Research and development costs are expensed in the period incurred.

Advertising Costs

All advertising, promotional and marketing costs are expensed when incurred and are included in selling, general and administrative expenses within the consolidated statements of operations. The table below presents advertising costs for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Advertising Costs	$ 339	$ 763	$ 35	$ 57

Net (Loss) Income per Share

Basic net (loss) income per share is computed by dividing net (loss) income applicable to stockholders by the weighted average number of shares outstanding for the period. Diluted net (loss) income per share assumes conversion of potentially dilutive shares, such as stock options. The Company's consolidated statements of operations include a presentation of net loss per share for the Successor 2022 Period, the Successor 2021 Period, and the Successor 2020 Period.

Recent Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update ("*ASU*") *No. 2016-13, Financial Instruments–Credit Losses: Measurement of Credit Losses on Financial Instruments* ("*ASU 2016-13*"), an amendment of the FASB Accounting Standards Codification. Subsequent to the issuance of ASU 2016-13, there were various updates that amended and clarified the impact of ASU 2016-13. ASU 2016-13 broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The amendments in ASU 2016-13 will require an entity to record an allowance for credit losses for certain financial instruments and financial assets, including accounts receivable, based on expected losses rather than incurred losses. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The use of forecasted information incorporates more timely information in the estimate of expected credit losses. The new guidance will be effective for the years beginning after December 15, 2022. The Company does not expect this guidance to have a material impact to its consolidated financial statements or related disclosures.

Recent Accounting Pronouncements Adopted

The FASB issued ASU No. 2016-02, *Leases* ("*ASC 842*") ("*ASU 2016-02*"), which supersedes the current lease requirements in *ASC 840, Leases* (*"ASC 840"*). ASU 2016-02 requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the consolidated statements of operations. Under ASC 840, leases were classified as either capital or operating, with any capital leases recognized on the consolidated balance sheets. The reporting of lease-related expenses in the consolidated statements of operations and cash flows will be generally consistent with ASC 840.

The Company adopted ASC 842 utilizing the modified retrospective method on January 1, 2022 and elected the package of practical expedients permitted under the transition guidance within the new standard which among other things, allowed the Company to carry forward the historical lease classification. The Company did not elect the hindsight practical expedient to determine the lease term for existing leases. Adoption of the new standard resulted in the recognition of a $4,533 right-of-use asset and $4,622 lease liability on the Company's consolidated balance sheets upon adoption. Refer to Note L—Leases for more information.

(in thousands of U.S. dollars unless stated otherwise)

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations* ("*ASC 805*"), *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("*ASU 2021-08*"). Upon the issuance of ASU No. 2014-09, *Revenue from Contracts with Customers* ("*ASC 606*"), which provides a single comprehensive accounting model on revenue recognition for contracts with customers, stakeholders indicated that there are differing views on whether the concept of a performance obligation introduced by ASC 606 should be used to determine whether a contract liability is recognized in a business combination from revenue contracts. Before the adoption date of ASC 606, a liability for deferred revenue was generally recognized in an acquirer's financial statements if it represented a legal obligation. The amendments in ASU 2021-08 address how to determine whether a contract liability is recognized by the acquirer in a business combination. Additionally, stakeholders raised questions about how to apply ASC 805 to contracts with a customer acquired in a business. Under current practice, the timing of payment for a revenue contract may subsequently affect the amount of post-acquisition revenue recognized by the acquirer. For example, if two revenue contracts with identical performance obligations are acquired but one contract is paid upfront before the acquisition and the other contract is paid over the contract term after the acquisition, the amount of revenue recognized by the acquirer after the business combination likely would differ between the two acquired contracts. The amendments in ASU 2021-08 resolve this inconsistency by providing specific guidance on how to recognize and measure acquired contract assets and contract liabilities from revenue contracts in a business combination. The new guidance will be effective for the years beginning after December 15, 2022. The Company prospectively adopted ASU 2021-08 as of January 1, 2022.

Note C—Restructuring Charges

The Company initiated a restructuring action in the third quarter of 2022 and an additional restructuring action in the fourth quarter of 2022, both of which were completed as of December 31, 2022. The restructuring charges resulted from a strategic review of the Company's capacity and future projections, with the purpose being to better align our organization and cost structure and improve the affordability of our products and services. During the year ended December 31, 2022, the Company recorded employee separation costs of $3,302, net of tax benefits. As of December 31, 2022, $1,767 of these cost had been settled. A liability reflecting unpaid employee separation costs of $1,535 is presented on the consolidated balance sheets within other current liabilities. In addition, the Company vacated certain underutilized real estate leases and as a result recognized an impairment of the associated right-of-use assets of $901. Refer to Note L—Leases for more information on the impairment.

The table below summarizes total restructuring charges by reportable segment for the year ended December 31, 2022:

	Cyber & Engineering	Analytics	Total
Employee separation costs	$ 417	$ 2,885	$ 3,302
Impairment of right-of-use assets	90	811	901
Total restructuring charges	$ 507	$ 3,696	$ 4,203

Note D—Business Combinations

NuWave Acquisition

On June 19, 2020, the Successor acquired 100% of the equity interest of NuWave for cash and 2,900,000 units of the Successor's Parent's equity ("*Parent Units*"). The acquisition supports the Company's growth in its offering of advanced data analytics.

The purchase agreement with the sellers of NuWave also stipulated that certain funds would be held in escrow (*Indemnification Escrow Deposit*" and "*Adjustment Escrow Deposit*"), for the benefit of the seller. Pursuant to and subject to the terms and conditions of the Escrow Agreement, the Indemnification Escrow Amount of $300 and the Adjustment Escrow Amount of $150 shall be held in escrow until released in accordance with the purchase agreement and the Escrow Agreement.

(in thousands of U.S. dollars unless stated otherwise)

The following table summarizes the fair value of the consideration transferred and the estimated fair values of the major classes of assets acquired and liabilities assumed as of the acquisition date.

		June 19, 2020
Cash paid	$	27,881
Equity issued		2,900
Purchase consideration	$	30,781
Assets:		
Cash	$	1,038
Accounts receivable		3,018
Other current assets		112
Contract assets		1,095
Deposits		27
Property and equipment		77
Intangible assets		16,200
Total assets acquired	$	21,567
Liabilities:		
Accounts payable		365
Accrued liabilities		364
Deferred tax liability		476
Total liabilities acquired	$	1,205
Fair value of net identifiable assets acquired		364
Goodwill	$	10,419

The following table summarizes the intangible assets acquired by class:

	June 19, 2020
Technology	5,400
Customer relationships	10,800
Total intangible assets	16,200

The fair value of the acquired technology was determined using the relief from royalty (‘*RFR*”) method. The fair value of the acquired customer relationships was determined using the excess earnings method.

The acquisition was accounted for as a business combination, whereby the excess of the purchase consideration over the fair value of identifiable net assets was allocated to goodwill. The goodwill reflects the potential synergies and expansion of the Company’s offerings across product lines and markets complementary to its existing products and markets. For tax purposes, the goodwill related to the asset purchase is deductible.

The results of operations of NuWave for the period from June 19, 2020 to December 31, 2020 have been included in the results of operations for the Successor 2020 Period; the post-acquisition net revenues and net loss included in the Successor 2020 Period were $13,725 and $118, respectively. The acquisition-related costs included in transaction expenses in the consolidated statements of operations for the Successor 2020 Period were $1,662.

PCI Acquisition

On October 23, 2020, the Successor acquired 100% of the equity interest of PCI for cash and8,142,985 units of the Successor’s Parent’s equity. The acquisition supports the Company’s growth in its offering of cybersecurity, cloud and system engineering.

The purchase agreement with the sellers of PCI also stipulated that certain funds would be held in escrow (*Adjustment Escrow Deposit*” and “*Indemnity Escrow Amount*”), for the benefit of the sellers. Pursuant to and subject to the terms and conditions of the Escrow Agreement, the Indemnification Escrow Amount of $325 and the Adjustment Escrow Amount of $650 shall be held in escrow until released in accordance with the purchase agreement and the Escrow Agreement.

(in thousands of U.S. dollars unless stated otherwise)

The following table summarizes the fair value of the consideration transferred and the estimated fair values of the major classes of assets acquired and liabilities assumed as of the acquisition date.

		October 23, 2020
Cash paid	$	55,932
Equity issued		8,143
Purchase consideration	$	64,075
Assets:		
Cash	$	364
Accounts receivable		6,710
Contract assets		4,569
Prepaid expenses and other current assets		383
Property and equipment		218
Other non-current assets		5
Intangible assets		22,800
Total assets acquired	$	35,049
Liabilities:		
Accounts payable	$	1,131
Deferred tax liability		1,033
Accrued liabilities		3,776
Total liabilities acquired	$	5,940
Fair value of net identifiable assets acquired		29,109
Goodwill	$	34,966

The following table summarizes the intangible assets acquired by class:

		October 23, 2020
Customer relationships	$	22,800

A measurement period adjustment increasing accrued liabilities and goodwill by $286 was recognized during the year ended December 31, 2021.

The fair value of the acquired customer relationships was determined using the excess earnings method.

The acquisition was accounted for as a business combination, whereby the excess of the purchase consideration over the fair value of identifiable net assets was allocated to goodwill. The goodwill reflects the potential synergies and expansion of the Company's offerings across product lines and markets complementary to its existing products and markets. For tax purposes, the goodwill related to the asset purchase is deductible.

The results of operations of PCI for the period from October 23, 2020 to December 31, 2020 have been included in the results of operations for the Successor 2020 Period; the post-acquisition net revenues and net income included in the Successor 2020 Period were $15,584 and $288, respectively. The acquisition-related costs included in transaction expenses in the consolidated statements of operations for the Successor 2020 Period were $3,484.

Open Solutions Acquisition

On December 2, 2020, the Company acquired 100% of the equity interest of Open Solutions for cash and 2,144,812 units of the Successor's Parent's equity. The acquisition supports the Company's growth in its offering of advanced data analytics.

The purchase agreement with the sellers of Open Solutions also stipulated that certain funds would be held in escrow (*Indemnification Escrow Deposit*," "*Adjustment Escrow Deposit*" and "*Representative Expense Fund*"), for the benefit of the sellers. Pursuant to and subject to the terms and conditions of the Escrow Agreement, the Indemnification Escrow Amount of

(in thousands of U.S. dollars unless stated otherwise)

$285, the Adjustment Escrow Amount of $372 and Representative Expense Fund $150 shall be held in escrow until released in accordance with purchase agreement and the Escrow Agreement.

The following table summarizes the fair value of the consideration transferredand the estimated fair values of the major classes of assets acquired and liabilities assumed as of the acquisition date.

		December 2, 2020
Cash paid	$	60,715
Equity issued		2,145
Purchase consideration	$	62,860
Assets:		
Cash	$	63
Accounts receivable		6,127
Prepaid expenses and other current assets		89
Property and equipment		305
Other non-current assets		48
Intangible assets		30,800
Total assets acquired	$	37,432
Liabilities:		
Accounts payable	$	122
Accrued liabilities		946
Deferred tax liability		334
Other non-current liabilities		27
Total liabilities acquired	$	1,429
Fair value of net identifiable assets acquired		36,003
Goodwill	$	26,857

The following table summarizes the intangible assets acquired by class:

		December 2, 2020
Technology	$	10,300
Customer relationships		20,500
Total intangible assets	$	30,800

The fair value of the acquired technology was determined using the RFR method. The fair value of the acquired customer relationships was determined using the excess earnings method.

The acquisition was accounted for as a business combination, whereby the excess of the purchase consideration over the fair value of identifiable net assets was allocated to goodwill. The goodwill reflects the potential synergies and expansion of the Company's offerings across product lines and markets complementary to its existing products and markets. For tax purposes, the goodwill related to the asset purchase is deductible.

The results of operations of Open Solutions for the period from December 2, 2020 to December 31, 2020 have been included in the results of operations for the Successor 2020 Period; the post-acquisition net revenues and net income included in the Successor 2020 Period were $1,855 and $64, respectively. The acquisition-related costs included in transaction expenses in the consolidated statements of operations for the Successor 2020 Period were $2,432.

ProModel Acquisition

On December 21, 2020, the Successor acquired 100% of the equity interest of ProModel for cash. The acquisition supports the Company's growth in its offering of advanced data analytics.

(in thousands of U.S. dollars unless stated otherwise)

The purchase agreement with the sellers of ProModel also stipulated that certain funds would be held in escrow (*Adjustment Escrow Deposit*" and "*PPP Escrow Amount*"), for the benefit of the sellers. Pursuant to and subject to the terms and conditions of the Escrow Agreement, the Adjustment Escrow Amount of $ 425 and PPP Escrow Amount $2,557 shall be held in escrow until released in accordance with purchase agreement and the Escrow Agreement.

The following table summarizes the fair value of the consideration transferred and the estimated fair values of the major classes of assets acquired and liabilities assumed as of the acquisition date.

		December 21, 2020
Cash paid	$	43,718
Assets:		
Cash		1,843
Accounts receivable		907
Other receivables		707
Contract assets		779
Prepaid expenses and other current assets		64
Property and equipment		134
Other non-current assets		18
Intangible assets		21,700
Total assets acquired	$	26,152
Liabilities:		
Accounts payable	$	2
Contract liabilities		501
Accrued liabilities		960
Total liabilities acquired	$	1,463
Fair value of net identifiable assets acquired		24,689
Goodwill	$	19,029

The following table summarizes the intangible assets acquired by class:

		December 21, 2020
Technology	$	7,000
Customer relationships		14,700
Total intangible assets	$	21,700

A measurement period adjustment increasing accrued liabilities and goodwill by $79 was recognized during the year ended December 31, 2021.

The fair value of the acquired technology was determined using the RFR method. The fair value of the acquired customer relationships was determined using the excess earnings method.

The acquisition was accounted for as a business combination, whereby the excess of the purchase consideration over the fair value of identifiable net assets was allocated to goodwill. The goodwill reflects the potential synergies and expansion of the Company's offerings across product lines and markets complementary to its existing products and markets. For tax purposes, the goodwill is deductible.

The results of operations of ProModel for the period from December 21, 2020 to December 31, 2020 have been included in the results of operations for the Successor 2020 Period; the post-acquisition net revenues and net income included in the Successor 2020 Period were $388 and $19, respectively. The acquisition-related costs included in transaction expenses in the consolidated statements of operations for the Successor 2020 Period were $2,513.

(in thousands of U.S. dollars unless stated otherwise)

ProModel Corporation Acquisition

On April 7, 2022, the Company's subsidiary BigBear.ai, LLC acquired 100% of the equity interest in ProModel Corporation ('*ProModel Corporation*"), a leader in simulation-based predictive and prescriptive analytic software for process improvement enabling organizations to make better decisions, for approximately 16.1 million, subject to certain adjustments. This acquisition complements the Company's previous acquisition of ProModel, which closed on December 21, 2020. The acquisition was funded through a combination of cash on hand and the issuance of 649,976 shares of the Company's common stock. ProModel Corporation is aligned under the Company's Analytics business segment.

The purchase agreement with the sellers of ProModel Corporation also stipulates that certain funds would be held in escrow ("*Indemnity Escrow Deposit*", "*Distribution Withholding Deposit*", and "*Adjustment Escrow Deposit*"), for the benefit of the seller. Pursuant to and subject to the terms and conditions of the Escrow Agreement, the Adjustment Escrow Amount of $200, the Distribution Withholding Escrow Amount of $100, and the Indemnity Escrow Amount of $100 shall be held in escrow until released in accordance with the purchase agreement and the Escrow Agreement.

The following table summarizes the preliminary fair value of the consideration transferred and the preliminary estimated fair values of the major classes of assets acquired and liabilities assumed as of the acquisition date.

		April 7, 2022
Cash paid	$	8,559
Equity issued		7,501
Purchase consideration	$	16,060
Assets:		
Cash	$	4,094
Accounts receivable		743
Prepaid expenses and other current assets		1,600
Contract assets		398
Property and equipment		83
Other non-current assets		21
Intangible assets		9,300
Total assets acquired	$	16,239
Liabilities:		
Accounts payable		5
Accrued liabilities		7,752
Contract liabilities		1,555
Deferred tax liabilities		1,458
Total liabilities acquired	$	10,770
Fair value of net identifiable assets acquired		5,469
Goodwill	$	10,591

The following table summarizes the intangible assets acquired by class:

		April 7, 2022
Technology	$	3,500
Customer relationships		5,800
Total intangible assets	$	9,300

The acquired technology and customer relationship intangible assets have a weighted-average estimated useful lives of 7 years and 20 years, respectively.

The amounts above represent the current preliminary fair value estimates as the measurement period is still open as of December 31, 2022. The Company is refining tax positions that existed at the date of the acquisition.

(in thousands of U.S. dollars unless stated otherwise)

The fair value of the acquired technology was determined using the relief from royalty (“RFR”) method. The fair value of the acquired customer relationships was determined using the excess earnings method.

The acquisition was accounted for as a business combination, whereby the excess of the purchase consideration over the fair value of identifiable net assets was allocated to goodwill. The goodwill reflects the potential synergies and expansion of the Company’s offerings across product lines and markets complementary to its existing products and markets. For tax purposes, the goodwill related to the acquisition is deductible.

Pro Forma Financial Data (Unaudited)

The following table presents the pro forma combined results of operations for the business combinations for the years ended December 31, 2022 and December 31, 2021 as though the acquisitions had been completed as of January 1, 2021.

	Pro forma for the year ended	
	December 31, 2022	December 31, 2021
Net revenue	$ 156,256	$ 151,380
Net loss	(122,751)	(124,762)
Transaction expenses	1,585	—

The amounts included in the pro forma information are based on the historical results and do not necessarily represent what would have occurred if all the business combinations had taken place as of January 1, 2021, nor do they represent the results that may occur in the future. Accordingly, the pro forma financial information should not be relied upon as being indicative of the results that would have been realized had the acquisition occurred as of the date indicated or that may be achieved in the future.

The Company incurred $1,585 of transaction expenses attributable to the acquisition of ProModel Corporation during the year ended December 31, 2022.

Note E—Fair Value of Financial Instruments

Cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, accounts payable, short-term debt, including the current portion of long-term debt, accrued liabilities, and other current liabilities are reflected on the consolidated balance sheets at amounts that approximate fair value because of the short-term nature of these financial assets and liabilities.

Private warrants and written put options are valued using a modified Black-Scholes option pricing model (*“OPM”*), which is considered to be a Level 3 fair value measurement. See Note R—Warrants for information on the Level 3 inputs used to value the private warrants and Note P—Written Put Option for information on the Level 3 inputs used to value the written put options.

The table below presents the financial liabilities measured at fair value on a recurring basis:

		December 31, 2022			
	Balance Sheet Caption	Level 1	Level 2	Level 3	Total
Private warrants	Other non-current liabilities	$ —	$ —	$ 9	$ 9
Written put options	Derivative liabilities	—	—	—	—

		December 31, 2021			
	Balance Sheet Caption	Level 1	Level 2	Level 3	Total
Private warrants	Other non-current liabilities	$ —	$ —	$ 319	$ 319
Written put options	Derivative liabilities	—	—	44,827	44,827

(in thousands of U.S. dollars unless stated otherwise)

The changes in the fair value of the Level 3 liabilities are as follows:

	Level 3	
	Private warrants	Written put options
December 31, 2020	$ —	$ —
Additions	422	11,371
Changes in fair value	(103)	33,456
Settlements	—	—
December 31, 2021	$ 319	$ 44,827
Additions	—	—
Changes in fair value	(267)	(1,281)
Settlements	(43)	(43,546)
December 31, 2022	$ 9	$ —

Note F—Property and Equipment, net

The property and equipment and accumulated depreciation balances are as follows:

	December 31, 2022	December 31, 2021
Computer equipment	$ 1,006	$ 859
Furniture and fixtures	713	433
Leasehold improvements	398	117
Office equipment	168	89
Software	60	6
Less: accumulated depreciation	(912)	(426)
Property and equipment, net	$ 1,433	$ 1,078

The table below presents depreciation expense related to property and equipment for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Depreciation expense on property and equipment	$ 497	$ 410	$ 26	$ 52

Note G—Goodwill

During the second quarter for the year ending December 31, 2022, the Company identified factors indicating that the fair value of both the Cyber & Engineering and Analytics reporting units may be less than their respective carrying amounts. These factors were related to a shift in the Federal Government's focus to address immediate needs in Ukraine, causing a slowdown in the pace of contract awards. This resulted in lower revenues than anticipated during the period and caused future revenue projections to be revised. As a result, the Company performed a quantitative goodwill impairment assessment, as described further below, and concluded that the carrying value of the Cyber & Engineering reporting unit exceeded its fair value and accordingly the Company recorded a non-tax-deductible goodwill impairment charge of $35,252, which is included within the consolidated statements of operations for the year ended December 31, 2022.

During the fourth quarter of the year ending December 31, 2022, the Company identified factors indicating that the fair value of the Analytics reporting unit may be less than its carrying amount. These factors were related to current macroeconomic headwinds, delays in contract awards, and changes to previously anticipated growth rates. This resulted in lower revenues than anticipated during the period and caused future revenue projections to be revised. As a result, the Company performed a quantitative goodwill impairment assessment, as described further below, and concluded that the carrying value of the Analytics reporting unit exceeded its fair value and accordingly the Company recorded a non-tax-deductible goodwill impairment charge of

(in thousands of U.S. dollars unless stated otherwise)

$18,292, which is included within the consolidated statements of operations for the year ended December 31, 2022.

The Company utilized a combination of the discounted cash flow ("*DCF*") method of the Income Approach and the Market Approach. Under the Income Approach, the future cash flows of the Company's reporting units were projected based on estimates of future revenues, gross margins, operating income, excess net working capital, capital expenditures, and other factors. The Company utilized estimated revenue growth rates and cash flow projections. The discount rates utilized in the DCF method were based on a weighted-average cost of capital ("*WACC*") determined from relevant market comparisons and adjusted for specific reporting unit risks and capital structure. A terminal value estimated growth rate was applied to the final year of the projected period and reflected the Company's estimate of perpetual growth. The Company then calculated the present value of the respective cash flows for each reporting unit to arrive at an estimate of fair value under the Income Approach. The Market Approach is comprised of the Guideline Public Company and the Guideline Transactions Methods. The Guideline Public Company Method focuses on comparing the Company to selected reasonably similar (or guideline) publicly traded companies. Under this method, valuation multiples were: (i) derived from the operating data of selected guideline companies; (ii) evaluated and adjusted based on the strengths and weaknesses of the Company relative to the selected guideline companies; and (iii) applied to the operating data of the Company to arrive at an indication of value. In the Guideline Transactions Method, consideration was given to prices paid in recent transactions that had occurred in the Company's industry or in related industries. The Company then reconciled the estimated fair value of its reporting units to its total public market capitalization as of the valuation date.

The table below presents the changes in the carrying amount of goodwill by reporting unit:

	Cyber & Engineering	Analytics	Total
December 31, 2020	$ 34,966	$ 56,305	$ 91,271
Measurement period adjustment - PCI	286	—	286
Measurement period adjustment - ProModel	—	79	79
As of December 31, 2021	$ 35,252	$ 56,384	$ 91,636
Goodwill arising from the ProModel Corporation acquisition	—	10,591	10,591
Goodwill impairment	(35,252)	(18,292)	(53,544)
As of December 31, 2022	$ —	$ 48,683	$ 48,683

Accumulated impairment losses to goodwill were $53,544 as of December 31, 2022, of which $35,252 relates to the Cyber & Engineering reporting unit and $18,292 relates to the Analytics reporting unit.

Note H—Intangible Assets, net

The intangible asset balances and accumulated amortization are as follows:

	December 31, 2022			
	Gross carrying amount	Accumulated amortization	Net carrying amount	Weighted average useful life in years
Customer relationships	$ 74,600	$ (7,702)	$ 66,898	20
Technology	26,200	(7,413)	18,787	7
Total	$ 100,800	$ (15,115)	$ 85,685	

	December 31, 2021			
	Gross carrying amount	Accumulated amortization	Net carrying amount	Weighted average useful life in years
Customer relationships	$ 68,800	$ (4,051)	$ 64,749	20
Technology	22,700	(3,803)	18,897	7
Total	$ 91,500	$ (7,854)	$ 83,646	

The table below presents the amortization expense related to intangible assets for the following periods:

(in thousands of U.S. dollars unless stated otherwise)

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Amortization expense related to intangible assets	$ 7,261	$ 6,852	$ 1,002	$ —

The table below presents the estimated amortization expense on intangible assets for the next five years and thereafter as of December 31, 2022:

2023	$ 7,473
2024	7,473
2025	7,473
2026	7,473
2027	6,912
Thereafter	48,881
Total estimated amortization expense	$ 85,685

Note I—Prepaid expenses and other current assets

The table below presents details on prepaid expenses and other current assets:

	December 31, 2022	December 31, 2021
Prepaid insurance	$ 3,205	$ 4,265
Prepaid expenses	1,663	1,933
Prepaid taxes	1,827	284
Pre-contract costs[1]	3,605	546
Total prepaid expenses and other current assets	$ 10,300	$ 7,028

[1] Costs incurred to fulfill a contract in advance of the contract being awarded are included in prepaid expenses and other current assets if we determine that those costs relate directly to a contract or to an anticipated contract that we can specifically identify and contract award is probable, the costs generate or enhance resources that will be used in satisfying performance obligations, and the costs are recoverable (referred to as pre-contract costs).

Pre-contract costs that are initially capitalized in prepaid assets and other current assets are generally recognized as cost of revenues consistent with the transfer of products or services to the customer upon the receipt of the anticipated contract. All other pre-contract costs, including start-up costs, are expensed as incurred. As of December 31, 2022 and December 31, 2021, $3,605 and $546 of pre-contract costs were included in prepaid expenses and other current assets, respectively.

Note J—Accrued Liabilities

The table below presents details on accrued liabilities:

	December 31, 2022	December 31, 2021
Payroll accruals	$ 11,319	$ 9,011
Accrued interest	567	842
Other accrued expenses	1,480	882
Total accrued liabilities	$ 13,366	$ 10,735

(in thousands of U.S. dollars unless stated otherwise)

Note K—Debt

The table below presents the Company’s debt balances:

	December 31, 2022	December 31, 2021
Convertible Notes	$ 200,000	$ 200,000
Bank of America Senior Revolver	—	—
D&O Financing Loan	2,059	4,233
Total debt	202,059	204,233
Less: unamortized issuance costs	7,682	9,636
Total debt, net	194,377	194,597
Less: current portion	2,059	4,233
Long-term debt, net	$ 192,318	$ 190,364

Convertible Notes

Upon consummation of the Merger, the Company issued $200.0 million of unsecured convertible notes (the *“Convertible Notes”*) to certain investors. The Convertible Notes bear interest at a rate of 6.0% per annum, payable semi-annually, and not including any interest payments that are settled with the issuance of shares, were initially convertible into 17,391,304 shares of the Company’s common stock at an initial Conversion Price of $11.50. The Conversion Price is subject to adjustments. On May 29, 2022, pursuant to the Convertible Note indenture, the conversion rate applicable to the Convertible Notes was adjusted to 94.2230 (previously 86.9565) shares of common stock per $1,000 principal amount of Convertible Notes because the average of the daily volume-weighted average price of the common stock during the preceding 30 trading days was less than $10.00 (the “*Conversion Rate Reset*”). After giving effect to the Conversion Rate Reset, the Conversion Price is $10.61 and the Convertible Notes are convertible into 18,844,600 shares, not including any interest payments that are settled with the issuance of shares. The Convertible Note financing matures on December 15, 2026.

The Company may, at its election, force conversion of the Convertible Notes after December 15, 2022 and prior to October 7, 2026 if the trading price of the Company’s common stock exceeds 130% of the conversion price for 20 out of the preceding 30 trading days and the 30-day average daily trading volume ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to $3.0 million for the first two years after the initial issuance of the Convertible Notes and $2.0 million thereafter. Upon such conversion, the Company will be obligated to pay all regularly scheduled interest payments, if any, due on the converted Convertible Notes on each interest payment date occurring after the conversion date for such conversion to, but excluding, the maturity date (such interest payments, an “*Interest Make-Whole Payments*”). In the event that a holder of the Convertible Notes elects to convert the Convertible Notes (a) prior to December 15, 2024, the Company will be obligated to pay an amount equal to twelve months of interest or (b) on or after December 15, 2024 but prior to December 15, 2025, any accrued and unpaid interest plus any remaining amounts that would be owed up to, but excluding, December 15, 2025. The Interest Make-Whole Payments will be payable in cash or shares of the common stock at the Company’s election, as set forth in the Indenture.

Following certain corporate events that occur prior to the maturity date or if the Company exercises its mandatory conversion right in connection with such corporate events, the conversion rate will be increased in certain circumstances for a holder who elects, or has been forced, to convert its Convertible Notes in connection with such corporate events.

If a Fundamental Change (as defined in the Convertible Note indenture) occurs prior to the maturity date, holders of the Convertible Notes will have the right to require the Company to repurchase all or any portion of their Convertible Notes in principal amounts of one thousand dollars or an integral multiple thereof, at a repurchase price equal to the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date.

The Convertible Notes require the Company to meet certain financial and other covenants. As of December 31, 2022, the Company was in compliance with all covenants.

On May 29, 2022, pursuant to the conversion rate adjustment provisions in the Convertible Note indenture, the Conversion Price was adjusted to $10.61 (or 94.2230 shares of common stock per one thousand dollars of principal amount of Convertible Notes).

Subsequent to the adjustment, the Convertible Notes are convertible into18,844,600 shares, not including any interest payments that are settled with the issuance of shares.

As of December 31, 2022, the Company has an outstanding balance of $200.0 million related to the Convertible Notes, which is recorded on the balance sheet net of approximately $7.7 million of unamortized debt issuance costs.

Bank of America Senior Revolver

The Company is party to a senior credit agreement with Bank of America, N.A. (the *"Bank of America Credit Agreement"*), entered into on December 7, 2021 (the "*Closing Date*"), subsequently amended on November 8, 2022, providing the Company with a $25.0 million senior secured revolving credit facility (the *"Senior Revolver"*). Proceeds from the Senior Revolver will be used to fund working capital needs, capital expenditures, and other general corporate purposes. The Senior Revolver matures on December 7, 2025 (the *"Maturity Date"*).

The Senior Revolver is secured by a pledge of 100% of the equity of certain of the Company's wholly owned subsidiaries and a security interest in substantially all of the Company's tangible and intangible assets. The Senior Revolver includes borrowing capacity available for letters of credit and for borrowings on same-day notice, referred to as the "swing loans." Any issuance of letters of credit or making of a swing loan will reduce the amount available under the revolving credit facility. The Company may increase the commitments under the Senior Revolver in an aggregate amount of up to the greater of $25.0 million or 100% of consolidated adjusted EBITDA plus any additional amounts so long as certain conditions, including compliance with the applicable financial covenants for such period, in each case on a pro forma basis, are satisfied.

As of the Closing Date, borrowings under the Senior Revolver bear interest, at the Company's option, at:

(i) A Base Rate plus a Base Rate Margin of 2.00%. Base Rate is a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 0.50%, (b) the prime rate of Bank of America, N.A., and (c) Bloomberg Short-Term Yield Index ("*BSBY*") Rate plus 1.00%; or

(ii) The BSBY Rate plus a BSBY Margin of 1.00%.

The Base Rate Margin and BSBY Margin became subject to adjustment based on the Company's Secured Net Leverage Ratio after March 31, 2022. The Company is also required to pay unused commitment fees and letter of credit fees under the Bank of America Credit Agreement. The Second Amendment (defined below) increased the Base Rate Margin, BSBY Margin and unused commitment fees by 0.25%.

The Bank of America Credit Agreement requires the Company to meet certain financial and other covenants. The Company was not in compliance with the Fixed Charge Coverage ratio requirement as of June 30, 2022, and as a result was unable to draw on the facility. The Company notified Bank of America N.A. of the covenant violation, and on August 9, 2022, entered into the First Amendment (the *"First Amendment"*) to the Bank of America Credit Agreement, which, among other things, waived the requirement that the Company demonstrate compliance with the minimum Fixed Charge Coverage ratio provided for in the Credit Agreement for the quarter ended June 30, 2022.

The Company was not in compliance with the Fixed Charge Coverage ratio requirement as of September 30, 2022, and as a result was unable to draw on the facility. On November 8, 2022, the Company entered into a Second Amendment to the Bank of America Credit Agreement (the "*Second Amendment*"), which modifies key terms of the Senior Revolver. As a result of the Second Amendment, funds available under the Senior Revolver are reduced to $ 25.0 million from $50.0 million, limited to a borrowing base of 90% of Eligible Prime Government Receivables and Eligible Subcontractor Government Receivables, plus 85% of Eligible Commercial Receivables. Additionally, the Second Amendment increased the Base Rate Margin, BSBY Margin and unused commitment fees by 0.25%. Following entry into the Second Amendment, the Senior Revolver no longer is subject to a minimum Fixed Charge Coverage ratio covenant. In order for the facility to become available for borrowings (the "*initial availability quarter*"), the Company must report Adjusted EBITDA of at least one dollar. Commencing on the first fiscal quarter after the initial availability quarter, the Company is required to have aggregated reported Adjusted EBITDA of at least $1 over the two preceding quarters to maintain its ability to borrow under the Senior Revolver (though the inability to satisfy such condition does not result in a default under the Senior Revolver).

Failure to meet these Adjusted EBITDA requirements is not deemed to be a default but will limit the Company's ability to make borrowings under the Senior Revolver until such time that the Company is able meet the Adjusted EBITDA thresholds as defined in the Second Amendment. As the initial availability quarter is the first quarter of fiscal year 2023, the Company was unable to draw on the Senior Revolver as of December 31, 2022.

(in thousands of U.S. dollars unless stated otherwise)

The Second Amendment removes the requirement that the Company demonstrate compliance with the minimum Fixed Charge Coverage ratio.

Based on current forecasts, management believes that it is reasonably likely that the Company may fail to meet the minimum Adjusted EBITDA requirements of the Bank of America Credit Agreement in future periods and therefore, may be unable to draw on the facility. Management performed a cash flow analysis to identify the Company's projected approximate cash flow and liquidity needs for the next 12 months. Based on the Company's projected cash flow and liquidity needs, we believe that our cash from operating activities generated from continuing operations during the year will be adequate for the next 12 months to meet our anticipated uses of cash flow, including payroll obligations, working capital, operating lease obligations, capital expenditures and debt service costs, and it is considered unlikely that the Company would require access to draw funds on the Senior Revolver in the foreseeable future.

As of December 31, 2022, the Company had not drawn on the Line of Credit. Unamortized debt issuance costs of $198 as of December 31, 2022, are recorded on the consolidated balance sheets and are presented in other non-current assets.

D&O Financing Loan

On December 8, 2021, the Company entered into a $4,233 loan (the *"D&O Financing Loan"*) with AFCO Credit Corporation to finance the Company's directors and officers insurance premium through December 2022. The D&O Financing Loan had an interest rate of 1.50% per annum and a maturity date of December 8, 2022.

On December 8, 2022, the Company entered into a $2,059 loan (the "*2023 D&O Financing Loan*") with AFCO Credit Corporation to finance the Company's directors and officers insurance premium through December 2023. The 2023 D&O Financing Loan required an upfront payment of $1,109 and has an interest rate of 5.75% per annum and a maturity date of December 8, 2023.

<u>Note L—Leases</u>

The Company is obligated under operating leases for certain real estate and office equipment assets. The Company's finance leases are not material. Certain leases contained predetermined fixed escalation of minimum rents at rates ranging from 2.5% to 5.4% per annum and remaining lease terms of up to eight years, some of which include renewal options that could extend certain leases to up to an additional five years.

The following table presents supplemental information related to leases at December 31, 2022:

Weighted average remaining lease term	5.32
Weighted average discount rate	10.43 %

The table below presents rent expense under all leases for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Rent expense	$ 1,899	$ 1,612	$ 198	$ 367

Rent expense for the year ended December 31, 2022 includes $398 of short-term lease costs and $42 of variable lease costs.

(in thousands of U.S. dollars unless stated otherwise)

The following table presents supplemental cash flow and non-cash information related to leases:

	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows from leases	$ 1,160
Right-of-use assets obtained in exchange for lease obligations - non-cash activity	$ 2,027

As of December 31, 2022, the future annual minimum lease payments for operating leases are as follows:

2023	$ 1,429
2024	1,257
2025	1,207
2026	1,138
2027	531
Thereafter	3,625
Total future minimum lease payments	$ 9,187
Less: amounts related to imputed interest	(3,289)
Present value of future minimum lease payments	5,898
Less: current portion of long-term lease liability	806
Long-term lease liability	$ 5,092

During the fourth quarter of 2022, the Company vacated certain underutilized real estate leases as a result of its continued efforts to consolidate administrative functions and reduce overhead costs. The Company intends to sublease certain of these leases (where practicable and contractually permitted), and as of December 31, 2022, had subleased two of the vacated real estate leases and recognized $48 of sublease income on the consolidated statements of operations.

The decision to vacate these real estate leases is considered an indicator of impairment of the right-of-use asset. The Company utilized a discounted cash flow to estimate the fair value as of the date each lease was vacated. This included, amongst other inputs, estimating future sublease income through the end of each remaining lease term (where contractually permitted). These cash flows were discounted using a risk-adjusted risk-free rate. The carrying value of the right-of-use assets exceeded its estimated fair value and as a result, the Company recognized an impairment expense of $901, which is presented in restructuring charges on the consolidated statements of operations for the year ended December 31, 2022.

Note M—Income Taxes

The Predecessor was established and taxed as a partnership, and therefore, was not generally subject to federal, state and local corporate income taxes. The tax attributes of the Predecessor are reported on each members' respective income tax return. Consequently, the provision for income tax provided in the accompanying financial statements arose in states that assess income tax at the entity level.

The Successor is established as a limited liability company and has elected to be taxed as a corporation for federal, state, and local income tax purposes.

(in thousands of U.S. dollars unless stated otherwise)

The table below presents the components of income tax (benefit) expense for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Federal:				
Deferred	$ (1,372)	$ 797	$ (2,047)	$ —
Total Federal	(1,372)	797	(2,047)	—
State:				
Current	40	42	4	11
Deferred	(385)	245	(590)	(8)
Total State	(345)	287	(586)	3
Income tax (benefit) expense	$ (1,717)	$ 1,084	$ (2,633)	$ 3

The following is the reconciliation of the amounts computed using the federal statutory income tax rate and the amounts computed using the effective income tax rate:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Tax benefit at federal statutory rates	$ (25,853)	(25,718)	(2,199)	—
State income tax, net of federal tax benefit	(7,532)	(2,163)	(628)	3
Class B Incentive Unit equity-based compensation	1,001	12,673	—	—
Valuation allowance	28,607	8,967	—	—
Net (decrease) increase in fair value of derivatives	(334)	7,004	—	—
Goodwill impairment	1,900	—	—	—
Transaction expenses	—	—	119	—
Other permanent differences	494	321	75	—
Income tax expense (benefit)	$ (1,717)	$ 1,084	(2,633)	$ 3
Effective tax rate	1.4%	(0.9)%	25.1 %	0.0%

(in thousands of U.S. dollars unless stated otherwise)

The table below presents the components of net deferred tax assets and deferred liabilities:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Net operating loss carryforwards	$ 23,750	$ 9,932
Interest carryforwards	5,660	2,151
Amortizable transaction costs	1,874	1,410
Accrued expenses	1,226	1,361
Deferred rent	—	51
Equity-based compensation	1,043	50
Depreciation and amortization	8,017	—
Lease liabilities	1,626	—
Section 174 costs	2,729	—
Other assets	239	114
Total deferred tax assets	46,164	15,069
Valuation allowance	(43,347)	(13,439)
Net deferred tax assets	2,817	1,630
Deferred tax liabilities:		
Depreciation and amortization	—	1,267
Prepaid expenses	1,490	611
Right-of-use assets	1,276	—
Total deferred tax liabilities	2,766	1,878
Net deferred tax assets (liabilities)	$ 51	$ (248)

As of December 31, 2022, the Company has $83,182 of U.S. federal net operating losses, all of which can be carried forward indefinitely.

As of December 31, 2022, the Company has $86,647 of U.S. state net operating losses which will begin to expire in 2031.

A valuation allowance is provided for deferred income tax assets when it is more likely than not that future tax benefits will not be realized. The Company assesses whether a valuation allowance should be established against deferred tax assets based upon consideration of all available evidence, both positive and negative, using a more likely than not standard. This assessment considers, among other matters, the Company's history of losses, the duration of statutory carryforward periods, the Company's experience with tax attributes expiring, impacts of enacted changes in tax laws and tax planning strategies, and the taxable income generated through the future reversals of deferred tax liabilities. In making such judgments, significant weight is given to evidence that can be objectively verified. After analyzing all available evidence, the Company determined it was more likely that it would be not able to utilize all of its deferred tax assets, and has therefore established a full valuation allowance. The Company had valuation allowances against net deferred tax assets of $43,347 and $13,439 as of December 31, 2022 and December 31, 2021, respectively. The valuation allowance of $13,439 was initially established during the year ended December 31, 2021. During the year ended December 31, 2022, the increase of $29,908 in the valuation allowance was primarily attributable to a net increase in our deferred tax assets resulting from net operating losses, section 174 capitalization, and goodwill impairment.

Unrecognized Tax Benefits

As of December 31, 2022 and December 31, 2021, the Company had gross unrecognized tax benefits of $785 and $—, respectively. The unrecognized tax benefit was recorded as a reduction in our gross deferred tax assets, offset by a corresponding reduction in our valuation allowance. None of the unrecognized tax benefits, if recognized, would affect the effective tax rate because of the valuation allowance. There are no interest and penalties associated with the unrecognized tax benefits. We are subject to income taxes only in the United States, and all tax years since the Company's inception are open for examination.

(in thousands of U.S. dollars unless stated otherwise)

The table below presents the Company's gross unrecognized tax benefits:

Unrecognized tax benefits as of December 31, 2021	$	—
Increases related to positions taken on prior year items		785
Unrecognized tax benefits as of December 31, 2022	$	785

Note N—Employee Benefit Plans

401(k) Plans

The Predecessor maintained a qualified 401(k) plan for its U.S. employees. The Company maintainsthree qualified 401(k) plans for its U.S. employees: the PCI 401(k) plan, the NuWave 401(k) plan and the Open Solutions 401(k) plan.

The table below presents the total contributions to the Company's 401(k) plans for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Total contributions	$ 5,880	$ 3,975	$ 650	$ 1,724

Note O—Commitments and Contingencies

Contingencies in the Normal Course of Business

Under certain contracts with the U.S. government and certain governmental entities, contract costs, including indirect costs, are subject to audit by and adjustment through negotiation with governmental representatives. Revenue is recorded in amounts expected to be realized on final settlement of any such audits.

Legal Proceedings

The Company is subject to litigation, claims, investigations and audits arising from time to time in the ordinary course of business. Although legal proceedings are inherently unpredictable, the Company believes that it has valid defenses with respect to any matters currently pending against the Company and intends to defend itself vigorously. The outcome of these matters, individually and in the aggregate, is not expected to have a material impact on the Company's consolidated balance sheets, consolidated statements of operations, or cash flows

Note P—Written Put Option

Immediately prior to the stockholder vote for the Merger, GigCapital4 executed a series of FPAs with Highbridge Tactical Credit Master Fund. L.P. and Highbridge SPAC Opportunity Fund, L.P. (the "*Highbridge Investors*"), Tenor Opportunity Master Fund Ltd. ("*Tenor*"), and Glazer Capital, LLC and Meteora Capital, LLC (the "*Glazer Investors*", together with the Highbridge Investors and Tenor, the "*Investors*"). The FPAs provide that each of the Investors would not redeem their shares and instead would hold the shares for a period of up to three months following the consummation of the Merger, at which time they would have the right to sell the shares to the Company for $10.15 per share (the "*Written Put Option*"). The Investors had the right to sell shares on the open market before the end of thethree-month period provided that the share price was at least $10.00 per share. If the Investors sold any shares in the open market within the first month of thethree-month period and at a price greater than $10.05 per share, the Company would pay the Investors $0.05 per share sold.

The following table indicates the aggregate number of shares of common stock subject to the FPAs by each Investor:

	December 6, 2021
Highbridge Investors	2,453,195
Tenor	2,499,608
Glazer Investors	5,000,000
Total shares	9,952,803

(in thousands of U.S. dollars unless stated otherwise)

During the first quarter of 2022, the Company settled the derivative liability associated with the Written Put Option by repurchasing all 9,952,803 shares of its common stock at the Investors' request. Certain of the Investors requested for their shares to be repurchased prior to the end of the three-month period at a reduced price per share. As a result, 5,000,000 shares were repurchased at $10.125 per share during the first quarter of 2022. Of the $101,021 previously presented as restricted cash on the Company's consolidated balance sheets on December 31, 2021, $100,896 was released from the escrow account to settle the obligation to Investors and the remaining $125 was reclassified to cash and cash equivalents.

The table below presents the value of the Written Put Option under the Black-Scholes OPM using the following assumptions as of December 31, 2021:

		December 31, 2021
Value of the written put options	$	4.50
Exercise price	$	10.15
Common stock price	$	5.66
Expected option term (in years)		0.18
Expected volatility		66.00%
Risk-free rate of return		0.06%
Expected annual dividend yield		—%

As of December 31, 2021, the Written Put Option had a fair value of $44,827 and was presented on the consolidated balance sheet as a derivative liability. During the three months ended March 31, 2022, the derivative liability was remeasured to its intrinsic value at each date that the underlying shares were repurchased. The resulting gain of $1,281 was presented in net (decrease) increase in fair value of derivatives on the consolidated statement of operations for the year ended December 31, 2022. The intrinsic value of the Written Put Option upon settlement was $43,546 and was recognized directly in equity.

Note Q—Stockholders' Equity

Common Stock

The table below presents the details of the Company's authorized common stock as of the following periods:

		December 31, 2022		December 31, 2021
Common stock:				
Authorized shares of common stock		500,000,000		500,000,000
Common stock par value per share	$	0.0001	$	0.0001
Common stock outstanding at the period end		127,022,363		135,566,227

Treasury Stock

During the year ended December 31, 2022, the Company repurchased 9,952,803 shares at a cost of $57,350 to settle the Company's obligations under the FPAs. These shares are measured at cost and presented as treasury stock on the consolidated balance sheets and consolidated statements of stockholders' (deficit) equity.

Dividend Rights

Subject to applicable law and the rights, if any, of the holders of any outstanding series of the Company's preferred stock or any class or series of stock having a preference over or the right to participate with the Company's common stock with respect to the payment of dividends, dividends may be declared and paid ratably on the Company's common stock out of the assets of the Corporation that are legally available for this purpose at such times and in such amounts as the Company's Board in its discretion shall determine.

Voting Rights

(in thousands of U.S. dollars unless stated otherwise)

Each outstanding share of the Company's common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of common stock do not have cumulative voting rights.

Conversion or Redemption Rights

The Company's common stock is neither convertible nor redeemable.

Liquidation Rights

Upon the Company's liquidation, the holders of the Company's common stock are entitled to receive prorata the Company's assets that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of the Company's preferred stock then outstanding.

Preferred Stock

The table below presents the details of the Company's authorized preferred stock as of the following periods:

	December 31, 2022	December 31, 2021
Preferred stock:		
Authorized shares of preferred stock	1,000,000	1,000,000
Preferred stock par value per share	$ 0.0001	$ 0.0001
Preferred stock outstanding at the period end	—	—

The Company's Board may, without further action by the Company's stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges and relative participating, optional or special rights as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the Company's common stock. Satisfaction of any dividend preferences of outstanding shares of the Company's preferred stock would reduce the amount of funds available for the payment of dividends on shares of the Company's common stock. Upon the affirmative vote of a majority of the total number of directors then in office, the Company's Board may issue shares of the Company's preferred stock with voting and conversion rights which could adversely affect the holders of shares of the Company's common stock.

Note R—Warrants

Public Warrants

Each public warrant entitles the registered holder to purchase one share of common stock at a price of $11.50 per share, subject to adjustment. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of common stock. This means only a whole warrant may be exercised at a given time by a warrant holder. The warrants will expire on December 7, 2026, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company may call the public warrants for redemption as follows: (1) in whole and not in part; (2) at a price of $0.01 per warrant; (3) upon a minimum of 30 days' prior written notice of redemption; (4) if there is an effective registration statement covering the shares of common stock issuable upon exercise of the warrants and a current prospectus available throughout the 30-day notice period; and (5) only if the last reported closing price of the common stock equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If the Company calls the public warrants for redemption, management will have the option to require all holders that wish to exercise the Company public warrants to do so on a "cashless basis."

The exercise price and number of shares of common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including stock dividends, stock splits, extraordinary dividends, consolidation, combination, reverse stock split or reclassification of shares of the Company's common stock or other similar event. In no event will the Company be required to net cash settle the warrant shares.

(in thousands of U.S. dollars unless stated otherwise)

As of December 31, 2022 and December 31, 2021, there were 12,115,130 and 11,959,939 public warrants issued and outstanding, respectively.

Private Warrants

The terms and provisions of the public warrants above also apply to the private warrants. If the private warrants are held by holders other than GigAcquisitions4, LLC ("*Sponsor*"), Oppenheimer & Co. Inc. and Nomura Securities International, Inc. (together, the *"Underwriters"*), or any respective permitted transferees, the private warrants will be redeemable by the Company and exercisable by the holders on the same basis as the public warrants. The Sponsor, the Underwriters, and any respective permitted transferees have the option to exercise the private warrants on a cashless basis.

The table below presents the value of the private warrants under the Black-Scholes OPM using the following assumptions as of the following dates:

	December 31, 2022	December 31, 2021
Fair value of each private warrant	$ 0.04	$ 0.87
Exercise price	$ 11.50	$ 11.50
Common stock price	$ 0.67	$ 5.66
Expected option term (in years)	3.90	4.94
Expected volatility	72.10%	39.50 %
Risk-free rate of return	4.10%	1.25 %
Expected annual dividend yield	—%	— %

As of December 31, 2022, the private warrants have a fair value of $9 and are presented on the consolidated balance sheets within other non-current liabilities. The gain of $267 was recognized as a result of the change in fair value for the year ended December 31, 2022, are presented in net (decrease) increase in fair value of derivatives on the consolidated statements of operations.

As of December 31, 2022 and December 31, 2021, there were 210,642 and 366,533 private warrants issued and outstanding, respectively.

Note S—Equity-Based Compensation

Predecessor

On June 11, 2019, the Predecessor granted 100 Class B Units to a Member in consideration for the Member's services to the Predecessor, subject to terms and conditions stated in the profits interest grant agreement. The Class B Units granted upon full vesting represented 10% percent interest in the Predecessor. The Class B Units were non-voting profits interest which were subject to vesting and other restrictions. According to the vesting schedule, 10 Units vested on June 11, 2019 and 90 Units would vest on January 1, 2024. The Class B Units shall have the same voting rights as the Class A Members beginning on January 1, 2024.

The Class B Units granted had a service condition only, and equity-based compensation for the Class B Units was recognized on a straight-line basis over the requisite service period. The grant date fair value per unit of the Class B Units was $4,982 which was measured used the Black-Scholes Merton Option Pricing Model.

The assumptions used in determining the fair value were as follows:

	As of June 11, 2019
Volatility	25.8 %
Risk-free interest rate	1.89 %
Expected time to exit (years)	2.5

(in thousands of U.S. dollars unless stated otherwise)

The expected time to exit used in the determination of the fair value was based on the time to sale consistent with when investor return would be measured. The volatility used in the determination of the fair value was based on analysis of the selected asset volatility of guideline companies, re-leveled to account for differences in leverage.

The table below presents the activity for the Class B Units:

Balance as of January 1, 2019	—
Granted during the year	100
Vested during the year	(10)
Forfeited during the year	—
Unvested as of December 31, 2019	90
Unvested as of October 22, 2020	90

Unvested Class B Units became fully vested and were settled for $731 of the purchase consideration on the PCI acquisition as of October 23, 2020.

Selling, general and administrative expenses for the Predecessor 2020 Period included $80 of equity-based compensation related to Class B Units.

Class A Units granted to Board of Directors

Prior to the Merger, certain members of the Board of Directors of the Company had elected to receive compensation for their services as a board member in stock, Class A units of the Parent. The number of units granted by the Parent were determined by dividing the compensation payable for the quarter by the fair value of the Class A units at the end of each respective quarter. No Class A units were granted to the Board of Directors during the year ended December 31, 2022. The total value of the Class A units granted to such Board of Directors for the year ended December 31, 2021 was $86, and is reflected in the selling, general and administrative expenses within the consolidated statements of operations.

Class B Unit Incentive Plan

In February 2021, the Company's Parent adopted a compensatory benefit plan (the *"Class B Unit Incentive Plan"*) to provide incentives to directors, managers, officers, employees, consultants, advisors, and/or other service providers of the Company's Parent or its Subsidiaries in the form of the Parent's Class B Units (*"Incentive Units"*). Incentive Units have a participation threshold of $1.00 and are divided into three tranches (*"Tranche I," "Tranche II," and "Tranche III"*). Tranche I Incentive Units are subject to performance-based, service-based, and market-based conditions. The grant date fair value for the Incentive Units was $5.19 per unit.

The assumptions used in determining the fair value of the Incentive Units at the grant date are as follows:

	February 16, 2021
Volatility	57.0%
Risk-free interest rate	0.1%
Expected time to exit (in years)	1.6

On July 29, 2021, the Company's Parent amended the Class B Unit Incentive Plan so that the Tranche I and the Tranche III Incentive Units immediately became fully vested, subject to continued employment or provision of services, upon the closing of the transaction stipulated in the Agreement and Plan of Merger (the *"Merger Agreement"*) dated June 4, 2021. The Company's Parent also amended the Class B Unit Incentive Plan so that the Tranche II Incentive Units will vest on any liquidation event, as defined in the Class B Unit Incentive Plan, rather than only upon the occurrence of an Exit Sale, subject to the market-based condition stipulated in the Class B Unit Incentive Plan prior to its amendment.

Equity-based compensation for awards with performance conditions is based on the probable outcome of the related performance condition. The performance conditions required to vest per the amended Incentive Plan remain improbable until they occur due to the unpredictability of the events required to meet the vesting conditions. As such events are not considered probable until they occur, recognition of equity-based compensation for the Incentive Units is deferred until the vesting conditions are met. Once the event occurs, unrecognized compensation cost associated with the performance-vesting Incentive Units (based on their modification date fair value) will be recognized based on the portion of the requisite service period that has been rendered.

(in thousands of U.S. dollars unless stated otherwise)

The modification date fair value of the Incentive Units was $9.06 per unit. The assumptions used in determining the fair value of the Incentive Units at the modification date are as follows:

	July 29, 2021
Volatility	46.0%
Risk-free interest rate	0.2%
Expected time to exit (in years)	1.2

The volatility used in the determination of the fair value of the Incentive Units was based on analysis of the historical volatility of guideline public companies and factors specific to the Successor.

On December 7, 2021, the previously announced Merger was consummated. As a result, the Tranche I and Tranche III Incentive Units immediately became fully vested and the performance condition for the Tranche II Incentive Units was met. The fair value determined at the date of the amendment of the Class B Unit Incentive Plan was immediately recognized as compensation expense on the vesting date for Tranches I and III. Compensation expense for the Tranche II Incentive Units is recognized over the derived service period of 30 months from the modification date. The remaining compensation expense for the Tranche II Incentive Units will be recognized over the remaining service period of approximately 25 months. During the year ended December 31, 2022, the Company's Parent modified the vesting conditions forfour former employees. Under the original terms of the grant agreements, Incentive Units are forfeited upon separation. Due to the amended agreement, the Incentive Units held by the former employees are no longer contingent upon service and are considered vested as of the separation dates. The former employees will not receive the awards until the market condition is achieved. The result of the amended agreement is an accounting modification that resulted in 100% of the compensation expense being recognized for the former employees based on the modification date fair value. The incremental compensation cost recognized as a result of the modification was $(1,509) during the year ended December 31, 2022.The total compensation expense recognized by the Company for Tranche II Incentive Units, including the effects of modifications, was as follows:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Equity-based compensation expense in selling, general and administrative	$ 3,981	$ 53,463	$ —	$ —
Equity-based compensation expense in cost of revenues	785	6,886	—	—
Total compensation expense	$ 4,766	$ 60,349	$ —	$ —

The table below presents the activity in Tranche II of the Class B Units:

Unvested as of December 31, 2020	—
Granted	9,650,000
Vested	(5,640,000)
Forfeited	(250,000)
Unvested as of December 31, 2021	3,760,000
Granted	—
Vested	(1,890,000)
Forfeited	(575,000)
Unvested as of December 31, 2022	1,295,000

As of December 31, 2022, there was $5,034 of unrecognized compensation costs related to Tranche II Incentive Units, which is expected to be recognized over the remaining weighted average period of 1.08 years.

(in thousands of U.S. dollars unless stated otherwise)

Stock Options

On December 7, 2021, the Company adopted the BigBear.ai Holdings, Inc. 2021 Long-Term Incentive Plan (the *"Plan"*). The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by providing eligible employees, prospective employees, consultants, and non-employee directors of the Company the opportunity to receive stock- and cash-based incentive awards.

During the year ended December 31, 2022, pursuant to the Plan, the Company's Board of Directors granted certain grantees Stock Options to purchase shares of the Company's common stock at a weighted-average exercise price of $2.30. The Stock Options vest over four years with 25% vesting on the one year anniversary of the grant date and then 6.25% per each quarter thereafter during years two, three and four. Vesting is contingent upon continued employment or service to the Company and is accelerated in the event of death, disability, or a change in control, subject to certain conditions; both the vested and unvested portion of a Grantee's Stock Options will be immediately forfeited and cancelled if the Grantee ceases employment or service to the Company. The Stock Options expire on the 10th anniversary of the grant date.

The table below presents the fair value of the Stock Options as estimated on the grant date using the Black-Scholes OPM using the following assumptions:

Stock Options grant date	October 31, 2022	October 12, 2022	August 29, 2022	June 13, 2022	March 30, 2022
Number of Stock Options granted	943,948	1,248,003	81,701	101,215	424,017
Price of common stock on the grant date	$ 1.32	$ 1.28	$ 1.53	$ 4.94	$ 8.24
Expected option term (in years)	5.8	6.1	6.1	6.2	6.3
Expected volatility[1]	68.0%	67.0%	66.0%	57.0%	54.0%
Risk-free rate of return	4.2%	4.0%	3.2%	3.5%	2.4%
Expected annual dividend yield	—%	—%	—%	—%	—%
Fair value of the Stock Options on the grant date	$ 0.84	$ 0.82	$ 0.96	$ 2.85	$ 4.67

[1] Expected volatility is based on a combination of implied and historical equity volatility of selected reasonably similar publicly traded companies.

The table below presents the activity in the Stock Options:

	Stock Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2020	—	$ —	0.0	$ —
Granted	482,000	9.99		
Exercised	—	—		
Forfeited	—	—		
Expired	—	—		
Outstanding as of December 31, 2021	482,000	$ 9.99	10.0	$ —
Granted	2,798,884	2.30		
Exercised	—	—		
Forfeited	(278,903)	8.79		
Expired	(19,088)	$ 9.62		
Outstanding as of December 31, 2022	2,982,893	$ 2.89	9.64	$ —
Vested and exercisable as of December 31, 2022	137,359	$ 6.03	9.28	$ —

The Stock Options had no intrinsic value as of December 31, 2022. The Company recognizes equity-based compensation expense for the Stock Options equal to the fair value of the awards on a straight-line basis over the service based vesting period. As of

(in thousands of U.S. dollars unless stated otherwise)

December 31, 2022, there was $4,305 of unrecognized compensation costs related to the Stock Options, which is expected to be recognized over the remaining weighted average period of 2.94 years.

Restricted Stock Units

During the year ended December 31, 2022, pursuant to the Plan, the Company's Board of Directors communicated the key terms and committed to grant Restricted Stock Units (*"RSUs"*) to certain employees and nonemployee directors. The Company granted 8,529,066 RSUs to employees during the year ended December 31, 2022. RSUs granted to employees generally vest over four years, with 25% vesting on the one year anniversary of the grant date and then 6.25% per each quarter thereafter during years two, three and four. RSUs granted to nonemployee directors vest 100% on the one year anniversary of the grant date. Vesting of RSUs is accelerated in the event of death, disability, or a change in control, subject to certain conditions

The table below presents the activity in the RSUs:

	RSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share
Unvested as of December 31, 2020	—	$ —
Granted	403,300	10.03
Vested	—	—
Forfeited	—	—
Unvested as of December 31, 2021	403,300	$ 10.03
Granted	8,529,066	2.62
Vested	(311,811)	6.64
Forfeited	(1,025,370)	5.66
Unvested as of December 31, 2022	7,595,185	$ 2.35

As of December 31, 2022, there was $15,847 of unrecognized compensation costs related to the RSUs, which is expected to be recognized over the remaining weighted average period of 2.39 years.

Performance Stock Units

Pursuant to the Plan, the Company's Board of Directors communicated the key terms and committed to grant Performance Stock Units (*"PSUs"*) to certain employees. The percentage of vesting is based on achieving certain performance criteria during each respective measurement period, provided that the employees remain in continuous service on each vesting date. Vesting will not occur unless a minimum performance criteria threshold is achieved.

The table below presents the activity in the PSUs:

	PSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share
Unvested as of December 31, 2020	—	$ —
Granted	150,000	10.03
Vested	—	—
Forfeited	—	—
Unvested as of December 31, 2021	150,000	$ 10.03
Granted	175,000	1.53
Vested	—	—
Forfeited	(37,500)	10.03
Unvested as of December 31, 2022	287,500	$ 4.86

As of December 31, 2022, it was not considered probable that the performance conditions of the PSUs would be achieved. As a result, any equity-based compensation expense previously recognized for the PSUs was reversed. Equity-based compensation of $— was recognized during the year ended December 31, 2022.

(in thousands of U.S. dollars unless stated otherwise)

Employee Share Purchase Plan

Concurrently with the adoption of the Plan, the Company's Board of Directors adopted the 2021 Employee Stock Purchase Plan (the "*ESPP*"), which authorizes the grant of rights to purchase common stock of the Company to employees, officers, and directors (if they are otherwise employees) of the Company. As of January 1, 2022, the Company reserved an aggregate of 3,212,786 common shares (subject to annual increases on January 1 of each year and ending in 2031) of the Company's common stock for grants under the ESPP. As of December 31, 2022, 508,062 shares had been sold under the ESPP and the Company has withheld employee contributions of $156, which are presented on the consolidated balance sheets within other current liabilities.

Equity-based compensation expense related to purchase rights issued under the ESPP is based on the Black-Scholes OPM fair value of the estimated number of awards as of the beginning of the offering period. Equity-based compensation expense is recognized using the straight-line method over the offering period. The table below presents the assumptions used to estimate the grant date fair value of the purchase rights under the ESPP:

ESPP grant date	December 1, 2022	May 1, 2022
Price of common stock on the grant date	$ 0.88	$ 10.01
Expected term (in years)	0.50	0.60
Expected volatility[1]	110.0%	56.0%
Risk-free rate of return	4.6%	1.5%
Expected annual dividend yield	—%	—%
Fair value of the award on the grant date	$ 0.40	$ 3.22

[1] Expected volatility is based on a combination of implied and historical equity volatility of selected reasonably similar publicly traded companies.

As of December 31, 2022, there was $371 of unrecognized compensation costs related to the ESPP, which is expected to be recognized over the remaining weighted average period of 0.41 years.

Equity-based Compensation Expense

The table below present the total equity-based compensation expense recognized for Class A and B Units, Stock Options, RSUs, PSUs and ESPP in selling, general and administrative expense, cost of revenues, and research and development for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Equity-based compensation expense in selling, general and administrative	$ 7,359	$ 53,726	$ —	$ 80
Equity-based compensation expense in cost of revenues	3,172	6,889	—	—
Equity-based compensation expense in research and development	334	—	—	—
Total equity-based compensation expense	$ 10,865	$ 60,615	$ —	$ 80

Note T—Net Loss Per Share

The numerators and denominators of the basic and diluted net loss per share are computed as follows (in thousands, except per share, unit and per unit data):

	Successor		
Basic and diluted net loss per share	**Year Ended December 31, 2022**	**Year Ended December 31, 2021**	**Period from May 22, 2020 through December 31, 2020**
Numerator:			
Net loss	$ (121,674)	$ (123,552)	$ (7,838)
Denominator:			
Weighted average shares outstanding—basic and diluted	127,698,478	107,009,834	105,000,000
Basic and diluted net loss per Share	$ (0.95)	$ (1.15)	$ (0.07)

As of December 31, 2022, there were outstanding Stock Options to purchase 2,982,893 shares of common stock at a weighted-average exercise price of $2.89, outstanding private warrants and public warrants to convert to 210,642 shares and 12,115,130 shares, respectively, of common stock at a price of $11.50 per share, convertible notes to convert to 18,844,600 shares of common stock at a conversion price of $10.61, ESPP contributions for the option to acquire 3,482,791 shares of common stock, and outstanding restricted stock units and performance stock units representing the right to receive 7,595,185 shares and 287,500 shares of common stock, respectively. Because of the net loss incurred during the year ended December 31, 2022, the impacts of dilutive instruments would have been anti-dilutive for the period presented and have been excluded from loss per share calculations.

As of December 31, 2021, there were outstanding Stock Options to purchase 482,000 shares of common stock at an exercise price of $9.99, outstanding private warrants and public warrants to convert to 366,533 shares and 11,959,939 shares, respectively, of common stock at a price of $11.50 per share, convertible notes to convert to 17,391,304 shares of common stock at an initial conversion price of $11.50, written put options for 9,952,803 shares of common stock at a price of $10.15 per share, and outstanding restricted stock units and performance stock units representing the right to receive 403,300 shares and 150,000 shares of common stock, respectively. The effects of these dilutive instruments were not presented for the Successor 2021 Period as the effects would be anti-dilutive. There were no potentially dilutive common stock instruments for the Successor 2020 Period.

During the first quarter of 2023, the Company issued 13,888,889 shares of Common Stock and warrants to purchase up to an additional 13,888,889 shares of Common Stock under a private placement. Refer to Note X—Subsequent Events for more information.

Note U—Revenues

All revenues were generated within the United States of America.

The table below presents total revenues by contract type for the following periods:

	Successor			Predecessor
	Year Ended December 31, 2022	**Year Ended December 31, 2021**	**Period from May 22, 2020 through December 31, 2020**	**Period from January 1, 2020 through October 22, 2020**
Time and materials	$ 102,255	$ 98,763	$ 24,613	$ 57,549
Firm fixed price	35,939	41,231	6,938	2,216
Cost-reimbursable	16,817	5,584	1	—
Total revenues	$ 155,011	$ 145,578	$ 31,552	$ 59,765

The majority of the Company's revenue is recognized over time. Revenue derived from contracts that recognize revenue at a point in time was insignificant for all periods presented.

(in thousands of U.S. dollars unless stated otherwise)

Concentration of Risk

Revenue earned from customers contributing in excess of 10% of total revenues are presented in the tables below for the following periods:

Successor 2022 Period

	Year Ended December 31, 2022			
	Cyber & Engineering	Analytics	Total	Percent of total revenues
Customer A	$ 29,087	$ —	$ 29,087	19 %
Customer B	17,426	—	17,426	11 %
Customer C	—	29,413	29,413	19 %
Customer D[(1)]	—	3,115	3,115	2 %
Customer E[(1)]	—	—	—	— %
All others	24,601	51,369	75,970	49 %
Total revenues	$ 71,114	$ 83,897	$ 155,011	100 %

Successor 2021 Period

	Year Ended December 31, 2021			
	Cyber & Engineering	Analytics	Total	Percent of total revenues
Customer A	$ 31,732		$ 31,732	22 %
Customer B	15,032	—	15,032	10 %
Customer C[(1)]	—	10,804	10,804	7 %
Customer D[(1)]	—	11,538	11,538	8 %
Customer E[(1)]	—	8,835	8,835	6 %
All others	28,115	39,522	67,637	47 %
Total revenues	$ 74,879	$ 70,699	$ 145,578	100 %

Successor 2020 Period

	Period from May 22, 2020 through December 31, 2020			
	Cyber & Engineering	Analytics	Total	Percent of total revenues
Customer A	$ 8,075	$ —	$ 8,075	26 %
Customer B	3,495	—	3,495	11 %
Customer C[(1)]	—	—	—	— %
Customer D	—	5,498	5,498	17 %
Customer E	—	5,494	5,494	17 %
All others	4,014	4,976	8,990	29 %
Total revenues	$ 15,584	$ 15,968	$ 31,552	100 %

Predecessor 2020 Period

	Period from January 1, 2020 through October 22, 2020	
	Total[(2)]	Percent of total revenues
Customer A	$ 26,049	44 %
Customer B	12,282	21 %
All others	21,434	35 %
Total revenues	$ 59,765	100 %

(in thousands of U.S. dollars unless stated otherwise)

(1) Customers that contributed in excess of 10% of consolidated revenues in any period presented have been included in all periods presented for comparability.
(2) The Predecessor 2020 Period comprises a single reportable segment. As a result, segment reporting for those periods is not presented.

Contract Balances

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

	December 31, 2022	December 31, 2021
Contract assets	$ 1,312	$ 628
Contract liabilities	$ 2,022	$ 4,207

The change in contract assets between December 31, 2021 and December 31, 2022 was primarily driven by services rendered for Analytics customers that are yet to be invoiced. The change in contract liability balances between December 31, 2021 and December 31, 2022 was primarily driven by services performed for an Analytics customer that had a large contract liability balance at December 31, 2021. Revenue recognized in the year ended December 31, 2022 that was included in the contract liability balance as of December 31, 2021 was $4,207.

When the Company's estimate of total costs to be incurred to satisfy a performance obligation exceeds the expected revenue, the Company recognizes the loss immediately. When the Company determines that a change in estimate has an impact on the associated profit of a performance obligation, the Company records the cumulative positive or negative adjustment in the consolidated statements of operations. Changes in estimates and assumptions related to the status of certain long-term contracts may have a material effect on the Company's operating results.

The following table summarizes the impact of the net estimates at completion (*'EAC"*) adjustments on the Company's operating results:

	Successor			Predecessor
	Year Ended December 31, 2022	Year Ended December 31, 2021	Period from May 22, 2020 through December 31, 2020	Period from January 1, 2020 through October 22, 2020
Net EAC Adjustments, before income taxes	$ 1,598	$ 1,650	$ —	$ —
Net EAC Adjustments, net of income taxes	$ 1,262	$ 1,304	$ —	$ —
Net EAC Adjustments, net of income taxes, per diluted share	$ 0.01	$ 0.01	$ —	$ —

Remaining Performance Obligations

The Company includes in its computation of remaining performance obligations customer orders for which it has accepted signed sales orders and generally includes the funded and unfunded components of contracts that have been awarded. As of December 31, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was $75 million. The Company expects to recognize approximately 97% of its remaining performance obligations as revenue within the next 12 months and the balance thereafter.

Note V—Reportable Segment Information

The Company has determined that it operates intwo operating and reportable segments, Cyber & Engineering and Analytics, as the Chief Operating Decision Maker (*"CODM"*) reviews financial information presented for both segments on a disaggregated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

Adjusted gross margin is the primary measure of segment profitability used by the CODM to assess performance and to allocate resources to the segments. Research and development costs incurred that generate marketable intellectual property ("*IP*") and equity-based compensation are added back to the gross margin to derive the adjusted gross margin. Certain customer contracts that generate lower gross margin (revenue less direct costs including fringe and overheard costs) than the thresholds set by management are accepted as the work performed for these customer contracts also simultaneously generates reusable code and other IP that is used in the execution of future customer contracts that may potentially generate higher gross margin, or enhances the marketability of the products due to additional functionality or features.

(in thousands of U.S. dollars unless stated otherwise)

The tables below present the Company's operating segment results of operations for the following periods:

	Successor		
	Year Ended December 31, 2022		
	Cyber & Engineering	Analytics	Total
Revenues	$ 71,114	$ 83,897	$ 155,011
Segment adjusted gross margin	**15,617**	**37,147**	**52,764**
Segment adjusted gross margin %	22 %	44 %	34 %
Research and development costs excluded from segment adjusted gross margin			(6,599)
Equity-based compensation excluded from segment adjusted gross margin			(3,172)
Operating expenses:			
Selling, general and administrative			84,775
Research and development			8,393
Restructuring charges			4,203
Transaction expenses			2,605
Goodwill impairment			53,544
Operating loss			**(110,527)**
Net (decrease) increase in fair value of derivatives			(1,591)
Interest expense			14,436
Other expense			19
Loss before taxes			**$ (123,391)**

	Successor		
	Year Ended December 31, 2021		
	Cyber & Engineering	Analytics	Total
Revenues	$ 74,879	$ 70,699	$ 145,578
Segment adjusted gross margin	**17,480**	**31,756**	**49,236**
Segment adjusted gross margin %	23 %	45 %	34 %
Research and development costs excluded from segment adjusted gross margin			(8,282)
Equity-based compensation excluded from segment adjusted gross margin			(6,886)
Operating expenses:			
Selling, general and administrative			106,507
Research and development			6,033
Restructuring charges			—
Transaction expenses			—
Goodwill impairment			—
Operating loss			**(78,472)**
Net (decrease) increase in fair value of derivatives			33,353
Loss on extinguishment of debt			2,881
Interest expense			7,762

(in thousands of U.S. dollars unless stated otherwise)

Other expense		—
Loss before taxes	**$**	**(122,468)**

	Successor		
	Period from May 22, 2020 through December 31, 2020		
	Cyber & Engineering	Analytics	Total
Revenues	$ 15,584	$ 15,968	$ 31,552
Segment adjusted gross margin	**3,570**	**7,799**	**11,369**
Segment adjusted gross margin %	23 %	49 %	36 %
Research and development costs excluded from segment adjusted gross margin			(2,694)
Equity-based compensation excluded from segment adjusted gross margin			—
Operating expenses:			
Selling, general and administrative			7,909
Research and development			530
Restructuring charges			—
Transaction expenses			10,091
Goodwill impairment			—
Operating loss			**(9,855)**
Net (decrease) increase in fair value of derivatives			—
Loss on extinguishment of debt			—
Interest expense			616
Other expense			—
Loss before taxes			**$ (10,471)**

The following table presents the assets by segment as of the following periods:

	December 31, 2022				December 31, 2021			
	Cyber & Engineering	Analytics	Corporate	Total	Cyber & Engineering	Analytics	Corporate	Total
Total assets	$ 38,841	$ 150,447	$ 6,020	$ 195,308	$ 74,808	$ 154,085	$ 154,429	$ 383,322

The Predecessor 2020 Period comprises a single reportable segment. As a result, segment reporting for that period is not presented.

Note W—Related Party Transactions

The Company incurred expenses related to consulting services provided by the affiliates of AE of $0, $1,001 and $414 during the year ended December 31, 2022, December 31, 2021, and the period from May 22, 2020 through December 31, 2020, respectively. Following consummation of the Merger, the Company no longer receives consulting services from AE or its affiliates.

On February 4, 2021, the Company signed a teaming agreement with Gryphon Technologies, an affiliate of AE, to develop the best management and technical approach for certain solicitations with the DHS. Gryphon Technologies was acquired by ManTech International Corporation on December 10, 2021 and subsequent to the acquisition, Gryphon Technologies was no longer deemed to be an affiliate of AE.

On March 17, 2021, the Company signed a confidential disclosure agreement with Redwire Space, Inc. (*"Redwire"*) to engage in discussions concerning a potential business relationship between the two parties. Redwire is an affiliate of AE.

On April 22, 2021, the Company entered into an agreement with Redwire to establish a Space Cyber Range capability that leverages Redwire's Advanced Configurable Open-system Research Network and BigBear.ai's capabilities in developing offensive and defensive solutions and techniques for security research across multiple platforms, architectures, and network links.

On July 1, 2021, the Company entered into a memorandum of understanding with UAV Factory, an affiliate of AE, whereby BigBear.ai will develop AI/ML capabilities for UAV Factory's unmanned systems and components use in autonomous operations within the commercial and defense markets.

During the year ended December 31, 2022, the Company paid or accrued $2,272, as compensation expense for the members of the Board of Directors, including equity-based compensation related to the RSUs of $1,218, which is reflected in the selling, general and administrative expenses within the consolidated statements of operations.

During the year ended December 31, 2021, the Company paid or accrued $181, as compensation expense for the Board of Directors, including aggregate fair value of $86, respectively, of Parent's Class A Units.

During the period from May 22, 2020 through December 31, 2020,the Company paid or accrued $56, as compensation expense for the Board of Directors, including aggregate fair value of $25, respectively, of Parent's Class A Units.

During the period from May 22, 2020 through December 31, 2020, the Successor accrued $650 as compensation expense settled in Parent's Class A units for services related to the acquisition of PCI provided by Peter Cannito, Chairman of the Company's Board of Directors, which is reflected in the transaction expenses within the consolidated statements of operations.

There were no related-party transactions during the Predecessor Period.

Note X—Subsequent Events

On January 19, 2023, the Company consummated the closing of a private placement (the "*Private Placement*"), pursuant to the terms and conditions of the Securities Purchase Agreement, dated January 16, 2023, by and among the Company and Armistice Capital Master Fund Ltd. At the closing of the Private Placement, the Company issued (i) 13,888,889 shares (the "*Private Placement Shares*") of the Company's common stock, par value $0.0001 per share, and (ii) a Common Stock purchase warrant (the "*Warrant*") to purchase up to an additional 13,888,889 shares of Common Stock.

The purchase price per share of each Private Placement Share and the associated Warrant was $1.80. The aggregate gross proceeds to the Company from the Private Placement were approximately $25,000 before deducting the placement agent fees and other offering expenses payable by the Company. The Company intends to use the net proceeds from the offering for general corporate purposes, including working capital.

Item 10. Directors, Executive Officers and Corporate Governance

As of the date of this report, the following persons serve as our executive officers and directors:

Name	Age	Position(s)
Amanda Long	36	Chief Executive Officer, Director
Julie Peffer	56	Chief Financial Officer
Carolyn Blankenship	60	General Counsel
Sean Battle	53	Director
Peter Cannito	50	Director, Chairman
Pamela Braden	65	Director
Dr. Raluca Dinu	49	Director
Paul Fulchino	76	Director
Jeffrey Hart	33	Director
Dorothy D. Hayes	72	Director
Raanan I. Horowitz	62	Director
Dr. Avi Katz	64	Director
Kirk Konert	36	Director

Amanda Long. Mrs. Long has served as our Chief Executive Office and as a member of our board of directors (the "*Board*") since October 12, 2022. Mrs. Long previously served as Vice President of IT Automation at International Business Machines Corporation ("*IBM*") beginning in September 2021. Prior to that role, Mrs. Long held several positions with IBM, including Vice President of its Integration & Application Platform business from May 2021 to September 2021, General Manager of its Watson Health Provider Analytics business from September 2020 to May 2021, Chief Product & Strategy Officer of its Watson Health Imaging & Oncology/Genomics business from November 2019 to September 2020, Chief Product & Strategy Officer of its Watson Health Imaging business from April 2019 to November 2019, and Global Head of Artificial Intelligence Product & Strategy of its Watson Health Imaging business from October 2017 to March 2019. Mrs. Long also served as Vice President of Product Management at Modernizing Medicine Inc. from May 2014 to July 2017 and Vice President of Product Management & Strategy at Experian Health from December 2011 to April 2014. Mrs. Long earned her Bachelor of Arts degree in Economics from Connecticut College. We believe that Mrs. Long is qualified to serve on our Board because of her extensive artificial intelligence and automation experience and her record of leadership.

Julie Peffer. Ms. Peffer has served as the Chief Financial Officer of BigBear since June 2022. Before joining the Company, Ms. Peffer served as Chief Financial Officer of MedeAnalytics from January 2021 to April 2022. Prior to that, Ms. Peffer served as Vice President, Finance at Amazon Web Services from February 2017 to March 2020. Ms. Peffer also served as Vice President, Finance at Flowserve Corporation from April 2014 to September 2016. Ms. Peffer has also held a variety of executive financial leadership positions encompassing P&L ownership as well as corporate and business level financial planning and analysis across multiple industries, including at Raytheon Space & Airborne Systems, ITT Geospatial Systems, Lennox International, and Textron. Ms. Peffer earned her Bachelor of Business Administration degree in Finance and Management from Texas Tech University and a Master of Business Administration degree from Baker University.

Carolyn Blankenship. Ms. Blankenship has served as our General Counsel and Secretary since March 2022. From 2001 to 2022, Ms. Blankenship fulfilled numerous roles at Reuters and Thomson Reuters. First, she served as Vice President, Principal Legal Counsel specializing in Intellectual Property from 2001 to 2008. From 2008 to 2018, she was the Senior Vice President, Associate General Counsel specializing in Intellectual Property. From 2018 to 2022, she served as the General Counsel, Innovation & Product. Before 2001, Ms. Blankenship held a variety of IP-related positions as both in-house and outside counsel, including at Skadden, Arps, Slate, Meagher & Flom LLP and Priceline.com. Ms. Blankenship has also been a Visiting Lecturer at the University of Pennsylvania Carey Law School and Princeton University. As an undergraduate, Carolyn attended the Massachusetts Institute of Technology for two years and went on to earn a B.A. in Biology from Harvard College. She holds a Juris Doctor from Arizona State University College of Law and clerked for the Hon. Noel Fidel of the Arizona State Court of Appeals.

Sean Battle. Mr. Battle has served as a member of our Board since December 2021 and served as our Chief Strategy Officer from December 2020 to December 2021. Mr. Battle has over 30 years of distinguished experience in the Intelligence Community (IC) and the Department of Defense. Mr. Battle began his career as a Signals Analyst in the U.S. Air Force. Before co-founding PCI Strategic Management, LLC (PCI), Mr. Battle served as a Civilian Executive with the National Security Agency, where he was responsible for the End User Computing Portfolio for the Agency. Mr. Battle was responsible for developing and executing a technology modernization plan for all Agency employees in this role. As the former Chief Strategy Officer of BigBear, Mr. Battle was responsible for leading integration, marketing and communications, facilitating mergers and acquisitions, strategic partnerships, and licensing opportunities consistent with enterprise strategy, goals, and objectives. Mr. Battle joined BigBear in 2021 upon the merger of NuWave Solutions and PCI. Previously, Mr. Battle was Co-Founder and Chief Executive Officer of PCI. As the Chief Executive Officer of PCI, Mr. Battle leveraged his extensive management and leadership experience to develop and execute PCI's strategic plans, contract management, and business development. Under Mr. Battle's leadership, PCI won four Prime contracts, expanded to 14 states, and has repeatedly been recognized as one of the best places to work both in the Mid-Atlantic and nationally. In a very competitive market, Mr. Battle's strategic planning and leadership were crucial in guiding PCI from its infancy as a small business to a major player in the full and open marketplace. Mr. Battle holds a J.D. from the University of Maryland, Baltimore, School of Law and a B.S. in Business Administration from Hawaii Pacific University. Mr. Battle has been a member of the Maryland Bar for 18 years and is active in the Armed Forces Communication Electronics Association (AFCEA) and the Fort Meade Alliance (FMA). We believe that Mr. Battle is qualified to serve on our Board because of his extensive technology and data analytics experience, particularly working with various defense and intelligence agencies within the U.S. government.

Pamela Braden. Ms. Braden has served as a member of our Board since December 2021. Ms. Braden is an Operating Partner at AE Industrial, bringing over 35 years of experience in the defense, technology and government services industries. Prior to joining AE Industrial in 2022, Ms. Braden was the Chief Executive Officer and Founder of Gryphon Technologies, an engineering services firm that became an AE Industrial portfolio company in 2018. Under Ms. Braden's leadership and AE Industrial's guidance, Gryphon grew to over $300 million with 1,500 engineers and technical personnel over a period of three years. The company pivoted from a privately owned engineering services firm into a leader in digital engineering, working with cyber assessment tools, migrating engineering data to the cloud, and performing predictive analytics on that data for national security organizations. Prior to Gryphon, Ms. Braden served as an executive at various government sector focused startups that ultimately grew into successful large businesses. We believe that Ms. Braden's decades of directorial experience in the defense field qualifies her to be a director on our Board.

Peter Cannito. Mr. Cannito has served as a member of our Board since December 2021. Mr. Cannito has served as chairman and Chief Executive Officer of Redwire, a space solutions company, since June 2020. Mr. Cannito also serves as an Operating Partner at AE Industrial Partners (June 2019 to present). Prior to his current role, Mr. Cannito served as a consultant at NSNext, LLC from January 2019 until June 2019. Prior to that, Mr. Cannito served as the Chief Executive Officer of Polaris Alpha from June 2016 until December 2018, a high-tech solutions provider developing systems for the DoD and Intelligence Community. Prior to that, Mr. Cannito previously held executive roles, including Chief Executive Officer and Chief Operating Officer, at EOIR Technologies and he led a team of software and systems engineers at Booz Allen Hamilton focused on critical defense and intelligence programs. Mr. Cannito received a bachelor's degree in Finance from the University of Delaware, an M.B.A. from the University of Maryland, and served as an officer in the U.S. Marine Corps. We believe that Mr. Cannito's extensive experience in the defense, technology and government service industries qualifies him to serve as a director on our Board.

Dr. Raluca Dinu. Dr. Dinu has served as a member of our Board since December 2021. Dr. Dinu co-founded GigCapital4 with Dr. Avi Katz, and served as a member of the board of directors, President, Chief Executive Officer and Secretary of GigCapital4 since its inception in December 2020. Upon the closing of GigCapital4's business combination with BigBear.ai (the "*Business Combination*"), Dr. Dinu became a member of the board of directors and a member of the Audit Committee. Dr. Dinu has spent approximately 20 years in international executive positions within the TMT industry working for privately held start-ups, middle-cap companies and large enterprises. In these roles, Dr. Dinu has been instrumental in launching and accelerating entities, building teams, large-scale fund raising, developing key alliances and technology partnerships, M&A activities, business development, financial management, global operations and sales and marketing. Dr. Dinu served as the President and Chief Executive Officer of GIG2 from August 2019 until the closing of its business combination with UpHealth Holdings, Inc. and Cloudbreak Health, LLC in June 2021 and as a member of the board of directors, Chair of the Compliance Committee, and member of the Audit Committee and Compensation Committee of GIG2 (now UpHealth, Inc.) since March 2019. Dr. Dinu has served on the board of directors of GIG3 (now Lightning eMotors, Inc.) since February 2020 and has served as the president, chief executive officer and secretary and on the board of directors of GigCapital5, Inc. since February 2021. Dr. Dinu has served as the Chief Executive Officer, President and Secretary of GigInternational1 as well as a member of its board of directors since its inception in February 2021. Dr. Dinu has held leadership positions at several other companies, including at IDT's Optical Interconnects Division (as vice president and general manager), GigPeak (as executive vice president, chief operation officer, executive vice president of Global Sales and Marketing, and senior vice president of Global Sales and Marketing), Brazil-Photonics (as a director) and Lumera Corporation (as vice president of engineering). Dr. Dinu holds a B.Sc. in Physics and Ph.D. in Solid State Condensed Matter Physics from the University of Bucharest, and an Executive-M.B.A. from Stanford University. Dr. Dinu has an Audit Committee Certificate and Compensation Committee Certificate from Harvard Business School, Executive Education Program. Dr. Dinu is married to Dr. Katz, one of our directors and GigCapital4's Executive Chairman of the

Board prior to the Business Combination. We believe that Dr. Dinu is qualified to serve on our Board based on her business experience as a board member of a publicly listed company and her investing experience.

Paul Fulchino. Mr. Fulchino has served as a member of our Board since December 2021. Mr. Fulchino has served as Operating Partner of AE Industrial Partners, LLC since June 2015. In addition, Mr. Fulchino has been the Chairman of AEI HorizonX Ventures since 2019, where he serves on the Executive Committee and the M&A Committee. Mr. Fulchino provides the Board with executive leadership and experience, strategic thinking and extensive knowledge and expertise regarding the commercial aviation industry, the Company's customers and supply base, compensation and human resource matters, and mergers and acquisitions. Mr. Fulchino also brings to the Board experience as a public company director, assisting both Spirit AeroSystems Holdings (currently, since 2006) and Wesco Aircraft Holdings (previously, from 2008 to 2020) in that role. Prior to his current role, Mr. Fulchino served as a Senior Advisor to Boeing from April 2010 until December 2014. Prior to that, Mr. Fulchino held executive roles, including Chief Executive Officer, at Aviall, in which period Aviall became a wholly owned subsidiary of Boeing. Mr. Fulchino was also President and Chief Operating Officer of B/E Aerospace and President and Vice Chairman of Mercer Management Consulting. Mr. Fulchino received a bachelor's degree in Mathematics from Boston College and an M.B.A. from Columbia Business School. Mr. Fulchino also attended the United States Military Academy at West Point. We believe that Mr. Fulchino's extensive experience in mergers and acquisitions and the commercial aviation industry, as well as his executive leadership experience qualifies him to serve as a director on our Board.

Jeffrey Hart. Mr. Hart has served as a member of our Board since December 2021. Mr. Hart joined AE Industrial Partners, LLC in 2015 as an associate, and has served as a Principal since October 2020. Mr. Hart sat on the board of Redwire Space, Inc. before it was taken public via SPAC merger. Mr. Hart also sits on the board of Fire Team Solutions, Alpine and Edge Autonomy Holdings, Inc. ("*Edge Autonomy*") formerly known as UAV Factory, all AE Industrial portfolio companies. Before joining AE Industrial, Mr. Hart was an investment banking analyst at RBC Capital Markets from 2013 to 2015. Mr. Hart earned his undergraduate degree from Colorado Mesa University. We believe that Mr. Hart's experience serving on the boards of multiple companies in the defense and technology sectors qualifies him to serve as a director on our Board.

Dorothy D. Hayes. Ms. Hayes has served as a member of our Board since December 2021. Ms. Hayes was previously on the board of GigCapital4, prior to the Business Combination. Ms. Hayes has served on the board of directors of GigCapital5 since its inception in February 2021 and GigInternational1 since its inception in March 2021 where she serves as chair of the Audit Committee for both boards. Ms. Hayes was appointed as a director of Intevac, Inc. in June 2019, where she currently serves as the Chairwoman of the Audit Committee. From 2003 until her retirement in 2008, Ms. Hayes served as Corporate Controller and Chief Accounting Officer and later as Chief Audit Executive at Intuit, a business and financial software company. From 1999 until 2003, Ms. Hayes served as Vice President, Corporate Controller and Chief Accounting Officer of Agilent Technologies, a public research, development and manufacturing company. From 1989 until 1999, Ms. Hayes served as Assistant Corporate Controller, financial executive of the Measurement Systems Organization and Chief Audit Executive of Hewlett Packard, a multinational information technology company. From 1980 until 1989, Ms. Hayes served in various management functions including Vice President, Corporate Controller of Apollo Computer, a computer hardware and software company. Ms. Hayes currently serves on the Board of Directors at First Tech Federal Credit Union, a cooperative financial institution. She previously chaired the Board of First Tech Federal Credit Union from 2016 until April 2022. Ms. Hayes previously chaired the Audit Committee of the Vantagepoint Funds, a captive mutual fund series of ICMA Retirement Corporation, and the Audit Committee for Range Fuels, a privately held biofuels company. Ms. Hayes currently serves as a board member or trustee of various non-profit and philanthropic organizations including: CoGenerate (formerly Encore.org), Center for Excellence in Nonprofits and the Computer History Museum. Ms. Hayes holds an M.S. in Finance from Bentley University (1987), and received both an MS in Business Administration (1976) and a B.A. in Elementary Education (1972) from the University of Massachusetts, Amherst. Ms. Hayes maintains the NACD Board Leadership Fellow credential and has been a several-time attendee at Stanford Directors College. Ms. Hayes participates actively in Women Corporate Directors (WCD), the National Association of Corporate Directors (NACD), Financial Executives International (FEI), and the Athena Alliance. Ms. Hayes is a Senior Fellow of the American Leadership Forum—Silicon Valley, was a recipient of the YWCA TWIN award (1986) and was named to AGENDA Magazine's Diversity 100—Top Diverse Board Candidates (2010). We believe that Ms. Hayes is qualified to serve on our Board based on her business experience and her financial expertise.

Raanan I. Horowitz. Mr. Horowitz has served as a member of our Board since December 2021. Mr. Horowitz has served on the board of directors of GigInternational1 as an independent director since March 2021, and has served on its Audit Committee since March 2021. He has also served on the board of directors GigCapital5, Inc. since September 2021 and has served on its Audit Committee since September 2021. Mr. Horowitz is the President, Chief Executive Officer, and a member of the board of directors of Elbit Systems of America, LLC, a leading provider of high-performance products and systems solutions for the defense, homeland security, commercial aviation, and life sciences diagnostics markets. Mr. Horowitz was appointed to such positions in 2007. Elbit Systems of America, LLC is a wholly owned subsidiary of Elbit Systems Ltd., a global source of innovative, technology-based systems for diverse defense and commercial applications with more than 19,500 employees in 15 countries. Prior to being appointed to lead Elbit Systems of America, LLC, Mr. Horowitz served as the Executive Vice President and General Manager of EFW, Inc., a subsidiary of Elbit Systems of America, from 2003 to 2007. In 2014, 2015, 2018 and 2022, The Ethisphere Institute named Elbit Systems of America one of the "World's Most Ethical Companies". In addition, Mr. Horowitz is active in the A&D industry, serving on the Board of Governors of the Aerospace Industries Association since 2008, the board of directors for the National Defense Industrial Association since 2015, as a member of Business Executives for National Security since 2014, and as a member of the Wall Street Journal Chief Executive Officer Council since 2018. Previously, Mr. Horowitz served on the National Board of Directors for one of the nation's largest volunteer health organizations, the Leukemia & Lymphoma Society, from 2009 to 2018. Mr. Horowitz earned a Master of Business Administration degree from the Seidman School of Business (1993) at Grand Valley State University in Allendale, Michigan. Mr. Horowitz was also awarded a Master of Science degree in Electrical Engineering (1991) and a Bachelor of Science degree in Mechanical Engineering (1981) from Tel-Aviv University in Israel. We believe that Mr. Horowitz is qualified to serve on our Board based on his business experience, particularly working in executive positions for technology companies providing services for the defense and homeland security industries.

Dr. Avi Katz. Dr. Katz has served as a member of our Board since December 2021. Dr. Katz is the Founding Managing Partner of GigCapital Global, a serial issuer of Private-to-Public Equity (PPE) entities, also known as Special Purpose Acquisition Companies (SPACs), which since middle of 2017 has issued and completed initial public offerings of six PPE entities, and closed business combinations of four of the PPE entities with technology, media and telecommunications (TMT) companies, including GigCapital4 which he co-founded together with Dr. Raluca Dinu and served as its Executive Chairman of of the board of directors prior to the Closing of the Business Combination. Dr. Katz spent approximately 33 years in international executive positions within the TMT industry working for privately held start-ups, middle-cap companies and large enterprises. In these roles, Dr. Katz has been instrumental in launching and accelerating entities, building teams, large-scale fund raising, developing key alliances and technology partnerships, M&A activities, business development, financial management, global operations and sales and marketing. Dr. Katz has held leadership positions, and Executive Chairman of the board of directors of all the GigCapital Global issued PPE companies, including GigCapital, Inc. ("*GIG1*"), which completed its initial public offering in December 2017 and later a business combination with Kaleyra in November of 2019 (NYSE KLR); GigCapital2, Inc., which completed its initial public offering in June 2019 and later a business combination with UpHealth Holdings, Inc. and Cloudbreak Health, LLC in June 2021 (NYSE UPH); GigCapital3, Inc. ("*GIG3*"), which completed its initial public offering in May 2020 and later a business combination with Lightning Systems in May 2021 (NYSE ZEV), Inc.; GigInternational1, Inc. ("*GigInt1*"), which completed its initial public offering in May 2021, and GigCapital5, Inc. ("*GIG5*"), which completed its initial public offering in September 2021. In parallel to GigCapital Global operations, Dr. Katz is also the co-founder of Cognizer and was the Executive Chairman of Cognizer's board of directors from its inception in December 2018 until August 2020. Prior to GIG1, GIG2 and GIG3, GIG4, GIG5 and GigIn1, Dr. Katz dedicated 10 years to incept and bootstrap, develop and manage GigPeak (NYSE American: formerly GIG), originally known as GigOptix, Inc. Dr. Katz served as Chairman of the Board, Chief Executive Officer and President of GigOptix / GigPeak. From its inception in 2007 until its sale in April 2017 to IDT for $250 million in cash, during which period the company completed 10 M&A deals. From 2003 to 2005, Dr. Katz was the chief executive officer, president, and member of the board of directors of Intransa, Inc., and from 2000 to 2003, Dr. Katz was the chief executive officer and a member of the board of directors of Equator Technologies. Dr. Katz has held several leadership positions over the span of his career within the technology industry since serving as member of Technical Staff at AT&T Bell Laboratories at Murray Hill, New Jersey, in the 1980s, and has made numerous angel investments in high-tech companies around the world. Dr. Katz is a graduate of the 1976 class of the Israeli Naval Academy, graduate of the 1979 USA Navy ASW class, and holds a B.Sc. and Ph.D. in Semiconductors Materials from the Technion (Israel Institute of Technology). Dr. Katz is a serial entrepreneur, holds many U.S. and international patents, has published many technical papers and is the editor of a number of technical books. We believe that Dr. Katz is qualified to serve on our Board based on his business experience as a founder, inventor, chief executive officer and director of a publicly listed company and his investing experience.

Kirk Konert. Mr. Konert has served as a member of our Board since December 2021. Mr. Konert has served with AE Industrial Partners, LLC, as a Partner since October 2019 and as a Principal starting in August 2014. Mr. Konert sits on the boards of multiple AE Industrial portfolio companies, including AMPAC, Atlas Aerospace, Belcan, Columbia Helicopters, Pangiam Holdings, ThayerMahan, Redwire, and Edge Autonomy. Previously, Mr. Konert was a Senior Associate at Sun Capital Partners from July 2011 to July 2014. Mr. Konert earned his undergraduate degree from Davidson College. We believe that Mr. Konert's experience and history in portfolio company management qualifies him to be a director on our Board.

Board Structure

Our Board currently comprises 11 members. Our Board believes it is in the best interests of the Company for the Board to be classified into three classes, each comprising, as nearly as possible, one-third of the directors to serve three-year terms. Each Class I director, consisting of Sean Battle, Paul Fulchino, Dorothy D. Hayes and Raanan I. Horowitz, has a term that expires at the Company's annual meeting of stockholders in 2025, each Class II director, consisting of Pamela Braden, Dr. Raluca Dinu, Dr. Avi Katz and Amanda Long, has a term that expires at the Company's annual meeting of stockholders in 2023, and each Class III director, consisting of Peter Cannito, Jeffrey Hart and Kirk Konert, has a term that expires at the Company's annual meeting of stockholders in 2024, or in each case until their respective successors are duly elected and qualified, or until their earlier resignation, removal or death. In addition, our charter provides that at any time when Partners and their Permitted Transferees (each as defined below), beneficially owns, in the aggregate, less than 50% in voting power of the stock entitled to vote generally in the election of the directors, directors may be removed only for cause and only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. However, in any other circumstances our directors may be removed with or without cause by the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together in a single class.

Pursuant to the Investor Rights Agreement, dated as of June 4, 2021, as amended on December 6, 2021, by and among the GigCapital4, Inc., a Delaware corporation and predecessor to the Company, AE BBAI Aggregator, LP, a Delaware limited partnership ("*AE Aggregator*"), (iii) BBAI Ultimate Holdings, LLC, a Delaware limited liability company ("*Ultimate*," together with AE Aggregator and any of their Permitted Transferees (as defined therein) that have executed a joinder to this Investor Rights Agreement, the "*Partners*" and each a "*Partner*"), GigAcquisitions4, LLC, a Delaware limited liability company ("*Sponsor*"), and any other parties thereto from time to time (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "*Investor Rights Agreement*"), of the eleven directors on our Board (i) seven of such directors are nominated by the Partners (at least four of whom are required to satisfy applicable independence requirements (including at least two of whom are required to be sufficiently independent to serve on the audit and compensation committees)), (ii) three of such directors are nominated by the Sponsor (at least one of whom are required to satisfy all applicable independence requirements (including being sufficiently independent to serve on the audit committee of the Board as a chair and the compensation committee as a member)), and (iii) one of such directors are nominated mutually by the Partners and the Sponsor and required to satisfy all applicable independence requirements.

The Partners' right to nominate directors to our Board is subject to its beneficial ownership of specified proportions of our common stock, par value $0.0001 per share ("*Common Stock*") beneficially owned by the Partners on the closing date of the Business Combination ("*Closing Date*"). If the Partners own beneficially: (i) 50% or greater of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have the right to nominate seven directors; (ii) less than 50% but greater than or equal to 40% of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have the right to nominate six directors; (iii) less than 40% but greater than or equal to 30% of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have the right to nominate five directors; (iv) less than 30% but greater than or equal to 20% of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have the right to nominate four directors; (v) less than 20% but greater than or equal to 10% of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have the right to nominate three directors; (vi) less than 10% but greater than or equal to 5% of such shares of Stock beneficially owned by the Partner on the Closing Date, they have the right to nominate two directors; (vii) less than 5% but greater than 0% of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have the right to nominate one director; and (viii) 0% of such shares of Common Stock beneficially owned by the Partners on the Closing Date, they have no right to nominate any directors pursuant to the Investor Rights Agreement.

The Sponsor's right to nominate directors to our Board is subject to its (and its permitted transferees') beneficial ownership of specified proportions of Common Stock beneficially owned by the Sponsor and such permitted transferees on the Closing Date. If the Sponsor (or its permitted transferees) owns beneficially: (i) 50% or greater of such shares of Common Stock beneficially owned by the Sponsor (and its permitted transferees) on the Closing Date, it has the right to nominate three directors; (ii) less than 50% but greater than or equal to 25% of such shares of Common Stock beneficially owned by the Sponsor (and its permitted transferees) on the Closing Date, it has the right to nominate two directors; (iii) less than 25% but greater than 0% of such shares of Common Stock beneficially owned by the Sponsor on the Closing Date, it has the right to nominate one director; and (iv) 0% of such shares of Common Stock, it has no right to nominate any directors pursuant to the Investor Rights Agreement.

Family Relationships

Dr. Dinu is married to Dr. Katz, one of our directors and GigCapital4's Executive Chairman of the Board prior to the Business Combination.

Status as a Controlled Company

Ultimate possesses the ability to vote a majority of BigBear's Common Stock outstanding. As a result, BigBear is a "controlled company" under the NYSE corporate governance requirements.

Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of board consist of independent directors;
- the requirement that the controlled company have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

- the requirement that the controlled company have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

BigBear utilizes these exemptions. As a result, BigBear may not have a majority of independent directors on the Board, and the compensation committee and nominating and governance committee may not consist entirely of independent directors and the compensation committee and nominating and governance committee may not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the NYSE's corporate governance requirements.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's officers, directors, and persons who beneficially own more than 10% of the Common Stock, to file reports of ownership and changes in ownership with the SEC. Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, the Company believes that during the fiscal year ended December 31, 2022 the filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with, except that: Sean Ricker did not file a Form 4 within the two business day requirement relating to one transaction due to an administrative error and such late filing was effected on May 10, 2022; Joshua Kinley did not file a Form 4 within the two business day requirement relating to one transaction due to an administrative error and such late filing was effected on January 6, 2023; Jeffry Dyer did not file a Form 4 within the two business day requirement relating to one transaction due to an administrative error and such late filing was effected on January 6, 2023; and Peter Cannito did not file a Form 4 within the two business day requirement relating to one transaction due to an administrative error and such late filing was effected on February 21, 2023.

Code of Conduct and Ethics

We have adopted a Code of Conduct and Ethics that applies to our directors, officers and employees in accordance with applicable federal securities laws, a copy of which is available under the Governance heading, Governance Documents subheading, on the Investor Relations page of our website at https://ir.bigbear.ai/. We will make a printed copy of the Code of Conduct and Ethics available to any stockholder who so requests.

If we amend or grant a waiver of one or more of the provisions of our Code of Conduct and Ethics, we intend to satisfy the requirements under Item 5.05 of Item 8-K regarding the disclosure of amendments to or waivers from provisions of our Code of Conduct and Ethics that apply to our principal executive officer, principal financial officer and principal accounting officer by posting the required information on our website at https://bigbear.ai/. The information on this website is not part of this Annual Report on Form 10-K.

Audit Committee

Our Audit Committee is composed of Dorothy D. Hayes, Pamela Braden and Dr. Raluca Dinu, with Dorothy D. Hayes serving as Chair thereof. We comply with the audit committee requirements of the SEC and NYSE. Our Board has determined that Dorothy D. Hayes, Pamela Braden and Dr. Raluca Dinu meet the independence requirements of Rule 10A-3 under the Exchange Act and the applicable listing standards of NYSE. Our Board determined that Dorothy D. Hayes is an "audit committee financial expert" within the meaning of SEC regulations and applicable listing standards of NYSE.

Item 11. Executive Compensation

This section discusses the material components of the executive compensation program for our executive officers named in the "Summary Compensation Table" below.

Overview

We are currently considered an "emerging growth company" within the meaning of the Securities Act for purposes of the SEC's executive compensation disclosure rules. Accordingly, we are required to provide a Summary Compensation Table and an Outstanding Equity Awards at Fiscal Year-End Table as well as limited narrative disclosures regarding executive compensation for our last completed fiscal year. Furthermore, our reporting obligations extend only to the following "Named Executive Officers," which are the individuals who served as principal executive officer, former principal executive officer, the next two most highly compensated executive officers who were providing services to the Company as of December 31, 2022, and two additional executive officers for whom disclosure would have been required had such officers been providing services to the Company as of December 31, 2022, as summarized in the follow table:

Named Executive Officer	Principal Position
Amanda Long [1]	Chief Executive Officer
Julie Peffer [2]	Chief Financial Officer
Dr. Louis Brothers [3]	Former Chief Executive Officer
Joshua Kinley [4]	Former Chief Financial Officer
Samuel Gordy [5]	Former Chief Operating Officer and President, Federal Sector
Jeffry Dyer [6]	Former President and General Manager, Commercial Markets

(1) Mrs. Long was hired as the Company's Chief Executive Officer, effective October 12, 2022.

(2) Ms. Peffer was hired as the Company's Chief Financial Officer, effective June 13, 2022.

(3) Dr. Brothers was terminated from the position as Chief Executive Officer, effective October 12, 2022 and ceased to be an employee of the Company as of that date.

(4) Mr. Kinley served as the Company's Chief Financial Officer until June 13, 2022. At that time, Mr. Kinley transitioned to the role of the Company's Chief Corporate Development Officer. Mr. Kinley was terminated from the position as Chief Corporate Development Officer, effective December 30, 2022, and ceased to be an employee of the Company as of that date.

(5) Mr. Gordy was terminated from the position as Chief Operating Officer and President, Federal Sector, effective August 8, 2022 and ceased to be an employee of the Company as of that date.

(6) Mr. Dyer was hired as the Company's President and General Manager of Commercial Markets, effective September 30, 2021. Mr. Dyer was terminated from this position on March 23, 2023 and ceased to be an employee of the Company as of that date.

2022 Summary Compensation Table

The following table presents summary information regarding the total compensation paid to and earned by each of our Named Executive Officers for the two most recently completed fiscal years.

Name and Principal Position [1]	Year	Salary ($)	Bonus ($)[3]	Stock Awards ($)[4]	Option Awards $[5]	Non-Equity Incentive Plan Compensation ($)[6]	All Other Compensation[13]	Total ($)
Amanda Long	2022	$ 80,192	$ —	$ 3,000,000	$ 1,023,362	$ 228,873	$ 18,943	$ 4,351,370
Chief Executive Officer								
Julie Peffer	2022	$ 204,615	$ —	$ 200,000	$ 288,463	$ 94,348	$ 12,154	$ 799,580
Chief Financial Officer								
Dr. Louis Brothers	2022	$ 343,519	$ —	$ 409,997	$ 1,043,323 [7]	$ —	$ 478,399	$ 2,275,238
Former Chief Executive Officer	2021	$ 312,921	$ 227,500	$ 401,200	$ 8,306,478 [8]	$ —	$ 25,962	$ 9,274,061
Joshua Kinley	2022	$ 339,583	$ —	$ 131,250	$ 273,906 [9]	$ —	$ 348,715	$ 1,093,454
Former Chief Financial Officer	2021	$ 305,489	$ 105,000	$ 175,525	$ 3,471,897 [10]	$ —	$ 18,125	$ 4,076,036
Samuel Gordy	2022	$ 270,877	$ —	$ 333,240 [11]	$ 116,750	$ —	$ 425,281	$ 1,146,148
Former Chief Operating Officer and President, Federal Sector								
Jeffry Dyer	2022	$ 550,000 [2]	$ —	$ 150,003	$ 218,906 [12]	$ —	$ 18,300	$ 937,209
Former President and General Manager, Commercial								

(1) Mrs. Long was hired as the Company's Chief Executive Officer, effective October 12, 2022. Ms. Peffer was hired as the Company's Chief Financial Officer, effective June 13, 2022. Dr. Brothers was terminated from the position as Chief Executive Officer, effective October 12, 2022 and ceased to be an employee of the Company as of that date. Mr. Kinley served as the Company's Chief Financial Officer until June 13, 2022. At that time, Mr. Kinley transitioned to the role of the Company's Chief Corporate Development Officer. Mr. Kinley was terminated from the position as Chief Corporate Development Officer, effective December 30, 2022, and ceased to be an employee of the Company as of that date. Mr. Gordy was terminated from the position as Chief Operating Officer and President, Federal Sector, effective August 8, 2022 and ceased to be an employee of the Company as of that date. Mr. Dyer was hired as the Company's President and General Manager of Commercial Markets, effective September 30, 2021. Mr. Dyer was terminated from this position on March 23, 2023 and ceased to be an employee of the Company as of that date.

(2) In addition to Salary, this amount includes the Company's payment of commissions pursuant to Mr. Dyer's offer letter.

(3) For 2021, the amounts reported in the Bonus column represent each applicable Named Executive Officer's discretionary annual incentive bonus earned for fiscal year 2021.

(4) The amounts reported in the Stock Awards column represent the grant date fair value of RSUs with respect to the Company's common stock (the "RSUs") granted in 2022 to the Named Executive Officers as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC 718"). The amounts reported in this column reflect the accounting cost for these awards and do not correspond to the actual economic value that may be received by the Named Executive Officers for the RSUs. See "—Narrative Disclosure to Summary Compensation Table—Restricted Stock Units" below for additional details. While some RSUs were treated as "granted" in 2021 for accounting purposes, and were disclosed in our Summary Compensation for 2021, for Section 16 reporting purposes, the grants were contingent upon, and effective as of, the filing of our registration statement on Form S-8 registering shares to be issued pursuant to awards under our 2021 Long Term Incentive Plan, which was filed with the Commission on April 5, 2022. See Note S to the Company's 2023 Consolidated Financial Statements as filed in our 2022 Annual Report on Form 10-K for the assumptions used in determining the fair value of the RSUs.

(5) The amounts reported in the Option Awards column represent the grant date fair value of stock options with respect to BigBear common stock granted in 2022 to the Named Executive Officers as computed in accordance with ASC 718. The amounts reported in this column reflect the accounting cost for these awards and do not correspond to the actual economic value that may be received by the Named Executive Officers for the stock options. See "—Narrative Disclosure to Summary Compensation Table—Stock Option Awards" below for additional details. See Note S to the Company's 2023 Consolidated Financial Statements as filed in our 2022 Annual Report on Form 10-K for the assumptions used in determining the fair value of the Option Awards.

(6) For 2022, the amounts reported in the Non-Equity Incentive Compensation column represent the actual value of RSUs granted in 2022 to the Named Executive Officers. These RSUs were granted in lieu of cash bonuses under the Company's Short-Term Incentive Plan (the "STIP") for certain executives based on the achievement of certain goals for the year ended December 31, 2022. See "—Narrative Disclosure to Summary Compensation Table—Restricted Stock Units" below for additional details. See Note S to the Company's 2023 Consolidated Financial Statements as filed in our 2022 Annual Report on Form 10-K for the assumptions used in determining the fair value of the RSUs.

(7) For Dr. Brothers, this number consists of $683,323, which is the grant date fair value of the stock options granted in 2022 and $360,000, which is the incremental increase in value associated with a modification to Dr. Brothers' Tranche II Incentive Units resulting from the acceleration of certain ASC 718 vesting conditions in connection with his termination of employment.

(8) For Dr. Brothers, this number consists of $521,478, which is the grant date fair value of the stock options granted in 2021 and $7,785,000, which is the grant date fair value of the Incentive Units granted to him in 2021.

(9) For Mr. Kinley, this number consists of $218,906, which is the grant date fair value of the stock options granted in 2022 and $55,000, which is the incremental increase in value associated with a modification to Mr. Kinley's Tranche II Incentive Units resulting from the acceleration of certain ASC 718 vesting conditions in connection with his termination of employment.

(10) For Mr. Kinley, this number consists of $228,147, which is the grant date fair value of the stock options granted in 2021 and $3,243,750, which is the grant date fair value of the Incentive Units granted to him in 2021.

(11) For Mr. Gordy, this number consists of $306,341, which is the grant date fair value of RSUs granted in 2022 and $26,899, which is the incremental increase in value associated with a modification to Mr. Gordy's RSUs resulting from the acceleration of certain ASC 718 vesting conditions in connection with his termination of employment.

(12) For Mr. Dyer, this number consists of $218,906, which is the grant date fair value of stock options granted in 2022.

(13) The amounts reported in the "All Other Compensation" column for the fiscal year ended December 31, 2022 consist of the following:

Name	Company 401(k) Matching Contributions [(a)]	Car Allowance [(b)]	Membership Due [(c)]	Consulting Fees [(d)]	Legal Fees [(e)]	Severance [(f)]	Total All Other Compensation
Amanda Long	$ 2,409	$ —	$ 8,626	$ —	$ 7,908	$ —	$ 18,943
Julie Peffer	$ 12,154	$ —	$ —	$ —	$ —	$ —	$ 12,154
Dr. Louis R. Brothers	$ 19,750	$ 11,873	$ —	$ 18,750	$ —	$ 428,026	$ 478,399
Joshua Kinley	$ 31,950	$ —	$ —	$ —	$ —	$ 316,765	$ 348,715
Samuel Gordy	$ 16,272	$ —	$ —	$ —	$ —	$ 409,009	$ 425,281
Jeffry Dyer	$ 18,300	$ —	$ —	$ —	$ —	$ —	$ 18,300

(a) See below under "—Additional Narrative Disclosure—Retirement Benefits" for additional information regarding 401(k) plan contributions.

(b) Represents the Company's payment of a stipend for car expenses available only to Dr. Brothers.

(c) Pursuant to Mrs. Long's offer letter, the amount represents the Company's reimbursement of fees for an executive coach, annual executive health exam, and Chief membership dues.

(d) The Company entered into a consulting agreement with Dr. Brothers on October 12, 2022. Pursuant to the consulting agreement, Dr. Brothers will provide consulting services until October 12, 2023 for $75,000 paid in quarterly installments. The amount represents the first quarterly installment of consulting fees paid to Dr. Brothers in 2022 pursuant to the consulting agreement.

(e) Pursuant to Mrs. Long's offer letter, the amount represents the Company's reimbursement of fees for Ms. Long's outside counsel and consultants review and negotiation of the initial terms of Ms. Long's employment and any supplemental agreements required or proposed by the Company.

(f) Represents severance payments pursuant to separation agreements that were entered into upon the termination of Dr. Brothers, Mr. Kinley, and Mr. Gordy in 2022.

Narrative Disclosure to Summary Compensation Table

Employment Arrangements with Named Executive Officers

Mrs. Long is party to an offer letter with the Company, dated October 10, 2022. Mrs. Long's offer letter provides for(i) an annualized base salary of $450,000; (ii) eligibility to participate in our STIP with an annual cash bonus target of 125% of Mrs. Long's annual base compensation based upon mutually developed performance objectives, with an initial bonus for 2022 of no less than $250,000, less applicable payroll deductions and withholdings; and (iii) eligibility to participate in our employee benefit plans and programs in accordance with the terms and conditions of the applicable plans and programs. Mrs. Long's offer letter also provides for (x) an up-front time-based long-term incentive award with a grant date value of $4,000,000, delivered 75% in the form of RSUs and 25% in the form of stock options, with a portion of the long-term incentive award valued at $200,000 and vested as of December 31, 2022, an additional 20% of the long-term incentive award vesting on the first anniversary of the grant date, and the remaining 75% vesting in equal quarterly installments on the last day of each of the calendar quarters immediately following the first anniversary of the grant date and (y) beginning in 2023 and subject to Compensation Committee approval, a recurring annual grant estimated to be valued at 200% of Mrs. Long's base compensation and split (at the Compensation Committee's discretion) between RSUs, performance stock units ("PSUs"), stock options and other long-term incentive vehicles. Mrs. Long's offer letter also provides for certain severance payments and benefits pursuant to the Executive Severance Plan (defined below), as well as a one-time payment of $10,000, less applicable taxes and withholdings, to support Mrs. Long's search for and transition to another employer, including hiring a recruiting/placement firm.

Ms. Peffer is party to an offer letter with the Company, dated May 19, 2022. Ms. Peffer's offer letter provides for (i) an annualized base salary of $400,000(ii) eligibility to participate in our STIP with an annual cash bonus target of 100% of Ms. Peffer's annual base compensation based upon mutually developed performance objectives; and (iii) eligibility to participate in our employee benefit plans and programs in accordance with the terms and conditions of the applicable plans and programs. Ms. Peffer's offer letter also provides for (x) an up-front time-based long-term incentive award with a grant date value of $400,000, delivered 50% in the form of RSUs and 50% in the form of stock options, and (y) beginning in 2023 and subject to Compensation Committee approval, a recurring annual grant estimated to be valued at 75% of Ms. Peffer's base compensation and split (at the Compensation Committee's discretion) between RSUs, PSUs, stock options and other long-term incentive vehicles. Ms. Peffer's offer letter also provide for certain severance payments and benefits pursuant to the Executive Severance Plan (defined below). Please see "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control—Executive Severance Plan*" below for more details regarding the severance payments and benefits provided to Ms. Peffer pursuant to the Executive Severance Plan.

Dr. Brothers was party to an offer letter with NuWave Solutions Holdings, LLC, dated May 22, 2020; Mr. Kinley was party to an employment agreement with PCI dated October 23, 2020, and Mr. Dyer was party to an offer letter dated September 30, 2021. Dr. Brothers' offer letter, Mr. Kinley's employment agreement, and Mr. Dyer's offer letter each provided for an annual base salary and target bonus opportunity as follows: for Dr. Brothers, a base salary of $300,000 and target annual bonus of 70% of Dr. Brothers' base salary; for Mr. Kinley, a base salary of $300,000 and target annual bonus of 35% of Mr. Kinley's base salary; and for Mr. Dyer, a base salary of $400,000 and target annual bonus of 100% of Mr. Dyer's base salary. Dr. Brothers, Mr. Kinley, and Mr. Dyer were also eligible to participate in our employee benefit plans and programs in accordance with the terms and conditions of the applicable plans and programs. Dr. Brothers' offer letter also provided for a grant of incentive units in an amount equal to 1.5% of the total equity of the Company upon the establishment of a management incentive plan. These incentive units were granted in the first quarter of the 2021 fiscal year, as described in "*—Narrative Disclosure to Summary Compensation Table—Incentive Unit Awards*" below. Mr. Dyer's offer letter also provided for (x) an up-front time-based long-term incentive award with a grant date value of $700,000, delivered in the form of 50,000 RSUs and 50,000 stock options, (y) a PSU award with a grant date value of $1,500,000 (or, 150,000 target PSUs), which vest based upon mutually developed performance objectives, and (z) beginning in 2022 and subject to Compensation Committee approval, a recurring annual grant estimated to be valued at 35% of base compensation and split (at the Compensation Committee's discretion) between RSUs, PSUs, stock options and other long-term incentive vehicles. Dr. Brothers' offer letter and Mr. Kinley's employment agreement also provided for certain severance benefits upon resignation by the applicable Named Executive Officer for "Good Reason," and/or upon termination by the Company without "Cause."

Mr. Gordy was party to an offer letter with the Company, dated October 1, 2021. Mr. Gordy's offer letter provided for (i) an annualized base salary of $400,000;(ii) eligibility to participate in our STIP with an annual cash bonus target of 100% of Mr. Gordy's annual base compensation based upon mutually developed performance objectives; and (iii) eligibility to participate in our employee benefit plans and programs in accordance with the terms and conditions of the applicable plans and programs. Mr. Gordy's offer letter also provided for (x) an up-front time-based long-term incentive award with a grant date value of $800,000, delivered in the form of 40,000 RSUs and 100,000 stock options, and (y) beginning in 2022 and subject to Compensation Committee approval, a recurring annual grant estimated to be valued at 75% of base compensation and split (at the Compensation Committee's discretion) between RSUs, PSUs, stock options and other long-term incentive vehicles. Mr. Gordy's offer letter also provided for pro-rata vesting of all Mr. Gordy's 2021 and 2022 incentive awards upon termination by the Company without "Cause."

Please see "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control*" below for more details regarding the severance benefits provided to our Named Executive Officers under the applicable offer letters and the Executive Severance Plan.

Annual Incentive Plan

The Company's STIP is discretionary in nature and subject to performance targets established annually by the Compensation Committee. To be eligible to receive their bonus, our Named Executive Officers must generally be employed on the last day of the applicable performance period. For 2022, each Named Executive Officer was eligible to receive a target annual bonus of the following percentage of such executive's base salary if all performance targets were met or exceeded: 125%, but no less than $250,000 for Mrs. Long, 100% for Ms. Peffer, 100% for Dr. Brothers, 75% for Mr. Kinley, 100% for Mr. Gordy and 100% for Mr. Dyer. For 2022, RSUs were granted in lieu of cash bonuses under the STIP for certain executives based on the achievement of performance goals. The actual number of RSUs granted to each Named Executive Officer and the value of such RSUs for service in 2022 were as follows:

Named Executive Officer	Number of RSUs Granted	Value of RSUs as of 12/31/2022 [1]
Amanda Long	352,113	$ 235,916
Julie Peffer	145,151	$ 97,251
Dr. Louis Brothers	—	$ —
Joshua Kinley	—	$ —
Samuel Gordy	—	$ —
Jeffry Dyer	—	$ —

(1) Calculated by multiplying the number of RSUs that have not vested by the closing price of the Company's common stock as reported on the NYSE on December 30, 2022 of $0.67.

Incentive Unit Awards

PCISM Ultimate Holdings adopted an Employee Equity Plan effective February 16, 2021 (the "Equity Plan") to provide incentives to present and future directors, officers, employees and other service providers of PCISM Ultimate Holdings and its subsidiaries in the form of Class B Units ("Incentive Units"). Under the terms of the applicable award documentation, the Incentive Units are divided into three tranches: Tranche I Incentive Units (40% of the Incentive Units granted), Tranche II Incentive Units (40% of the Incentive Units granted) and Tranche III Incentive Units (20% of the Incentive Units granted). Tranche I, Tranche II and Tranche III Incentive Units are subject to service-based and/or performance-based vesting conditions, subject in certain cases to acceleration upon an "Exit Sale," as defined in the applicable award agreement, with the Tranche II Incentive Units vesting only upon the consummation of an Exit Sale if certain investor return thresholds are met. Holders of Incentive Units are subject to certain restrictive covenants, including perpetual confidentiality and non-disparagement covenants and non-competition and customer and employee non-solicitation covenants that apply during the service period and for one year thereafter. The Board previously accelerated the vesting of the Incentive Units such that all Tranche I and Tranche III Incentive Units became fully vested, while the Tranche II Incentive Units continued to be eligible to vest in accordance with their terms. The Board then further modified the Tranche II Incentive Units such that the occurrence of any event (whether or not such event constitutes an Exit Sale) in which the investor return threshold applicable to the Tranche II Units is met will result in full vesting of the Tranche II Units.

Dr. Brothers was granted an award of 1,500,000 Incentive Units in February 2021. In connection with Dr. Brothers' termination of employment, the Board agreed to modify the terms of Dr. Brothers' Tranche II Units such that they continue to be eligible to vest following Dr. Brothers' termination of employment as if Dr. Brothers remained employed.

Mr. Kinley was granted an award of 625,000 Incentive Units in February 2021. In connection with Mr. Kinley's termination of employment, the Board agreed to modify the terms of Mr. Kinley's Tranche II Units such that they continue to be eligible to vest following Mr. Kinley's termination of employment as if Mr. Kinley remained employed.

Stock Options

On December 7, 2021, the Board approved grants of stock options to certain executive officers, including Dr. Brothers and Messrs. Kinley, Gordy and Dyer, pursuant to our 2021 Long Term Incentive Plan (the "Plan"). Each such stock option corresponds to the right to purchase one share of the Company's common stock at an exercise price of $9.99 per share. The stock options vest in equal annual installments over four years from the date of grant, subject to the applicable executive's continued employment through each vesting date and may be exercised only to the extent such stock options are vested.

On March 30, 2022, Dr. Brothers and Messrs. Kinley and Dyer were granted stock options pursuant to the Plan. Each such stock option corresponds to the right to purchase one share of the Company's common stock at an exercise price of $7.00 per share. The stock options vest 25% on March 30, 2023, and the remaining 75% in equal quarterly installments on each quarterly anniversary of the date of grant thereafter, subject to the applicable executive's continued employment through each vesting date and may be exercised only to the extent such stock options are vested.

On June 13, 2022, Ms. Peffer was granted stock options pursuant to the Plan. Each such stock option corresponds to the right to purchase one share of the Company's common stock at an exercise price of $4.94 per share. The stock options vest 25% on June 13, 2023, and the remaining 75% in equal quarterly installments on each quarterly anniversary of the date of grant thereafter, subject to the applicable executive's continued employment through each vesting date and may be exercised only to the extent such stock options are vested.

On October 12, 2022, Mrs. Long was granted stock options pursuant to the Plan. Each such stock option corresponds to the right to purchase one share of the Company's common stock at an exercise price of $1.28 per share. The stock options vest 5% on December 31, 2022; 20% on October 12, 2023; and the remaining 75% in equal quarterly installments on the last day of each of the calendar quarters immediately following the first anniversary of the date of grant, subject to Mrs. Long's continued employment through each vesting date and may be exercised only to the extent such stock options are vested.

For information regarding the treatment of the stock options upon a termination of employment or change in control, see "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control—Stock Options*" below.

Restricted Stock Units

On December 7, 2021, the Board approved grants of RSUs to Dr. Brothers and Messrs. Kinley, Gordy and Dyer, pursuant to the Plan. These RSUs were granted effective when the Company filed the registration statement on Form S-8 registering the shares of BigBear common stock issuable under the Plan, which was filed with the Commission on April 5, 2022. The RSUs vest in equal annual installments on each of the first four anniversaries of December 7, 2021.

On March 30, 2022, Dr. Brothers and Messrs. Kinley, Gordy and Dyer were granted RSUs pursuant to the Plan. The RSUs vest 25% on March 30, 2023, and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter, subject to the applicable executive's continued employment through each vesting date.

On June 13, 2022, Ms. Peffer was granted RSUs pursuant to the Plan. The RSUs vest 25% on June 13, 2023, and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter, subject to Ms. Peffer's continued employment through each vesting date.

On October 12, 2022, Mrs. Long was granted RSUs pursuant to the Plan. The RSUs vest 5% on December 31, 2022; 20% on October 12, 2023; and the remaining 75% in equal quarterly installments on the last day of each of the calendar quarters immediately following the first anniversary of the date of grant, subject to Mrs. Long's continued employment through each vesting date.

On December 28, 2022, Mrs. Long and Ms. Peffer were granted RSUs pursuant to the Plan. The RSUs will fully vest on April 1, 2023, subject to the applicable executive's continued employment through each vesting date.

For information regarding the treatment of the RSUs upon a termination of employment or change in control, see "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control—Restricted Stock Units*" below.

Performance Stock Units

On December 7, 2021, Mr. Dyer received an award of a target number of 150,000 PSUs, which were granted effective when the Company filed the registration statement on Form S-8 registering the shares of BigBear common stock issuable under the Plan, which was filed with the Commission on April 5, 2022. The PSUs are subject to performance-based vesting conditions, subject to Mr. Dyer's continued service through the applicable vesting dates. Generally, the award would vest based on achievement of the Company's total commercial revenue targets. In the event of Mr. Dyer's Termination of Service (as defined in the Plan), any PSUs that have not yet been settled will immediately and automatically be cancelled and forfeited. No PSUs were granted to any of the Named Executive Officers other than Mr. Dyer.

Outstanding Equity Awards at 2022 Fiscal Year-End

The following table summarizes the outstanding stock and option awards held by each of our Named Executive Officers as ofDecember 31, 2022. For more information on the stock options, RSUs, Incentive Units, and PSUs reflected in this table, see "*Narrative Disclosure to Summary Compensation Table*" above:

		Option Awards				Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (14)	Number of Securities Underlying Unexercised Options (#) Unexercisable (15)	Option Exercise Price ($) (16)	Option Expiration Date (16)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(18)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested #	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Amanda Long	10/12/2022 (1)	62,400	1,185,603	$ 1.28	10/12/2032	—	$ —	—	—
	10/12/2022 (2)	—	—	—	—	2,226,562	$ 1,491,797	—	—
	12/28/2022 (3)	—	—	—	—	352,113	$ 235,916	—	—
Julie Peffer	6/13/2022 (4)	—	101,215	$ 4.94	6/13/2032	—	$ —	—	—
	6/13/2022 (5)	—	—	—	—	40,486	$ 27,126	—	—
	12/28/2022 (3)	—	—	—	—	145,151	$ 97,251	—	—
Dr. Louis Brothers	2/16/2021 (6) (7)	900,000	600,000	N/A	N/A	—	$ —	—	—
	12/7/2021 (8)	—	100,000	$ 9.99	12/7/2031	—	$ —	—	—
	12/7/2021 (9)	—	—	—	—	30,000	$ 20,100	—	—
	3/30/2022 (10)	—	146,429	$ 7.00	3/30/2032	—	$ —	—	—
	3/30/2022 (11)	—	—	—	—	58,571	$ 39,243	—	—
Joshua Kinley	2/16/2021 (6) (7)	375,000	250,000	N/A	N/A	—	$ —	—	—
	12/7/2021 (8)	—	43,750	$ 9.99	12/7/2031	—	$ —	—	—
	12/7/2021 (9)	—	—	—	—	13,125	$ 8,794	—	—
	3/30/2022 (10)	—	46,875	$ 7.00	3/30/2032	—	$ —	—	—
	3/30/2022 (11)	—	—	—	—	18,750	$ 12,563	—	—
Samuel Gordy	—	—	—	—	—	—	$ —	—	—
Jeffry Dyer	12/7/2021 (8)	—	50,000	$ 9.99	12/7/2031	—	$ —	—	—
	12/7/2021 (13)	—	—	—	—	37,500 (17)	$ 25,125	112,500 (19)	$ 75,375
	12/7/2021 (9)	—	—	—	—	37,500	$ 25,125	—	—
	3/30/2022 (10)	—	53,571	$ 7.00	3/30/2032	—	$ —	—	—
	3/30/2022 (11)	—	—	—	—	21,429	$ 14,357	—	—

(1) Reflects information regarding stock options granted to Mrs. Long that were outstanding as of December 31, 2022. These stock options were granted on October 12, 2022. 62,400 of these stock options vested on December 31, 2022, 249,601 will vest on October 12, 2023, and the remaining 936,002 will vest in equal quarterly installments on the last day of each of the calendar quarters immediately following the first anniversary of the grant date.

(2) Reflects information regarding RSUs granted to Mrs. Long that were outstanding as of December 31, 2022. These RSUs were granted on October 12, 2022. 117,188 of these RSUs vested on December 31, 2022, 468,750 will vest on October 12, 2023, and the remaining 1,757,812 will vest in equal quarterly installments on the last day of each of the calendar quarters immediately following the first anniversary of the grant date.

(3) Reflects information regarding RSUs granted to Mrs. Long and Ms. Peffer that were outstanding as of December 31, 2022. These RSUs were granted on December 28, 2022 and will vest on April 1, 2023.

(4) Reflects information regarding stock options granted to Ms. Peffer that were outstanding as of December 31, 2022. 25% of these stock options will vest on June 13, 2023 and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter such that the entire award will be vested on June 13, 2026.

(5) Reflects information regarding RSUs granted to Ms. Peffer that were outstanding as of December 31, 2022. These RSUs were granted on June 13, 2022. 25% of these RSUs will vest on June 13, 2023 and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter such that the entire award will be vested on June 13, 2026.

(6) Reflects information regarding Incentive Units granted to Dr. Brothers and Mr. Kinley that were outstanding as of December 31, 2022. The Incentive Units represent membership interests in PCISM Ultimate Holdings that are intended to constitute "profits interests" for federal income tax purposes. Despite the fact that the Incentive Units do not require the payment of an exercise price, they are most similar economically to stock options. Accordingly, they are classified as "options" under the definition provided in Item 402(a)(6)(i) of Regulation S-K as an instrument with an "option-like feature."

(7) Dr. Brothers and Mr. Kinley were granted an award of Incentive Units on February 16, 2021. Under the terms of the applicable award documentation, the Incentive Units were initially divided into three tranches: Tranche I Incentive Units, Tranche II Incentive Units and Tranche III Incentive Units. In connection with the closing of the Business Combination, the Board took action to accelerate the vesting of the Tranche I and Tranche III Units. Tranche II Incentive Units will fully performance-vest once certain investor return thresholds are met (see "Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control" below).

(8) Reflects information regarding stock options granted to Dr. Brothers and Messrs. Kinley, Gordy, and Dyer that were outstanding as of December 31, 2022. These stock options vest in installments of 25% on each of December 7, 2022, December 7, 2023, December 7, 2024 and December 7, 2025, subject to the Named Executive Officer's continued employment through each vesting date.

(9) Each of our Named Executive Officers, other than Mrs. Long and Ms. Peffer, was granted RSUs under the Plan that vest in installments of 25% on each of December 7, 2022, December 7, 2023, December 7, 2024 and December 7, 2025, subject to the Named Executive Officer's continued employment through each vesting date.

(10) Reflects information regarding stock options granted to our Named Executive Officers, except Mrs. Long and Ms. Peffer, that were outstanding as of December 31, 2022. 25% of these stock options will vest on March 30, 2023 and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter such that the entire award will be vested on March 30, 2026, subject to the Named Executive Officer's continued employment through each vesting date.

(11) Each of our Named Executive Officers, other than Mrs. Long and Ms. Peffer, was granted RSUs under the Plan that were outstanding as of December 31, 2022. 25% of the RSUs will vest on March 30, 2023 and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter such that the entire award will be vested on March 30, 2026, subject to the Named Executive Officer's continued employment through each vesting date.

(12) Reflects information regarding RSUs granted to Mr. Gordy that were outstanding as of December 31, 2022. These RSUs were granted on May 5, 2022. 25% of these RSUs will vest on March 30, 2023, and the remaining 75% will vest in equal installments on the last day of each calendar quarter thereafter such that the entire award will be vested on March 30, 2026.

(13) Reflects information regarding PSUs granted to Mr. Dyer that were outstanding as of December 31, 2022. These PSUs were granted on December 7, 2021 and vest based on the achievement of certain revenue targets.

(14) For grants of Incentive Units, amounts in this column reflect the number of Tranche I and Tranche III Incentive Units, which were all fully vested as of December 31, 2021.

(15) For grants of Incentive Units, amounts in this column reflect the number of Tranche II Incentive Units that were unvested as of December 31, 2022.

(16) The Incentive Units are not traditional stock options and, therefore, do not have an exercise price or option expiration date associated with them.

(17) Represents PSUs granted to Mr. Dyer on April 5, 2022, which vest subject to the achievement of the Company's total commercial revenue during the following four performance periods: (i) January 1, 2022- December 31, 2022 ("Performance Period I"), (ii) January 1, 2023- December 31, 2023 ("Performance Period II"), (iii) January 1, 2024- December 31, 2024 ("Performance Period III") and (iv) January 1, 2025- December 31, 2025 ("Performance Period IV"). As of December 31, 2022, the target PSUs for Performance Period I were still subject to continued service through March 31, 2023, which was the date on which certification of performance was completed.

(18) Calculated by multiplying the number of RSUs that have not vested by the closing price of the Company's common stock as reported on the NYSE on December 30, 2022 of $0.67.

(19) Represents PSUs granted to Mr. Dyer on April 5, 2022, which vest subject to the achievement of the Company's total commercial revenue during Performance Period I, Performance Period II, Performance Period III and Performance Period IV. As of December 31, 2022, the target PSUs for Performance Period II, Performance Period III and Performance Period IV are still subject to performance conditions. This column reflects the value of the PSUs for Performance Period II, Performance Period III and Performance Period IV at target level of performance.

Additional Narrative Disclosure

Retirement Benefits

We maintain the BigBear.ai, LLC Employee Benefits Plan, a tax-qualified retirement plan that provides all regular employees of the Company with an opportunity to save for retirement on a tax-advantaged basis. Under the 401(k) plan, participants, including the Named Executive Officers, may elect to defer a portion of their compensation on a pre-tax basis and have it contributed to the 401(k) plan subject to applicable annual limits under the Code.

Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. We provide direct contributions in an amount equal to 3% of each participants' salary. We also match 100% of a participant's contributions that exceed 3% of his or her base salary, with such matching contributions not to exceed 3% of the participant's base salary. Employee elective deferrals are 100% vested at all times. As a U.S. tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan and all contributions are deductible by us when made.

Potential Payments Upon Termination or Change in Control

Executive Severance Plan

On November 19, 2022, the Board adopted the BigBear.ai, LLC Executive Severance Plan (the "Executive Severance Plan") to provide for severance pay and benefits to eligible officers and management employees who are Eligible Executives (as defined in the Executive Severance Plan) and whose employment is terminated on or after November 1, 2022.

Upon termination of an Eligible Executive's employment due to a Qualifying Termination (as defined below) that occurs outside of the 12-month period following a Change in Control Protection Period (as defined below) and so long as such Eligible Executive satisfies the conditions to payment of severance benefits described below, such Eligible Executive shall be entitled to receive the following severance benefits: (i) a cash severance payment in an amount equal to the product of (A) the sum of such Eligible Executive's Base Salary and Target Bonus (each as defined in the Executive Severance Plan) and (B) (I) 1.0, for Tier 1 Executives (as defined in the Executive Severance Plan) and (II) 0.5 for Tier 2 Executives (as defined in the Executive Severance Plan), paid in a lump sum cash payment or as a salary continuation, at the Company's sole discretion and (ii) a lump sum cash payment in an amount equal to the product of (A) the monthly amount of the Company's contribution to the premiums for such Eligible Executive's group health plan coverage (including coverage for such Eligible Executive's spouse and eligible dependents), determined under the Company's group health plans as in effect immediately prior to such Eligible Executive's Date of Termination and (B) (I) 12, for Tier 1 Executives and (II) 6 for Tier 2 Executives.

Upon termination of an Eligible Executive's employment due to a Qualifying Termination that occurs during a Change of Control Protection Period and so long as such Eligible Executive satisfies the conditions to payment of severance benefits described below, such Eligible Executive shall be entitled to receive the following severance benefits: (i) a lump sum cash payment in an amount equal to the product of (A) the sum of such Eligible Executive's Base Salary and Target Bonus and (B) (I) two, for Tier 1 Executives and (II) one for Tier 2 Executives and (ii) a lump sum cash payment in an amount equal to the product of (A) the monthly amount of the Company's contribution to the premiums for such Eligible Executive's group health plan coverage (including coverage for such Eligible Executive's spouse and eligible dependents), determined under the Company's group health plans as in effect immediately prior to such Eligible Executive's Date of Termination and (B) (I) 24, for Tier 1 Executives and (II) 12 for Tier 2 Executives.

For purposes of the Executive Severance Plan, Mrs. Long and Ms. Peffer are Tier 1 Executives and Messrs. Kinley and Dyer were Tier II Executives.

Payment of the severance benefits under the Executive Severance Plan is subject to the Eligible Executive's execution and non-revocation of a general release of claims in favor of BigBear.ai, LLC and the executive's continued compliance with the terms of the Executive Severance Plan, including, but not limited to, the restrictive covenants obligations set forth therein (which include confidentiality, intellectual property, business opportunity and non-solicitation, and non-disparagement covenants). For participants in the Executive Severance Plan who are eligible for severance benefits under another individual agreement with the Company Group (as defined in the Executive Severance Plan), the Executive Severance Plan will supersede all prior agreements, practices, policies, procedures and plans relating to severance benefits. If the payments or benefits payable under the Executive Severance Plan would be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, then those payments or benefits will be reduced (but not below zero) if such reduction would result in a better net after-tax position for the Eligible Executive.

For purposes of the Executive Severance Plan:

"*Cause*" means unless otherwise determined by the Committee (as defined in the Plan) in the applicable award agreement, with respect to an Eligible Executive's Termination of Service (as defined in the Plan): (a) in the case where there is no employment agreement, offer letter, consulting agreement, change in control agreement, or similar agreement in effect between the Company or an affiliate and the Eligible Executive at the relevant time of determination (or where there is such agreement in effect but it does not define "cause" (or words of like import)), the Eligible Executive's (i) commission of, indictment for, or plea of guilty or no contest to, a felony (or state law equivalent) or a crime involving dishonesty, moral turpitude or fraud or the commission of any other act involving willful malfeasance or breach of fiduciary duty with respect to the Company or an affiliate; (ii) material non-performance of the Eligible Executive's duties or failure to follow any lawful directive from the Company or any affiliate; (iii) conduct that brings or is reasonably likely to bring the Company or an affiliate negative publicity or into public disgrace, embarrassment, or disrepute or otherwise materially injures the integrity, character or reputation of the Company or an affiliate; (iv) fraud, theft, embezzlement, gross negligence or willful misconduct or other act involving dishonesty with respect to the Company or an affiliate; (v) violation of the Company's or an affiliate's written policies or codes of conduct, including written policies related to discrimination, harassment, retaliation, performance of illegal or unethical activities, or ethical misconduct; (vi) insubordination or failure to follow the directions of the Eligible Executive's reporting supervisor and/or of the CEO of the Company or the Board, as applicable, or (vii) breach of any employment, consulting or similar agreement with the Company or any affiliate, including, without limitation, any non-competition, non-solicitation, no-hire, or confidentiality covenant between the Eligible Executive and the Company or an affiliate.

"*Change in Control Protection Perioc*" means the 12-month period following a Change in Control (as defined in the Plan).

"*Disability*" means, unless otherwise determined by the Committee in the applicable award agreement, with respect to an Eligible Executive's Termination of Service, that the Eligible Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, provided, however, for purposes of an Incentive Stock Option (as defined in the Plan), the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. The determination of whether an Eligible Executive has a Disability shall be determined by the Committee, and the Committee may rely on any determination that an Eligible Executive is disabled for purposes of benefits under any long-term disability plan in which an Eligible Executive participates that is maintained by the Company or any affiliate.

"*Good Reason*" means the occurrence of any of the following events without the written consent of an Eligible Executive, unless such events are fully corrected in all material respects by the Company within 30 days following written notification by such Eligible Executive to the Company of the occurrence of one of the conditions set forth below: (i) a material reduction in an Eligible Executive's Base Salary or Target Annual Bonus opportunity other than a general reduction in Base Salary or Target Annual Bonus opportunity that affects all similarly situated employees in substantially the same proportions; (ii) a material diminution in an Eligible Executive's duties, authorities or responsibilities (other than temporarily while an Eligible Executive is physically or mentally incapacitated or as required by applicable law and excluding duties, authorities or responsibilities that have been assigned to an Eligible Executive on a temporary or interim basis); or (iii) a relocation of an Eligible Executive's primary work location by more than 50 miles from such Eligible Executive's primary work location immediately prior to such relocation.

"*Qualifying Termination*" means the termination of an Eligible Executive's employment (i) by any member of the Company Group (as defined in the Executive Severance Plan) without Cause (which, for the avoidance of doubt, does not include a termination due to death or Disability); or (ii) due to an Eligible Executive's resignation for Good Reason.

Employment Arrangements with Named Executive Officers

As described above in the "*—Narrative Disclosure to the Summary Compensation Table—Employment Arrangements with Named Executive Officers*," (i) the offer letters with each of Mrs. Long and Ms. Peffer provide for severance benefits upon the occurrence of certain terminations of employment in accordance with the terms of the Executive Severance Plan as described above in "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control—Executive Severance Plan*" and (ii) Mr. Gordy's offer letter provides for pro-rata vesting of all Mr. Gordy's 2021 and 2022 incentive awards upon termination by the Company without "Cause." Additionally, Mrs. Long's offer letter provides for one-time payment of $10,000, less applicable taxes and withholdings, to support Mrs. Long's search for and transition to another employer, including hiring a recruiting/placement firm. Messrs. Kinley and Dyer were eligible for severance benefits pursuant to the Executive Severance Plan as Tier II Executives as described above in "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control—Executive Severance Plan*".

Separation Agreements with Named Executive Officers

In connection with his termination of employment with the Company, which was effective on October 12, 2022, Dr. Brothers entered into (x) a separation agreement and general release with the Company and (y) a consulting agreement with BigBear.ai LLC. Pursuant to Dr. Brothers' consulting agreement, Dr. Brothers will receive, in exchange for provision of certain advisory services to BigBear.ai LLC for specific projects that are mutually agreed upon from time to time (including, but not limited to, serving as the chairman of an advisory board for BigBear.ai LLC), a fee of $75,000 paid in quarterly installments of $18,750 for the duration of the term of the consulting agreement, which will terminate on October 12, 2023, unless otherwise extended for additional one-year periods upon agreement of both parties.

Pursuant to Dr. Brothers' separation agreement and general release and in exchange for a release of claims in favor of the Company and continued compliance with Dr. Brothers' restrictive covenant obligations, Dr. Brothers is entitled to the following payments and benefits: (i) a payment of $410,000, which is equivalent to Dr. Brothers' base salary for a period of twelve months, paid as salary continuation on the Company's regular payroll schedule, (ii) a lump sum payment of approximately $18,026, which is equivalent to 12 months of the employer share of health and welfare premiums for plans in which Dr. Brothers was enrolled as of the termination date (in the case of each of clauses (i) and (ii), less all applicable taxes, withholdings and authorized or required deductions), (iii) continued vehicle lease by the Company on Dr. Brothers' behalf for the 12-month period following termination of employment, (iv) forfeiture of unvested stock options and RSUs the earlier of (x) the date on which Dr. Brothers incurs a Termination of Service (as defined in the Plan) or (y) October 12, 2023, provided that, in the event of a Change in Control (as defined in the Plan), so long as Dr. Brothers has not incurred a Termination of Service (which includes a termination of services pursuant to Dr. Brothers' consulting agreement) prior to the consummation of such Change in Control, Dr. Brothers' outstanding stock options and RSUs (if any) will vest, and (v) continued vesting of Dr. Brothers' Tranche II Incentive Units.

On December 30, 2022, the Company terminated the employment of Mr. Kinley and entered into a separation agreement and general release with Mr. Kinley, pursuant to which, in exchange for a release of claims in favor of the Company and continued compliance with his restrictive covenant obligations, Mr. Kinley is entitled to receive the following payments and benefits: (i) a payment of $175,000, which is equivalent to his base salary for a period of six months, paid as salary continuation on the Company's regular payroll schedule, (ii) a lump sum payment of $131,250, which is equivalent to 50% of his Target Annual Bonus (as defined in the Executive Severance Plan), (iii) a lump sum payment of approximately $10,515, which is equivalent to seven months of the employer share of health and welfare premiums for plans in which Mr. Kinley was enrolled in as of Mr. Kinley's separation date (in the case of each of clauses (i), (ii) and (iii), less all applicable taxes, withholdings and authorized or required deductions), and (iv) continued vesting of Mr. Kinley's Tranche II Incentive Units.

On March 23, 2023, the Company terminated the employment of Mr. Dyer and entered into a separation agreement and general release with Mr. Dyer, pursuant to which, in exchange for a release of claims in favor of the Company and continued compliance with his restrictive covenant obligations, Mr. Dyer is entitled to receive the following payments and benefits, in each case, less all applicable taxes, withholdings and authorized or required deductions: (i) a payment of $200,000, which is equivalent to Mr. Dyer's base salary for a period of six months, paid as salary continuation on the Company's regular payroll schedule, (ii) a lump sum payment of $200,000, which is equivalent to 50% of his Target Annual Bonus (as defined in the Executive Severance Plan), and (iii) a lump sum payment of approximately $11,435, which is equivalent to seven months of the employer share of health and welfare premiums for plans in which Mr. Dyer was enrolled in as of Mr. Dyer's separation date.

Stock Options

In the event a Change in Control is consummated and the stock options are not assumed or substituted, any unvested portion of the stock option award that is outstanding as of immediately prior to the consummation of the Change in Control will automatically vest prior to the Change in Control; and the Board may, in its sole discretion, extend the exercise period of the stock option through any date that is prior to the 10th anniversary of the applicable grant date. Upon an executive's termination of service due to death or Disability or upon an executive's termination of service without Cause or resignation for Good Reason (each as defined below), in each case, within two years following the consummation of a Change in Control, any unvested portion of a stock option award, as of immediately prior to the executive's termination of service, will automatically vest upon such termination of service. Additionally, Mrs. Long and Ms. Peffer's offer letters each provide that the portion of their respective up-front time-based long-term incentive award that were delivered in the form of stock options will accelerate upon a Change in Control.

For purposes of the Option Awards:

"*Cause*," "*Disability*," and "*Good Reason*" have the meanings ascribed to such terms in the Plan. See "*Narrative Disclosure to Summary Compensation Table—Stock Options*," for additional information regarding such definitions.

"*Change in Control*" has the meaning ascribed to such term in the Plan and generally means (excluding dispositions by AE Industrial Partners, LP or its affiliates): (i) any person becoming the beneficial owner of securities representing 50% or more of the combined voting power of the Company's then outstanding securities, (ii) a merger, reorganization or consolidation in which voting securities are issued unless the voting securities of the Company outstanding immediately prior to such transaction continue to represent more than 50% of the outstanding voting securities of the Company or surviving entity, (iii) during a period of two consecutive years, individuals who constitute the Board at the beginning of such period cease to constitute a majority of the Board (except for individuals whose election or nomination was approved by at least two-thirds of the directors still in office) or (iv) a complete liquidation or dissolution of the Company or a sale of substantially all the Company's assets to a third party.

Restricted Stock Units

For the Named Executive Officers, in the event a Change in Control is consummated and the RSUs are not assumed or substituted, any unvested portion of the RSUs that is outstanding as of immediately prior to the consummation of the Change in Control will automatically vest prior to the Change in Control. Additionally, for the RSUs held by the Named Executive Officers, upon the termination of the Named Executive Officer's service due to death or Disability or upon an executive's termination of service without Cause or resignation for Good Reason, in each case, within two years following the consummation of a Change in Control, any unvested portion of the RSUs as of immediately prior to the Named Executive Officer's termination of service will automatically vest upon such termination of service. Mrs. Long and Ms. Peffer's offer letters each provide that the portion of their respective up-front time-based long-term incentive award that were delivered in the form of RSUswill accelerate upon a Change in Control.

For purposes of the RSUs, "*Cause*," "*Change in Control*," "*Disability*," and "*Good Reason*" have the same meanings as for the Option Awards. See above under "*Potential Payments Upon Termination or Change in Control—Stock Options*" for additional information regarding these definitions.

Non-Employee Director Compensation

We maintain a director compensation policy pursuant to which each non-employee director will receive an annual cash retainer of $90,000, payable in quarterly installments in advance. In addition, each non-employee director who serves as the non-employee chair of the Board or as a member or chair of a committee will receive additional retainers, payable in quarterly installments in advance, as set forth below:

Position		Annual Retainer
Non-Employee Chair of the Board:	$	20,000
Audit Committee Chair:	$	10,000
Audit Committee Member:	$	5,000
Compensation Committee Chair:	$	7,500
Compensation Committee Member:	$	6,000
Nominating and Corporate Governance Committee Chair:	$	5,000
Nominating and Corporate Governance Committee Member:	$	4,000

In addition to the cash retainers set forth above, under the director compensation policy, each non-employee director will receive an annual award of RSUs pursuant to the Plan with respect to a number of shares of our common stock with a grant date fair value equal to approximately $130,000. Such RSU awards will fully vest on the first anniversary of the grant date, subject to the director's continued service through such date, and will accelerate vesting so as to become fully vested immediately prior to a Change of Control (as defined in the Plan and as described in "*—Additional Narrative Disclosure—Potential Payments Upon Termination or Change in Control—Restricted Stock Units*" above).

The following table presents the total compensation for each person who served as a non-employee member of the Company's Board during fiscal year 2022. Other than as set forth in the table and described more fully above, BigBear did not pay any compensation, reimburse any expense of, make any equity awards or non-equity awards to, or pay any other compensation to, any of the other non-employee members of the Board in 2022.

Name		Fees Earned or Paid in Cash ($)[2]	
Pamela Braden	$	181,972	(3)
Peter Cannito	$	210,705	(3)
Dr. Raluca Dinu	$	95,000	
Paul Fulchino	$	180,056	(3)
Jeffrey Hart [1]	$	183,887	(3)
Dorothy D. Hayes	$	191,549	(3)
Raanan I. Horowitz	$	181,972	
Dr. Avi Katz	$	96,000	
Kirk Konert [1]	$	186,761	(3)
Sean Battle	$	94,000	

(1) Pursuant to assignment agreements, Messrs. Hart and Konert have transferred all of their beneficial interests in their board fees and RSUs to AE Industrial Partners, LP.

(2) The amounts in this column represent the portion of quarterly fees earned for board service in the 2022 fiscal year.

(3) These directors elected to receive RSUs in lieu of cash for payment of all of their quarterly fees earned for board service in the 2023 fiscal year. The RSUs were granted on December 28, 2022 and the number of RSUs granted to each director was based upon the fair value of the RSUs at the grant date. The RSUs vest ratably on the following vesting dates: January 1, 2023, March 31, 2023, June 30, 2023, and September 30, 2023, subject to the director's continued service on the Board.

Compensation Committee Interlocks and Insider Participation

Our compensation committee consists of Jeffrey Hart, Dr. Avi Katz and Kirk Konert, with Kirk Konert serving as chair of the compensation committee. Under the NYSE listing standards, as a controlled company, BigBear is not required to have a compensation committee composed entirely of independent directors. While BigBear relies upon this exemption for controlled companies, the Board has determined that Kirk Konert is independent.

During the last fiscal year, no member of our compensation committee was an officer or employee of the Company, was a former officer of the Company or had any relationship requiring disclosure by the registrant under the section entitled "Related Party Transactions" under Item 13 of this Amendment. None of our executive officers currently serves, and in the past year has not served, as a member of the compensation committee of any entity that has one or more executive officers serving on our Board.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management

The following table shows information about the beneficial ownership of our Common Stock, as of April 3, 2023 for:

- each person who is, or is expected to be, the beneficial owner of more than 5% of the outstanding shares of our Common Stock;
- each of our directors and named executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days. Shares of Common Stock issuable pursuant to options or warrants are deemed to be outstanding for purposes of computing the beneficial ownership percentage of the person or group holding such options or warrants but are not deemed to be outstanding for purposes of computing the beneficial ownership percentage of any other person. The beneficial ownership of our Common Stock is based on 142,834,513 shares of Common Stock issued and outstanding as of April 3, 2023.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock owned by them.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
AE Industrial Partners(1)(2)	113,412,268	79.4 %
Sean Battle(3)	13,000	*
Pamela Braden(3)	79,902	*
Dr. Louis R. Brothers(3)	89,042	*
Peter Cannito(3)	90,465	*
Dr. Raluca Dinu(4)(5)(6)	909,990	*
Jeffry R. Dyer(3)	44,280	*
Brian Frutchey(3)	—	*
Paul Fulchino(3)	79,197	*
Samuel J. Gordy(3)	—	*
Jeffrey Hart(3)	—	*
Dorothy D. Hayes(3)	95,423	*
Raanan I. Horowitz(3)	79,902	*
Dr. Avi S. Katz(4)(5)(6)	909,990	*
Joshua Kinley(3)	34,601	*
Kirk Konert(3)	—	*
Amanda Long(3)	343,204	*
Julie Peffer(3)	—	*
All directors and officers as a group (13 individuals)	2,877,093	2.0 %

* Less than one percent.

(1) BBAI Ultimate Holdings, LLC and AE BBAI Aggregator, LP are controlled by AE Industrial Partners Fund II, LP, AE Industrial Partners Fund II-A, LP and AE Industrial Partners Fund II-B, LP (collectively, the "AE Partners Funds"). The general partner of the BBAI Ultimate Holdings, LLC is AE Industrial Partners Fund II GP, LP, which in turn is managed by its general partner AeroEquity GP, LLC. AE BBRED GP, LLC is the general partner of AE BBAI Aggregator, LP which the AE Partners Funds hold all interests in. AeroEquity GP, LLC is controlled by its managing members, Michael Greene and David Rowe. Messrs. Greene and Rowe make all voting and investment decisions with respect to the securities held by AE Industrial Partners. Each of the entities and individuals named above disclaims beneficial ownership of the BigBear securities held of record by BBAI Ultimate Holdings, LLC, except to the extent of its pecuniary interest therein. The business address of each of the foregoing entities and persons is 6700 Broken Sound Parkway NW, Boca Raton, Florida 33487.

(2) Includes Common Stock issued pursuant RSUs granted to Kirk Konert and Jeffrey Hart that were assigned to AE Industrial Partners, LP and includes shares of Common Stock underlying RSUs that vest within 60 days that will be assigned to AE Industrial Partners, LP by Kirk Konert and Jeffrey Hart.

(3) The business address for this person is 6811 Benjamin Franklin Drive, Suite 200, Columbia, Maryland 21046.

(4) The business address for this person is 1731 Embarcadero Road, Suite 200, Palo Alto, California.

(5) Includes shares of Common Stock underlying warrants that are exercisable within 60 days.

(6) Includes 902,907 shares of Common Stock and 7,083 warrants for the purchase of shares of Common Stock (and the 7,083 shares of Common Stock into which these warrants are exercisable) that were distributed by GigAcquisitions4, LLC to this individual.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table presents information as of December 31, 2022 about equity compensation plans under which the Company's equity securities are authorized for issuance:

Plan category	(a)Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders:			
2021 Long-Term Incentive Plan	2,982,891	$ 1.74	11,288,346 (1) (2)
2021 Employee Stock Purchase Plan	—	N/A	2,704,724 (3)
Equity compensation plans not approved by stockholders:	N/A	N/A	N/A
Total	2,982,891	$ 1.74	13,993,070

(1) The amount does not reflect shares issuable with respect to PSUs or RSUs, which were 112,500 units and 7,844,571 units, respectively, as of December 31, 2022.

(2) The number of shares that may be granted under the Long-Term Incentive Plan are subject to an annual increase on the first day of each calendar year beginning January 1, 2022 and ending and including January 1, 2031, equal to the lesser of (a) 5 % of the aggregate number of shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as is determined by the Board.

(3) The number of shares that may be granted under the Employee Stock Purchase Plan (the "*ESPP*") are subject to an annual increase on the first day of each calendar year beginning January 1, 2022 and ending and including January 1, 2031, equal to the lesser of (a) 1 % of the aggregate number of shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as is determined by the Board. No more than 20 million shares may be issued in total under the ESPP.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Policies and Procedures for Related Party Transactions

Our board of directors has adopted a policy with respect to the review, approval and ratification of related party transactions. Under the policy, our Audit Committee is responsible for reviewing and approving related party transactions. In the course of its review and approval of related party transactions, our Audit Committee considered the relevant facts and circumstances to decide whether to approve such transactions. In particular, our policy requires the Company's Audit Committee to take the following considerations into account, among other factors it deems appropriate:

- whether the transaction was undertaken in the ordinary course of business of the Company;

- whether the Related Party transaction was initiated by the Company or the related party;
- the availability of other sources of comparable products or services;
- whether the transaction with the related party is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to the Company of, the related party transaction;
- the approximate dollar value of the amount involved in the related party transaction, particularly as it relates to the related party;
- the related party's interest in the related party transaction; and
- any other information regarding the related party transaction or the related party that would be material to investors in light of the circumstances of the particular transaction.

The Audit Committee may only approve those transactions that are in, or are not inconsistent with, our best interests and those of our stockholders, as the Audit Committee determines in good faith. In addition, under our code of conduct and ethics, which have been adopted, our employees, directors and director nominees have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest. Under our Related Party Transactions Policy, any related party transaction with AE Industrial Operating Partners, LLC, AE Industrial Partners, LP, Redwire Space, Inc., Edge Autonomy and/or any of their respective subsidiaries that is contemplated by the Amended and Restated Consulting Agreement, Teaming Agreement, Affiliate MOUs or otherwise contemplated by the disclosure in the Company's proxy statement on Schedule 14A relating to the Business Combination are pre-approved by our Audit Committee. All of the transactions described above were entered into prior to the adoption of the Company's written related party transactions policy, but all were approved by the applicable board of directors considering similar factors to those described above.

Related Party Transactions

Commercial Arrangements with Affiliates

BigBear is party to (A)(i) an agreement to establish a Cyber Space Range capability, dated April 22, 2021, and (ii) a Confidential Disclosure Agreement, dated March 17, 2021, in each case with Redwire Space, Inc. ("*Redwire*"), and (B) a Memorandum of Understanding, dated July 1, 2021, with Edge Autonomy (formerly UAV Factory) ("Edge") whereby BigBear will develop AI/ML capabilities for Edge Autonomy's (formerly UAV Factory) unmanned systems and components use in autonomous operations within the commercial and defense markets (together, the "*Affiliate MOUs*"). Each of Redwire and Edge are affiliates of AE. The terms of each such agreement reflect the results of an arm's length negotiation between unaffiliated third parties.

Director Independence

NYSE listing standards require that a majority of the board of directors of a company listed on the NYSE be composed of "independent directors," which is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our Board has determined that each of Pamela Braden, Dr. Raluca Dinu, Dorothy D. Hayes, Dr. Avi Katz, Kirk Konert and Raanan I. Horowitz is an independent director under the NYSE rules and each of Pamela Braden, Dr. Raluca Dinu, Dorothy D. Hayes, Dr. Avi Katz, Kirk Konert and Raanan I. Horowitz is an independent director under Rule 10A-3 of the Exchange Act. In making these determinations, the Board considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances that our Board deems relevant in determining independence, including the beneficial ownership of the Company's Common Stock by each non-employee director, and the transactions involving them described in the section entitled "—Related Party Transactions" above.

Item 14. Principal Accounting Fees and Services

Fees for Services Rendered by Independent Registered Public Accounting Firm

The Audit Committee has appointed Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2022. Services provided to the Company and its subsidiaries by Grant Thornton LLP for the year ended December 31, 2022 and 2021 are described below.

	Grant Thornton LLP		BPM LLP	
	2022	2021	2022	2021
Audit Fees [1]	$ 844,000	$ 1,633,050	$ —	$ 188,005
Audit-Related Fees [2]	—	367,500	—	—
Tax Fees	—	—	—	6,956
All Other Fees [3]	—	—	—	—
Total	$ 844,000	$ 2,000,550	$ —	$ 194,961

(1) Audit Fees: These fees include fees related to the audit of the Company's annual financial statements and review of the Company's quarterly financial statements for the year ended December 31, 2022 and December 31, 2021, as well as, audits of the Company's annual financial statements for the periods ended December 31, 2020, 2019, 2018 prepared in connection with the Business Combinations, as well as services that are normally provided by independent registered public accounting firms in connection with statutory and regulatory filings or engagements, including registration statements and related consents.

(2) Audit-Related Fees: Audit-related fees are for assurance and related services including, among others, consultation concerning financial accounting and reporting standards and the review of Regulation S-X 3-05 financial statements for certain businesses acquired by the Company.

Audit Fees. These fees include fees related to the audit of the Company's annual financial statements and review of the Company's quarterly financial statements for the year ended December 31, 2022 and December 31, 2021, as well as audits of the Company's annual financial statements for the periods ended December 31, 2020, 2019, and 2018 prepared in connection with the Business Combinations, as well as services that are normally provided by independent registered public accounting firms in connection with statutory and regulatory filings or engagements, including registration statements and related consents.

Audit-Related Fees. Audit-related fees are for assurance and related services including, among others, consultation concerning financial accounting and reporting standards and the review of Regulation S-X 3-05 financial statements for certain businesses acquired by the Company.

In considering the nature of the services provided by the independent registered public accounting firms, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with the independent registered public accounting firms and the Company's management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

The Audit Committee has adopted a policy that requires advance approval of all audit services as well as non-audit services to the extent required by the Exchange Act and the Sarbanes-Oxley Act of 2002. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee must approve the permitted service before the independent registered public accounting firm is engaged to perform it. Each year, the Audit Committee will pre-approve audit services, audit-related services and tax services to be used by the Company.

The Audit Committee approved all services provided by Grant Thornton LLP.

Part IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as a part of this report:

(1) Financial Statements - See Index under Part II, Item 8 of this Amendment.
(2) Financial Statement Schedules - None.
(3) Exhibits - The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

Exhibit Number	Description of Exhibits	Filed Herewith	Furnished Herewith
23.1	Consent of Independent Registered Public Accounting Firm	X	
31.1	Certification of Chief Executive Officer (Principal Executive Officer) pursuant to Rules 13a-14(a) and 15d-14(a), under the Securities Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X	
31.2	Certification of Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to Rules 13a-14(a) and 15d-14(a), under the Securities Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X	
32.1	Certification of Chief Executive Officer (Principal Executive Officer) pursuant to 18 U.S.C 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X
32.2	Certification of Chief Financial Officer (Principal Financial and Accounting Officer) pursuant to 18 U.S.C 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	X	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).	X	

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, BigBear.ai Holdings, Inc. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 7, 2023	**By:**	/s/ Julie Peffer
	Name	Julie Peffer
	Title:	Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 31, 2023 with respect to the consolidated financial statements included in the Annual Report of BigBear.ai Holdings, Inc. on Form 10-K/A for the year ended December 31, 2022. We consent to the incorporation by reference of said report in the Registration Statements of BigBear.ai Holdings, Inc. on Form S-3 (File No. 333-269465 and File No. 333-261887) and on Form S-8 (File No. 333-264127).

/s/ GRANT THORNTON LLP

Arlington, Virginia
April 7, 2023

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Amanda Long, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of BigBear.ai Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 7, 2023	By: /s/ Amanda Long
	Amanda Long
	Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Julie Peffer, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of BigBear.ai Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2023	By:	/s/ Julie Peffer
	Julie Peffer	
	Title: Chief Financial Officer (Principal Financial Officer)	

Exhibit 32.1

Certification Pursuant to 18 U.S.C. SECTION 1350,
as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K/A for the period ended December 31, 2022 of EigBear.ai Holdings, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Amanda Long, the Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that;

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

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

Date: April 7, 2023	By: /s/ Amanda Long
	Amanda Long
	Title: Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

Certification Pursuant to 18 U.S.C. SECTION 1350,
as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K/A for the period ended December 31, 2022 of EigBear.ai Holdings, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Julie Peffer, the Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that;

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

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

Date: April 7, 2023	By: /s/ Julie Peffer
	Julie Peffer
	Title: Chief Financial Officer (Principal Financial Officer)