

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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 001-33117

GLOBALSTAR, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

41-2116508

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

**1351 Holiday Square Blvd.
Covington, Louisiana 70433**

(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: **(985) 335-1500**

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, par value \$0.0001 per share	GSAT	NYSE American

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

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

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

As of April 29, 2022, 1,800 million shares of voting common stock were outstanding, and no shares of nonvoting common stock were authorized or outstanding. Unless the context otherwise requires, references to common stock in this Report mean the Registrant's voting common stock.

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

GLOBALSTAR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Revenue:		
Service revenue	\$ 29,344	\$ 23,086
Subscriber equipment sales	3,428	3,843
Total revenue	<u>32,772</u>	<u>26,929</u>
Operating expenses:		
Cost of services (exclusive of depreciation, amortization, and accretion shown separately below)	10,794	9,077
Cost of subscriber equipment sales	2,566	2,899
Marketing, general and administrative	9,341	10,097
Depreciation, amortization and accretion	23,783	24,116
Total operating expenses	<u>46,484</u>	<u>46,189</u>
Loss from operations	<u>(13,712)</u>	<u>(19,260)</u>
Other (expense) income:		
Interest income and expense, net of amounts capitalized	(9,530)	(11,574)
Derivative loss	(486)	(1,129)
Foreign currency gain (loss)	3,232	(4,315)
Other	117	22
Total other (expense) income	<u>(6,667)</u>	<u>(16,996)</u>
Loss before income taxes	<u>(20,379)</u>	<u>(36,256)</u>
Income tax expense	83	77
Net loss	<u>\$ (20,462)</u>	<u>\$ (36,333)</u>
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(679)	3,242
Comprehensive loss	<u>\$ (21,141)</u>	<u>\$ (33,091)</u>
Net loss per common share:		
Basic	\$ (0.01)	\$ (0.02)
Diluted	(0.01)	(0.02)
Weighted-average shares outstanding:		
Basic	1,797,671	1,679,754
Diluted	1,797,671	1,679,754

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value and share data)
(Unaudited)

ASSETS	March 31, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	\$ 11,519	\$ 14,304
Accounts receivable, net of allowance for credit losses of \$3,182 and \$2,962, respectively	25,249	21,182
Inventory	14,271	13,829
Prepaid expenses and other current assets	20,154	19,558
Total current assets	71,193	68,873
Property and equipment, net	680,167	672,156
Operating lease right of use assets, net	31,172	32,041
Prepaid satellite construction costs and related customer receivable	27,526	—
Intangible and other assets, net of accumulated amortization of \$11,570 and \$11,189, respectively	40,368	41,036
Total assets	\$ 850,426	\$ 814,106
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,987	\$ 6,247
Vendor financing	32,700	—
Accrued expenses	25,537	28,947
Payables to affiliates	266	444
Deferred revenue	37,192	25,927
Total current liabilities	103,682	61,565
Long-term debt	246,756	237,932
Operating lease liabilities	28,538	29,237
Deferred revenue, net	115,173	112,054
Other non-current liabilities	7,045	7,887
Total non-current liabilities	397,512	387,110
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred Stock of \$0.0001 par value; 100,000,000 shares authorized and none issued and outstanding at March 31, 2022 and December 31, 2021, respectively	—	—
Series A Preferred Convertible Stock of \$0.0001 par value; one share authorized and none issued and outstanding at March 31, 2022 and December 31, 2021, respectively	—	—
Voting Common Stock of \$0.0001 par value; 2,150,000,000 shares authorized; 1,799,484,939 and 1,796,528,871 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively	180	180
Nonvoting Common Stock of \$0.0001 par value; no shares authorized and none issued and outstanding at March 31, 2022 and December 31, 2021, respectively	—	—
Additional paid-in capital	2,151,652	2,146,710
Accumulated other comprehensive income	1,211	1,890
Retained deficit	(1,803,811)	(1,783,349)
Total stockholders' equity	349,232	365,431
Total liabilities and stockholders' equity	\$ 850,426	\$ 814,106

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total
Balances – January 1, 2022	1,796,529	\$ 180	\$ 2,146,710	\$ 1,890	\$ (1,783,349)	\$ 365,431
Net issuance of restricted stock awards and stock for employee stock options and recognition of stock-based compensation	703	—	2,230	—	—	2,230
Contribution of services	—	—	47	—	—	47
Recognition of stock-based compensation of employee stock purchase plan	—	—	117	—	—	117
Common stock issued in connection with conversion of 2013 8.00% Notes	2,253	—	2,548	—	—	2,548
Other comprehensive loss	—	—	—	(679)	—	(679)
Net loss	—	—	—	—	(20,462)	(20,462)
Balances – March 31, 2022	1,799,485	\$ 180	\$ 2,151,652	\$ 1,211	\$ (1,803,811)	\$ 349,232

	Common Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total
Balances – January 1, 2021	1,674,669	\$ 167	\$ 2,096,566	\$ (2,944)	\$ (1,670,724)	\$ 423,065
Net issuance of restricted stock awards and stock for employee stock options and recognition of stock-based compensation	1,998	—	1,932	—	—	1,932
Contribution of services	—	—	47	—	—	47
Recognition of stock-based compensation of employee stock purchase plan	—	—	79	—	—	79
Issuance of stock for warrant exercises	115,036	12	43,666	—	—	43,678
Other comprehensive income	—	—	—	3,242	—	3,242
Net loss	—	—	—	—	(36,333)	(36,333)
Balances – March 31, 2021	1,791,703	\$ 179	\$ 2,142,290	\$ 298	\$ (1,707,057)	\$ 435,710

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Cash flows provided by operating activities:		
Net loss	\$ (20,462)	\$ (36,333)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	23,783	24,116
Change in fair value of derivatives	486	1,129
Stock-based compensation expense	1,233	1,090
Amortization of deferred financing costs	166	1,166
Provision for credit losses	332	420
Noncash interest and accretion expense	9,406	8,275
Unrealized foreign currency (gain) loss	(3,084)	4,270
Other, net	186	(96)
Changes in operating assets and liabilities:		
Accounts receivable	(213)	(6,930)
Inventory	(441)	453
Prepaid expenses and other current assets	(265)	(77)
Other assets	460	531
Accounts payable and accrued expenses	(1,643)	4,326
Payables to affiliates	(178)	(277)
Other non-current liabilities	(64)	(83)
Deferred revenue	(2,133)	2,532
Net cash provided by operating activities	<u>7,569</u>	<u>4,512</u>
Cash flows used in investing activities:		
Network upgrades (including capitalized interest)	(8,712)	(3,093)
Property and equipment additions	(1,301)	(1,212)
Purchase of intangible assets	(438)	(669)
Net cash used in investing activities	<u>(10,451)</u>	<u>(4,974)</u>
Cash flows provided by financing activities:		
Principal payments of the 2009 Facility Agreement	—	(4,357)
Proceeds from exercise of warrants	—	43,678
Payments for debt and equity issuance costs	—	(133)
Proceeds from issuance of common stock and exercise of options	8	57
Net cash provided by financing activities	<u>8</u>	<u>39,245</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	89	(66)
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,785)	38,717
Cash, cash equivalents and restricted cash, beginning of period	14,304	68,023
Cash, cash equivalents and restricted cash, end of period	<u>\$ 11,519</u>	<u>\$ 106,740</u>

	As of:	
	March 31, 2022	December 31, 2021
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 11,519	\$ 14,304
Total cash and cash equivalents cash shown in the statement of cash flows	<u>\$ 11,519</u>	<u>\$ 14,304</u>

	Three Months Ended	
	March 31, 2022	March 31, 2021
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ —	\$ 40
Supplemental disclosure of non-cash financing and investing activities:		
Increase in capitalized accrued interest for network upgrades	\$ 1,301	\$ 447
Capitalized accretion of debt discount and amortization of prepaid financing costs	194	122
Satellite construction assets acquired through vendor financing arrangement	32,700	—

See accompanying notes to unaudited interim condensed consolidated financial statements.

GLOBALSTAR, INC.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Globalstar, Inc. (“Globalstar” or the “Company”) provides Mobile Satellite Services (“MSS”) including voice and data communications services through its global satellite network. The Company’s only reportable segment is its MSS business. Thermo Companies, through commonly controlled affiliates, (collectively, “Thermo”) is the principal owner and largest stockholder of Globalstar. The Company’s Executive Chairman of the Board controls Thermo. Two other members of the Company’s Board of Directors are also directors, officers or minority equity owners of various Thermo entities.

The Company has prepared the accompanying unaudited interim condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) for interim financial information. Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”); however, management believes the disclosures made are adequate to make the information presented not misleading. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Globalstar Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 25, 2022 (the “2021 Annual Report”).

The preparation of condensed consolidated financial statements in conformity with U.S. 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates. The Company evaluates estimates on an ongoing basis.

These unaudited interim condensed consolidated financial statements include the accounts of Globalstar and all its subsidiaries. Intercompany transactions and balances have been eliminated in the consolidation. In the opinion of management, the information included herein includes all adjustments, consisting of normal recurring adjustments, that are necessary for a fair presentation of the Company’s condensed consolidated statements of operations, condensed consolidated balance sheets, condensed consolidated statements of stockholders’ equity and condensed consolidated statements of cash flows for the periods presented. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for the full year or any future period.

2. REVENUE

Disaggregation of Revenue

The following table discloses revenue disaggregated by type of product and service (amounts in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Service revenue:		
Duplex	\$ 6,146	\$ 6,655
SPOT	11,255	10,984
Commercial IoT	4,670	4,481
Engineering and other	7,273	966
Total service revenue	29,344	23,086
Subscriber equipment sales:		
Duplex	\$ 130	\$ 293
SPOT	1,475	1,915
Commercial IoT	1,806	1,521
Other	17	114
Total subscriber equipment sales	3,428	3,843
Total revenue	\$ 32,772	\$ 26,929

The Company is reimbursed by the customer under the Terms Agreement for certain costs incurred by the Company as it completes its performance obligations under the contract. During the first quarter of 2022, the Company recognized revenue of \$6.8 million associated with these services; this revenue is included in Engineering and other service revenue in the table above.

The Company attributes equipment revenue to various countries based on the location where equipment is sold. Service revenue is generally attributed to the various countries based on the Globalstar entity that holds the customer contract. The following table discloses revenue disaggregated by geographical market (amounts in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Service revenue:		
United States	\$ 22,288	\$ 16,443
Canada	3,689	3,830
Europe	1,483	1,711
Central and South America	1,736	781
Others	148	321
Total service revenue	29,344	23,086
Subscriber equipment sales:		
United States	\$ 1,556	\$ 2,172
Canada	798	749
Europe	636	479
Central and South America	429	421
Others	9	22
Total subscriber equipment sales	3,428	3,843
Total revenue	\$ 32,772	\$ 26,929

Accounts Receivable

The Company has agreements with certain customers whereby the parties net settle outstanding payables and receivables between the respective entities on a periodic basis. As of March 31, 2022 and December 31, 2021, \$1.1 million and \$0.7 million, respectively, related to these agreements was included in accounts receivable on the Company's condensed consolidated balance sheet. The Company also has agreements whereby it acts as an agent to procure goods and perform services on behalf of the customer under the Terms Agreement. As of March 31, 2022 and December 31, 2021, the Company recorded \$7.0 million and \$6.5 million, respectively, in accounts receivable related to these arrangements.

In connection with the Company's performance under the Terms Agreement, the Company recorded receivables totaling \$15.6 million, which represents amounts owed by the customer for the Company's completion of performance obligations under the contract. As of March 31, 2022, \$5.3 million and \$10.3 million were recorded as current and non-current receivables, respectively.

Contract Liabilities

Contract liabilities, which are included in deferred revenue on the Company's condensed consolidated balance sheet, represent the Company's obligation to transfer service or equipment to a customer from whom it has previously received consideration. The amount of revenue recognized during the three months ended March 31, 2022 and 2021 from performance obligations included in the contract liability balance at the beginning of these periods was \$9.9 million and \$10.5 million, respectively.

In general, the duration of the Company's contracts with subscribers is one year or less. As of March 31, 2022, the Company expects to recognize \$37.2 million, or approximately 24%, of its remaining performance obligations during the next twelve months.

Contract liabilities also includes advance payments from a customer pursuant to an agreement related to the Terms Agreement. The Company received two advance payments of \$37.5 million each from this customer in June and September 2021. These advance payments are recorded in deferred revenue and classified as either short-term or long-term deferred revenue consistent with the expected timing of the Company's obligation to provide services to the customer over the recoupment period defined in the Terms Agreement. As of March 31, 2022, the Company has recorded \$13.1 million and \$115.9 million as short-term and long-term deferred revenue, respectively, which reflects the advance payments previously described, as well as additional deferred revenue in connection with ongoing network upgrades and the satellite procurement agreement. Reflected in the deferred revenue balance is \$2.9 million of imputed interest associated with the significant financing component related to these advance payments. The total amount of deferred revenue associated with this customer is also reflected net of a contract asset of \$2.4 million in the Company's condensed consolidated balance sheet as of March 31, 2022.

3. LEASES

The following tables disclose the components of the Company's finance and operating leases (amounts in thousands):

	As of:	
	March 31, 2022	December 31, 2021
Operating leases:		
Right-of-use asset, net	\$ 31,172	\$ 32,041
Short-term lease liability (recorded in accrued expenses)	2,420	2,501
Long-term lease liability	28,538	29,237
Total operating lease liabilities	<u>\$ 30,958</u>	<u>\$ 31,738</u>
Finance leases:		
Right-of-use asset, net (recorded in intangible and other current assets, net)	\$ 6	\$ 8
Short-term lease liability (recorded in accrued expenses)	5	6
Long-term lease liability (recorded in non-current liabilities)	2	3
Total finance lease liabilities	<u>\$ 7</u>	<u>\$ 9</u>

Lease Cost

The components of lease cost are reflected in the table below (amounts in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Operating lease cost:		
Amortization of right-of-use assets	\$ 733	\$ 488
Interest on lease liabilities	660	317
Capitalized lease cost	(536)	—
Finance lease cost:		
Amortization of right-of-use assets	1	7
Short-term lease cost	80	23
Total lease cost	<u>\$ 938</u>	<u>\$ 835</u>

In accordance with the Terms Agreement, the Company began capitalization of certain costs to fulfill this contract starting in the second quarter of 2021, including lease expense, as shown in the table above. These capitalized lease costs will be amortized over the expected term of the related performance obligation. Interest on lease liabilities was less than \$0.1 million for each of the three months ended March 31, 2022 and 2021; accordingly, this interest is not shown in the table above.

Weighted-Average Remaining Lease Term and Discount Rate

The following table discloses the weighted-average remaining lease term and discount rate for finance and operating leases.

	As of:	
	March 31, 2022	December 31, 2021
Weighted-average lease term		
Finance leases	1.4 years	1.6 years
Operating Leases	10.4 years	10.6 years
Weighted-average discount rate		
Finance leases	7.3 %	7.0 %
Operating leases	8.4 %	8.4 %

Supplemental Cash Flow Information

The below table discloses supplemental cash flow information for finance and operating leases (in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 1,357	\$ 788
Financing cash flows for finance leases	2	6

Operating cash flows from finance leases were less than \$0.1 million for each of the three months ended March 31, 2022 and 2021; accordingly, these cash flows are not shown in the table above.

Maturity Analysis

The following table reflects undiscounted cash flows on an annual basis for the Company's lease liabilities as of March 31, 2022 (amounts in thousands):

	Operating Leases	Finance Leases
2022 (remaining)	\$ 3,706	\$ 5
2023	4,985	2
2024	4,858	—
2025	4,887	—
2026	4,934	—
Thereafter	23,112	—
Total lease payments	\$ 46,482	\$ 7
Imputed interest	(15,524)	—
Discounted lease liability	\$ 30,958	\$ 7

As of March 31, 2022, the Company executed additional operating leases for new gateway locations. These leases have not yet commenced as of March 31, 2022 since the lessors are continuing to ready the sites for use. Accordingly, these leases are not included on the balance sheet as of March 31, 2022 or in the maturity table above. The Company is in the process of evaluating these lease obligations and expects both leases to be approximately \$4.7 million.

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	March 31, 2022	December 31, 2021
Globalstar System:		
Space component		
First and second-generation satellites in service	\$ 1,195,509	\$ 1,195,509
Second-generation satellite, on-ground spare	32,442	32,442
Ground component	300,452	282,268
Construction in progress:		
Space component	38,149	16,394
Ground component	22,897	33,998
Other	5,930	4,123
Total Globalstar System	1,595,379	1,564,734
Internally developed and purchased software	21,266	20,823
Equipment	8,698	8,590
Land and buildings	1,752	1,149
Leasehold improvements	2,146	2,088
Total property and equipment	1,629,241	1,597,384
Accumulated depreciation	(949,074)	(925,228)
Total property and equipment, net	\$ 680,167	\$ 672,156

Amounts included in the Company's second-generation satellite, on-ground spare in the table above consist of costs related to a spare second-generation satellite that has not been placed in orbit. The Company has entered into certain contracts for the preparation and launch of this spare satellite, which is expected to occur in 2022. Costs to support these efforts are included in the space component of construction in progress in the table above; the vast majority of these costs are being reimbursed by the customer under the Terms Agreement. These reimbursements are recorded in deferred revenue on the Company's consolidated balance sheet as of March 31, 2022 and are discussed in Note 2: Revenue.

In February 2022, the Company entered into an agreement for the purchase of new satellites that will replenish the Company's existing satellite constellation. As of March 31, 2022, the Company recorded \$17.2 million as prepaid satellite construction costs and \$15.5 million in construction in progress on its balance sheet reflecting the milestone work completed under this agreement. The customer under the Terms Agreement will reimburse 95% of these capital expenditures. Accordingly, as of March 31, 2022, the Company recorded \$14.7 million in receivables on its condensed consolidated balance sheet. In accordance with the expected timing of reimbursement, \$4.4 million is recorded in Accounts receivable and \$10.3 million is recorded as a non-current receivable in Prepaid satellite construction costs and related customer receivable. The satellite construction assets acquired through this vendor financing arrangement are included in the supplemental section of the Company's condensed consolidated statement of cash flows as non-cash financing and investing activity. See further discussion in Note 2: Revenue, Note 5: Long-Term Debt and Other Financing Arrangements and Note 8: Commitments and Contingencies.

The ground component of construction in progress includes costs (including capitalized interest) incurred for assets to upgrade the Company's ground infrastructure, including costs associated with the procurement of new gateway antennas. During the first quarter of 2022, the Company placed \$16.6 million of costs into service associated with these antennas, which are included in ground component in the table above. These capital expenditures relate primarily to gateway upgrade work in connection with the Terms Agreement.

5. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

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

	March 31, 2022			December 31, 2021		
	Principal Amount	Unamortized Discount and Deferred Financing Costs	Carrying Value	Principal Amount	Unamortized Discount and Deferred Financing Costs	Carrying Value
2019 Facility Agreement	272,716	25,960	246,756	263,812	27,287	236,525
8.00% Convertible Senior Notes Issued in 2013	—	—	—	1,407	—	1,407
Total Debt	272,716	25,960	246,756	265,219	27,287	237,932

The principal amounts shown above include payment of in-kind interest. The carrying value is net of deferred financing costs and any discounts to the loan amounts at issuance, including accretion. Excluded from the table are obligations related to a vendor financing arrangement discussed below.

2019 Facility Agreement

In November 2019, the Company entered into a \$199.0 million facility agreement with Thermo, an affiliate of EchoStar Corporation and certain other unaffiliated lenders (the "2019 Facility Agreement"). The 2019 Facility Agreement is scheduled to mature in November 2025. The loans under the 2019 Facility Agreement bear interest at a blended rate of 13.5% per annum to be paid in kind (or in cash at the option of the Company). As of March 31, 2022, the Company was in compliance with the covenants of the 2019 Facility Agreement.

The 2019 Facility Agreement requires mandatory prepayments of principal with any Excess Cash Flow (as defined and calculated in the 2019 Facility Agreement) on a semi-annual basis. If the Company generates Excess Cash Flow in 2022, it will be required to make such prepayments. These payments would reduce future principal payment obligations.

Refer to Note 6: Derivatives and Note 7: Fair Value Measurements for further discussion on the compound embedded derivative bifurcated from the 2019 Facility Agreement.

8.00% Convertible Senior Notes Issued in 2013

In May 2013, the Company issued \$54.6 million aggregate principal amount of its 2013 8.00% Notes. Interest was paid in cash at a rate of 5.75% and in additional notes at a rate of 2.25%. In February 2022, the Company notified the holders of the 8.00% Notes of its intention to redeem all of the outstanding amount of principal and interest in March 2022. Prior to the Company's intended redemption of the 8.00% Notes, the holders converted the remaining principal amount outstanding of \$1.4 million into 2.3 million shares of Globalstar common stock in February and March 2022. The 2013 8.00% Notes were converted into shares of common stock at a conversion price of \$0.69 per share of common stock.

As a result of the conversions during the first quarter of 2022, the Company recorded gains and losses on extinguishment of debt resulting from the difference between the fair value of shares of Globalstar common stock issued to the holders and the principal amount of the notes that converted as well as the write-offs of the embedded derivative associated with the 2013 8.00% Notes. The net impact to the Company's condensed consolidated statement of operations for the first quarter of 2022 was a gain of less than \$0.1 million.

Refer to Note 6: Derivatives and Note 7: Fair Value Measurements for further discussion on the compound embedded derivative bifurcated from the 2013 8.00% Notes.

Vendor Financing

In February 2022, the Company entered into a satellite procurement agreement (see Note 8: Commitments and Contingencies for further discussion). This agreement provides for payment deferrals of milestone payments through August 2022 at a 0% interest rate. As of March 31, 2022, the Company recorded \$32.7 million in short-term vendor financing on its condensed consolidated balance sheet associated with this agreement. In August 2022, all deferred payments will become due by which time the Company intends to complete a senior secured financing. This financing is intended to provide sufficient proceeds for the construction and launch of the satellites.

2009 Facility Agreement

In 2009, the Company entered into a facility agreement with a syndicate of bank lenders, including BNP Paribas, Société Générale, Natixis, Crédit Agricole Corporate and Investment Bank and Crédit Industriel et Commercial, as arrangers, and BNP Paribas, as the security agent (the "2009 Facility Agreement"). The 2009 Facility Agreement was fully repaid in November 2021.

6. DERIVATIVES

The Company has identified various embedded derivatives resulting from certain features in the Company's existing borrowing arrangements, requiring recognition on its condensed consolidated balance sheets. None of these derivative instruments are designated as a hedge. The following table discloses the fair values of the derivative instruments on the Company's condensed consolidated balance sheets (in thousands):

	March 31, 2022	December 31, 2021
Derivative (liabilities) assets:		
Compound embedded derivative with the 2019 Facility Agreement	\$ (218)	\$ 484
Compound embedded derivative with the 2013 8.00% Notes	\$ —	(1,364)

As of March 31, 2022 and December 31, 2021, the derivative (liability) asset recorded for the Compound embedded derivative with the 2019 Facility Agreement was reflected in Other non-current liabilities and Intangible and other assets, net, respectively, on the Company's condensed consolidated balance sheets. During the first quarter of 2022, the remaining principal amount of the 2013 8.00% Notes was converted into shares of Globalstar common stock; accordingly, the associated derivative is no longer outstanding.

The following table discloses the changes in value recorded as derivative loss in the Company's condensed consolidated statement of operations (in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Compound embedded derivative with the 2013 8.00% Notes	\$ 216	\$ (1,744)
Compound embedded derivative with the 2019 Facility Agreement	(702)	615
Total derivative loss	\$ (486)	\$ (1,129)

The fair value of each embedded derivative is marked-to-market at the end of each reporting period, or more frequently as deemed necessary, with any changes in value reported in its condensed consolidated statements of operations and its condensed consolidated statements of cash flows as an operating activity. The Company classifies its derivatives consistent with the classification of the underlying debt on the Company's condensed consolidated balance sheet. See Note 7: Fair Value Measurements for further discussion.

7. FAIR VALUE MEASUREMENTS

The Company follows the authoritative guidance for fair value measurements relating to financial and non-financial assets and liabilities, including presentation of required disclosures herein. This guidance establishes a fair value framework requiring the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets and liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

All of the Company's derivatives are classified as Level 3. The Company marks-to-market these derivatives at each reporting date, or more frequently as deemed necessary, with the changes in fair value recognized in the Company's condensed consolidated statements of operations. During the first quarter of 2022, the remaining principal amount of the 2013 8.00% Notes was converted into shares of Globalstar common stock; accordingly, the associated derivative is no longer outstanding. See Note 5: Long-Term Debt and Other Financing Arrangements and Note 6: Derivatives for further discussion.

Recurring Fair Value Measurements

The following tables provide a summary of the assets and liabilities measured at fair value on a recurring basis (in thousands):

	March 31, 2022			
	(Level 1)	(Level 2)	(Level 3)	Total Balance
Liabilities:				
Compound embedded derivative with the 2019 Facility Agreement	\$ —	\$ —	\$ (218)	\$ (218)
Total liabilities measured at fair value	\$ —	\$ —	\$ (218)	\$ (218)
	December 31, 2021			
	(Level 1)	(Level 2)	(Level 3)	Total Balance
Assets:				
Compound embedded derivative with the 2019 Facility Agreement	\$ —	\$ —	\$ 484	\$ 484
Total assets measured at fair value	\$ —	\$ —	\$ 484	\$ 484
Liabilities:				
Compound embedded derivative with the 2013 8.00% Notes	\$ —	\$ —	\$ (1,364)	\$ (1,364)
Total liabilities measured at fair value	\$ —	\$ —	\$ (1,364)	\$ (1,364)

2013 8.00% Notes

The significant quantitative Level 3 inputs utilized in the valuation models are shown in the tables below:

	December 31, 2021				
	Stock Price Volatility	Risk-Free Interest Rate	Note Conversion Price	Discount Rate	Market Price of Common Stock
Compound embedded derivative with the 2013 8.00% Notes	120% - 139%	0.5 %	\$0.69	18 %	\$1.16

Fluctuation in the Company's stock price was a significant driver of the changes in the compound embedded derivative with the 2013 8.00% Notes during each reporting period. As the stock price increased, the value to the holder of the instrument generally increased, thereby increasing the liability on the Company's condensed consolidated balance sheet. Stock price volatility was also a significant input used in the fair value measurement of the compound embedded derivative with the 2013 8.00% Notes. The simulated fair value of this liability was sensitive to changes in the expected volatility of the Company's stock price. Increases in expected volatility generally resulted in a higher fair value measurement.

2019 Facility Agreement

The compound embedded derivative with the 2019 Facility Agreement is valued using a probability weighted discounted cash flow model. The most significant observable input used in the fair value measurement is the discount yield, which was 15% and 13% at March 31, 2022 and December 31, 2021, respectively. When the discount yield utilized in the valuation is higher than the blended interest rate of the underlying debt, the features embedded in the underlying debt result in a liability for the Company. Conversely, when the discount yield is lower than the blended interest rate of the underlying debt, the features embedded in the underlying debt result in an asset for the Company. The unobservable inputs used in the fair value measurement include the probability of change of control and the estimated timing and amounts of cash flows associated with certain mandatory prepayments within the debt agreement.

Rollforward of Recurring Level 3 Assets and Liabilities

The following table presents a rollforward for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

Balance at beginning of period, January 1, 2022 and 2021, respectively	\$	(880)	\$	163
Derivative adjustment related to conversions		1,148		—
Unrealized loss, included in derivative loss		(486)		(1,043)
Balance at end of period, March 31, 2022 and December 31, 2021, respectively	\$	(218)	\$	(880)

Fair Value of Debt Instruments

The Company believes it is not practicable to determine the fair value of the 2019 Facility Agreement without incurring significant additional costs. Unlike typical long-term debt, certain terms for this instrument are not readily available and generally involve a variety of factors, including due diligence by the debt holders. As previously disclosed, the remaining principal amount of the 2013 8.00% Notes was converted into shares of Globalstar common stock during the first quarter of 2022; accordingly, there is no value in the table below as of March 31, 2022. The following table sets forth the carrying value and estimated fair value of the Company's Level 3 financial instrument (in thousands):

	March 31, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
2013 8.00% Notes	\$	—	\$	—
			\$	1,407
			\$	1,265

See Note 5: Long-Term Debt and Other Financing Arrangements for further discussion of the Company's debt instruments.

Nonrecurring Fair Value Measurements

The Company follows the authoritative guidance regarding non-financial assets and non-financial liabilities that are remeasured at fair value on a nonrecurring basis. On February 17, 2022 and March 9, 2022, the remaining principal balance of the 2013 8.00% Notes was converted into shares of Globalstar common stock, eliminating the entire principal balance outstanding. See further discussion in Note 5: Long-Term Debt and Other Financing Arrangements. As a result of the conversion, the Company wrote off the proportionate fair value of the compound embedded derivative liability with the 2013 8.00% Notes based on the value of the derivative on each conversion date. As of each conversion date, the fair value of the compound embedded derivative liability with the 2013 8.00% Notes was \$0.8 million. The significant quantitative Level 3 inputs utilized in the valuation models as of the conversion date are shown in the table below:

	February 17, 2022			
	Risk-Free Interest Rate	Note Conversion Price	Discount Rate	Market Price of Common Stock
Compound embedded derivative with the 2013 8.00% Notes	0.06 %	\$0.69	18 %	\$1.00

	March 9, 2022			
	Risk-Free Interest Rate	Note Conversion Price	Discount Rate	Market Price of Common Stock
Compound embedded derivative with the 2013 8.00% Notes	0.18 %	\$0.69	19 %	\$1.21

8. COMMITMENTS AND CONTINGENCIES

Terms Agreement

The Terms Agreement sets forth the primary terms for the Company to provide services to the customer and incur costs related primarily to new gateways and upgrades at existing gateways, satellite launch costs and lease costs. Under this agreement, the customer has made advance payments to the Company for the services expected to be delivered under the Terms Agreement. To the extent the Company does not provide such services, it will be required to refund the amounts to the customer. Refer to Note 2: Revenue, Note 3: Leases and Note 4: Property and Equipment for further discussion.

Satellite Procurement Agreement

In February 2022, the Company entered into a satellite procurement agreement with Macdonald, Dettwiler and Associates Corporation pursuant to which Globalstar will acquire 17 satellites that will replenish Globalstar's existing constellation of satellites and ensure long-term continuity of its mobile satellite services. Globalstar is acquiring the satellites to provide continuous satellite services to the potential customer under the Terms Agreement, as well as services to Globalstar's current and future customers. Globalstar maintains the option to acquire additional satellites under the contract. Globalstar plans to contract separately for launch services and launch insurance for the new satellites. The total contract price for the initial 17 satellites is \$327.0 million; Globalstar has the option to purchase additional satellites at a lower per unit cost, subject to certain conditions. The satellites are expected to be manufactured during the next three years. Under the Terms Agreement, subject to certain conditions, the counterparty is required to reimburse 95% of the capital expenditures and certain other costs incurred for this contract.

This agreement provides for payment deferrals of milestone payments through August 2022, at which time all deferred payments estimated to be approximately \$74.0 million will become due, by which time the Company intends to complete a senior secured financing. This financing is intended to provide sufficient proceeds for the construction and launch of the satellites. The Company also expects to refinance its current 2019 Facility Agreement in the coming months.

9. RELATED PARTY TRANSACTIONS

Payables to Thermo and other affiliates related to normal purchase transactions were \$0.3 million and \$0.4 million as of March 31, 2022 and December 31, 2021, respectively.

Transactions with Thermo

Certain general and administrative expenses are incurred by Thermo on behalf of the Company. These expenses, which include non-cash expenses that the Company accounts for as a contribution to capital, related to services provided by certain executive officers of Thermo, and expenses incurred by Thermo on behalf of the Company that are charged to the Company. The expenses charged are based on actual amounts (with no mark-up) incurred by Thermo or upon allocated employee time.

The Company has a lease agreement with Thermo Covington, LLC for the Company's headquarters office. Annual lease payments started at \$1.4 million per year in 2019 and increase at a rate of 2.5% per year, for a lease term of ten years. During each of the three months ended March 31, 2022 and 2021, the Company incurred lease expense of \$0.4 million under this lease agreement.

In November 2019, the Company entered into the 2019 Facility Agreement. Thermo's participation in the 2019 Facility Agreement was \$95.1 million. This principal balance earns paid-in-kind interest at a rate of 13% per annum. Interest accrued since inception with respect to Thermo's portion of the debt outstanding on the 2019 Facility Agreement was approximately \$33.8 million, of which \$4.1 million was accrued during the three months ended March 31, 2022.

See Note 5: Long-Term Debt and Other Financing Arrangements for further discussion of the Company's debt and financing transactions with Thermo.

10. LOSS PER SHARE

Loss per share is computed by dividing loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period. In periods of net income, the numerator used to calculate diluted EPS includes the effect of dilutive securities, including interest expense, net, and derivative gains or losses reflected in net income. Common stock equivalents are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive. When outstanding, the effect of potentially dilutive common shares for the Company's convertible notes is calculated using the if-converted method. Generally, for all other potentially dilutive common shares, the effect is calculated using the treasury stock method.

The following table sets forth the computation of basic and diluted loss per common share during each of the three months ended March 31, 2022 and 2021 (amounts in thousands, except per share data):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net loss	\$ (20,462)	\$ (36,333)
Weighted average shares outstanding	1,797,671	1,679,754
Net loss per common share - basic and diluted	\$ (0.01)	\$ (0.02)

For the three months ended March 31, 2022 and 2021, 7.4 million and 5.5 million shares, respectively, of potential common stock were excluded from diluted shares outstanding because the effects of potentially dilutive securities would be anti-dilutive.

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

Certain statements contained in or incorporated by reference into this Quarterly Report on Form 10-Q (this "Report"), other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements, such as the statements regarding our ability to develop and expand our business (including our ability to monetize our spectrum rights), our anticipated capital spending, our ability to manage costs, our ability to exploit and respond to technological innovation, the effects of laws and regulations (including tax laws and regulations) and legal and regulatory changes (including regulation related to the use of our spectrum), the opportunities for strategic business combinations and the effects of consolidation in our industry on us and our competitors, our anticipated future revenues, our anticipated financial resources, our expectations about the future operational performance of our satellites (including their projected operational lives), the expected strength of and growth prospects for our existing customers and the markets that we serve, commercial acceptance of new products, problems relating to the ground-based facilities operated by us or by independent gateway operators, worldwide economic, geopolitical and business conditions and risks associated with doing business on a global basis, business interruptions due to natural disasters, unexpected events or public health crises, including viral pandemics such as the COVID-19 coronavirus, and other statements contained in this Report regarding matters that are not historical facts, involve predictions. Risks and uncertainties that could cause or contribute to such differences include, without limitation, those in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the Securities and Exchange Commission (the "SEC") on February 25, 2022 (the "2021 Annual Report"). We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this Report to reflect actual results or future events or circumstances.

New risk factors emerge from time to time, and it is not possible for us to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We undertake no obligation to update publicly or revise any forward-looking statements. You should not rely upon forward-looking statements as predictions of future events or performance. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

This "Management's Discussion and Analysis of Financial Condition" should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition" and information included in our 2021 Annual Report.

Overview

Mobile Satellite Services Business

Globalstar, Inc. ("we", "us" or the "Company") provides Mobile Satellite Services ("MSS") including voice and data communications services globally via satellite. We offer these services over our network of in-orbit satellites and our active ground stations ("gateways"), which we refer to collectively as the Globalstar System. In addition to supporting Internet of Things ("IoT") data transmissions in a variety of applications, we provide reliable connectivity in areas not served or underserved by terrestrial wireless and wireline networks and in circumstances where terrestrial networks are not operational due to natural or man-made disasters. By providing wireless communications services across the globe, we meet our customers' increasing desire for connectivity.

We currently provide the following communications services:

- two-way voice communication and data transmissions via our GSP-1600 and GSP-1700 phone ("Duplex");
- one-way or two-way communication and data transmissions using mobile devices, including our SPOT family of products, such as SPOT X[®], SPOT Gen4[™] and SPOT Trace[®], that transmit messages and the location of the device ("SPOT");
- one-way data transmissions using a mobile or fixed device that transmits its location and other information to a central monitoring station, including our commercial IoT products, such as our battery- and solar-powered SmartOne, STX-3 and ST100 ("Commercial IoT"); and

- engineering services to assist certain customers (including our customer under the Terms Agreement (discussed in Note 8: Commitments and Contingencies to our Condensed Consolidated Financial Statements)) in developing new applications to operate on our network, making enhancements to our ground network, and providing other communication services using our MSS and terrestrial spectrum licenses ("Engineering and Other").

Our constellation of Low Earth Orbit ("LEO") satellites includes second-generation satellites and certain first-generation satellites. We also have one on-ground spare second-generation satellite that we plan to launch in the near future. We designed our satellite network to maximize the probability that at least one satellite is visible from any point on the Earth's surface between the latitudes 70° north and 70° south. We designed our second-generation satellites to last twice as long in space, have 40% greater capacity and be built at a significantly lower cost compared to our first-generation satellites.

Our goal is to provide service levels and call or message success rates equal to or better than our MSS competitors so our products and services are attractive to potential customers. We believe that our system outperforms geostationary ("GEO") satellites used by some of our competitors. GEO satellite signals must travel approximately 42,000 additional miles on average, which introduces considerable delay and signal degradation to GEO calls.

In February 2022, we entered into a satellite procurement agreement (the "Procurement Agreement") with Macdonald, Dettwiler and Associates Corporation (the "Vendor") pursuant to which we will acquire 17 satellites that will replenish our existing constellation and ensure long-term continuity of our mobile satellite services. We are acquiring the satellites to provide continuous satellite services to the potential customer under the Terms Agreement (defined below), as well as services to our current and future customers. We have committed to purchase these new satellites for a total contract price of \$327.0 million and have the option to purchase additional satellites at a lower per unit cost, subject to certain conditions. The technical specifications and design of these new satellites are similar to our current second-generation satellites. Rocket Lab USA, Inc. is the Vendor's satellite bus subcontractor under the Procurement Agreement. The agreement requires the Vendor to deliver the initial 17 new satellites by 2025, all of which are expected to be launched by the end of 2025. Under the Terms Agreement, the counterparty is required to reimburse 95% of the capital expenditures and certain other costs incurred for the new satellites.

Our ground network includes our ground equipment, which uses patented CDMA technology to permit communication to multiple satellites. Our system architecture provides full frequency re-use. This maximizes satellite diversity (which maximizes quality) and network capacity as we can reuse the assigned spectrum in every satellite beam in every satellite. In addition, we have developed a proprietary technology for our SPOT and Commercial IoT services.

We compete aggressively on price. We offer a range of price-competitive products to the industrial, governmental and consumer markets. We expect to retain our position as a cost-effective, high quality leader in the MSS industry.

As technological advancements are made, we continue to explore opportunities to develop new products and provide new services over our network to meet the needs of our existing and prospective customers. We are currently pursuing initiatives that we expect will expand our satellite communications business and more effectively utilize the capacity of our network assets. These initiatives include evaluating our product and service offerings in light of the shift in demand across the MSS industry from full Duplex voice and data services to IoT-enabled devices. To align our business model with this evolution, we have temporarily ceased sales of and services to subscribers for certain Duplex devices, such as Sat-Fi2®. We are currently evaluating opportunities for these devices relative to other product and service offerings as well as the capacity required to support these devices relative to other possible uses for the capacity. Integrated with this assessment is the development of a two-way reference design module to expand our Commercial IoT offerings, which is among our other current initiatives.

Our Commercial IoT use cases continue to expand, including deployments that support environmentally friendly initiatives. Recent deployments include remote monitoring of fluid levels and tanks, which replaces the need for motor vehicles to access these assets, as well as asset monitoring solutions for solar lighting and other renewable energy sources.

Customers

The specialized needs of our global customers span many industries. As of March 31, 2022, we had approximately 747,000 subscribers worldwide, principally within the following markets: recreation and personal; government; public safety and disaster relief; oil and gas; maritime and fishing; natural resources, mining and forestry; construction; utilities; animal tracking and transportation. In response to Russia's invasion of Ukraine, during the first quarter of 2022, we disconnected satellite services to gateways in Russia that were operated by an independent gateway operator. Accordingly, approximately 25,000 subscribers that previously received satellite services through these gateways were removed from our subscriber count. Our system is able to offer our customers cost-effective communications solutions completely independent of cellular coverage. Although traditional users of wireless telephony and broadband data services have access to these services in developed locations, our customers often operate, travel or live in remote regions or regions with under-developed telecommunications infrastructure where these services are not readily available or are not provided on a reliable basis.

Spectrum and Regulatory Structure

We benefit from a worldwide allocation of radio frequency spectrum in the international radio frequency tables administered by the International Telecommunications Union ("ITU"). Access to this globally harmonized spectrum enables us to design satellites, networks and terrestrial infrastructure enhancements more cost effectively because the products and services can be deployed and sold worldwide. In addition, this broad spectrum assignment enhances our ability to capitalize on existing and emerging wireless and broadband applications.

Terrestrial Authority for Globalstar's Licensed 2.4GHz Spectrum

In August 2017, the FCC modified our MSS licenses, granting us authority to provide terrestrial broadband services over the 11.5 MHz portion of our licensed MSS spectrum. Specifically, the FCC modified our space station authorization and our blanket mobile earth station license to permit a terrestrial network using 11.5 MHz of our licensed mobile-satellite service spectrum.

In December 2018, we successfully completed the Third Generation Partnership Project ("3GPP") standardization process for the 11.5 MHz of our licensed MSS spectrum terrestrially authorized by the FCC. The 3GPP designated the band as Band 53. Additionally, in March 2020, we announced that the 3GPP approved the 5G variant of our Band 53, which is known as n53. This new band class provides a pathway for our terrestrial spectrum to be integrated into handset and infrastructure ecosystems. Additional follow-on 3GPP specifications and approvals are expected in the future. During 2019, we executed a spectrum manager lease agreement with Nokia in order to permit Nokia to utilize Band 53 within its equipment domestically and have such equipment type-certified for sale and deployment.

In February 2021, Qualcomm Technologies announced its new Snapdragon X65 modem-RF System, which includes support for Band n53. By having global 5G band support for n53 in Qualcomm Technologies' 5G solutions, our potential device ecosystem expands significantly to include the most popular smartphones, laptops, tablets, automated equipment and other IoT modules.

We believe our MSS spectrum position provides potential for harmonized terrestrial authority across many international regulatory domains and have been seeking approvals in various international jurisdictions. To date, we have received additional terrestrial authorizations in various countries, including Brazil, Canada, and South Africa, among others. We expect this global effort to continue for the foreseeable future while we seek additional terrestrial approvals to internationally harmonize our S-band spectrum across the entire 16.5 MHz authority for terrestrial mobile broadband services.

We expect our terrestrial authority will allow future partners to develop high-density dedicated networks using the TD-LTE and 5G protocols for private networks as well as the densification of cellular networks. We believe that our offering has competitive advantages over other conventional commercial spectrum allocations. Such other allocations must meet minimum population coverage requirements, which effectively prohibit the exclusive use of most carrier spectrum for dedicated small cell deployments. In addition, low frequency carrier spectrum is not physically well suited to high-density small cell topologies, and mmWave spectrum is subject to range and attenuation limitations. We believe that our licensed 2.4 GHz band holds physical, regulatory and ecosystem qualities that distinguishes it from other current and anticipated allocations, and that it is well positioned to balance favorable range, capacity and attenuation characteristics.

Performance Indicators

Our management reviews and analyzes several key performance indicators in order to manage our business and assess the quality and potential variability of our earnings and cash flows. These key performance indicators include:

- total revenue, which is an indicator of our overall business growth;
- subscriber growth and churn rate, which are both indicators of the satisfaction of our customers;
- average monthly revenue per user, or ARPU, which is an indicator of our pricing and ability to obtain effectively long-term, high-value customers. We calculate ARPU separately for each type of our subscriber-driven revenue, including Duplex, Commercial IoT and SPOT;
- operating income and adjusted EBITDA, both of which are indicators of our financial performance; and
- capital expenditures, which are an indicator of future revenue growth potential and cash requirements.

Comparison of the Results of Operations for the three months ended March 31, 2022 and 2021

Revenue

Our revenue is categorized as service revenue and equipment revenue. We provide services to customers using technology from our satellite and ground network. Equipment revenue is generated from the sale of devices that work over our network. For the three months ended March 31, 2022, total revenue increased 22% to \$32.8 million from \$26.9 million for the same period in 2021. See below for a further discussion of the fluctuations in revenue.

The following table sets forth amounts and percentages of our revenue by type of service (dollars in thousands).

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Service Revenue:				
Duplex	\$ 6,146	19 %	\$ 6,655	25 %
SPOT	11,255	34	10,984	41
Commercial IoT	4,670	14	4,481	17
Engineering and other	7,273	22	966	3
Total Service Revenue	\$ 29,344	89 %	\$ 23,086	86 %

The following table sets forth amounts and percentages of our revenue generated from equipment sales (dollars in thousands).

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Equipment Revenue:				
Duplex	\$ 130	— %	\$ 293	1 %
SPOT	1,475	5	1,915	7
Commercial IoT	1,806	6	1,521	6
Other	17	—	114	—
Total Equipment Revenue	\$ 3,428	11 %	\$ 3,843	14 %

The following table sets forth our average number of subscribers and ARPU by type of revenue.

	Three Months Ended March 31,	
	2022	2021
Average number of subscribers for the period:		
Duplex	43,565	45,687
SPOT	276,863	261,171
Commercial IoT	423,519	409,089
Other	13,346	27,487
Total	757,293	743,434
ARPU (monthly):		
Duplex	\$ 47.03	\$ 48.56
SPOT	13.55	14.02
Commercial IoT	3.68	3.65

The numbers reported in the above table are subject to immaterial rounding inherent in calculating averages.

We count "subscribers" based on the number of devices that are subject to agreements that entitle them to use our voice or data communications services rather than the number of persons or entities who own or lease those devices.

Engineering and other service revenue includes revenue generated primarily from certain governmental and engineering service contracts which are not subscriber driven. Accordingly, we do not present ARPU for engineering and other service revenue in the table above.

As previously discussed, during the first quarter of 2022, approximately 25,000 subscribers previously recorded in Other in the table above were removed from our subscriber count.

Service Revenue

Duplex service revenue decreased 8% for the three months ended March 31, 2022 due primarily to a decrease in average subscribers of 5%. The decrease in average subscribers is due to fewer gross subscriber activations over the last twelve months. In line with the shift in demand across the MSS industry from full Duplex voice and data services to IoT-enabled devices, we expect the decline in our Duplex subscriber base to continue as we focus our investments on IoT-enabled devices and services.

SPOT service revenue increased 2% for the three months ended March 31, 2022 due primarily to an increase in average subscribers of 6%, resulting from higher gross subscriber activations of 10% and lower subscriber churn over the last twelve months. ARPU decreased by 4% due to the mix of subscribers on various rate plans compared to the prior period, including the continued popularity of subscribers activating on our flex plans. These flex plans drive more seasonality in SPOT ARPU since subscribers can suspend their service when they are not using their device.

Commercial IoT service revenue increased 4% for the three months ended March 31, 2022 due to a 4% increase in average subscribers. The increase in average subscribers is driven by higher gross subscriber activations of 19% and lower churn over the last twelve months. Importantly, Commercial IoT equipment sales increased nearly 70% over the last twelve months compared to the prior year period (discussed further below), which we believe is an indication that Commercial IoT service revenue is likely to continue to grow in the future.

Engineering and other service revenue increased \$6.3 million for the three months ended March 31, 2022 compared to the same period in 2021. Fluctuations in engineering and other service revenue are due primarily to the timing and amount of revenue recognized associated with the Terms Agreement. During the first quarter of 2022, we recognized revenue primarily for consideration received for performance obligations associated with our work to expand and upgrade our gateways around the globe and under the satellite procurement agreement. As previously discussed, we disconnected service to approximately 25,000 subscribers in Russia. During 2021, we billed less than \$0.3 million to these subscribers and the revenue associated with these subscribers was recorded in Engineering and other service revenue.

Subscriber Equipment Sales

Revenue from Duplex equipment sales decreased \$0.2 million for the three months ended March 31, 2022 compared to the same period in 2021. This decrease was driven primarily by a lower sales volume of phones and accessories due to a lack of available inventory since these devices are no longer being manufactured.

Revenue from SPOT equipment sales decreased \$0.4 million for the three months ended March 31, 2022 compared to the same period in 2021. This decrease resulted from a lower sales volume since two of our core SPOT products are on back order due to inventory shortages, which delayed the fulfillment of certain orders during the first quarter of 2022. We continue to see demand exceeding supply resulting from supply chain disruptions caused by component part shortages. We are actively working to address this issue, but expect this trend to continue through at least the second quarter of 2022.

Revenue from Commercial IoT equipment sales increased \$0.3 million for the three months ended March 31, 2022 compared to the same period in 2021. This increase resulted from a higher sales volume of all of our IoT devices, primarily driven by our SmartOne devices and modules. Sales were higher than the prior quarter despite the same component part shortage issues discussed above, which resulted in sales orders exceeding available inventory supply during the first quarter of 2022. Many of our IoT devices were on back order at March 31, 2022. We are actively working to address this issue and expect to resume production of our SmartOne products in the coming weeks.

Operating Expenses

Total operating expenses increased to \$46.5 million from \$46.2 million for the three months ended March 31, 2022 compared to the same periods in 2021. Higher cost of services was offset by lower management, general and administrative ("MG&A") costs, depreciation, amortization and accretion expense and cost of subscriber equipment sales. The main contributors to the variance in operating expenses are explained in further detail below.

Cost of Services

Cost of services increased \$1.7 million for the three months ended March 31, 2022 compared to the same period in 2021. Higher personnel costs contributed to \$0.9 million of the total increase, of which \$0.7 million was related to annual cash bonuses and non-recurring separation pay during the first quarter of 2022. Higher lease expense associated with new teleport leases, which commenced throughout the second half of 2021, contributed to \$0.6 million of the total increase. These leases were executed in connection with the gateway expansion project associated with the Terms Agreement; these lease and related costs are being reimbursed to us, and this consideration is being recognized as revenue (as further discussed above in Engineering and other service revenue). Higher professional fees and licensing costs related to our implementation of a new enterprise resource planning ("ERP") system, which went live January 2022, as well as other costs for information technology security and maintenance contributed \$0.5 million to the total increase.

Cost of Subscriber Equipment Sales

Cost of subscriber equipment sales decreased \$0.3 million for the three months ended March 31, 2022 from the same period in 2021. Cost of subscriber equipment sales decreased, which is generally consistent with the decrease in total revenue from subscriber equipment sales.

Marketing, General and Administrative

MG&A expenses decreased \$0.8 million for the three months ended March 31, 2022, compared to the same period in 2021. During the first quarter, and consistent with our accounting policy, we assessed the likelihood of payment of a \$1.0 million accrual related to professional services associated with the 2018 shareholder litigation. Based on our assessment and considering the passage of time, we concluded it was appropriate to release the accrual, which resulted in an offsetting reduction of MG&A expense in the first quarter. Additionally, subscriber acquisition costs were lower by \$0.4 million, which was due to the one-time deactivation of all Sat-Fi2 subscribers during the first quarter of 2021. Advertising costs and sales and dealer commissions decreased \$0.5 million in total driven in part by the termination of our dealer program and reduction in advertising spend associated with our Duplex products and services. Offsetting these decreases was an increase in personnel costs totaling \$1.1 million. Approximately \$0.9 million of this increase was related to annual cash bonuses and non-recurring separation pay during the first quarter of 2022.

Other (Expense) Income

Interest Income and Expense

Interest income and expense, net, decreased \$2.0 million during the three months ended March 31, 2022, compared to the same period in 2021. This decrease was primarily driven by lower gross interest costs totaling \$1.2 million as well as an increase to capitalized interest of \$0.9 million (which decreases interest expense).

Gross interest costs were impacted by lower interest associated with the 2009 Facility Agreement (\$3.4 million). This decrease was offset by higher interest on the 2019 Facility Agreement (\$1.3 million) and imputed interest associated with the significant financing component related to advance payments from a customer under the Terms Agreement (\$1.0 million). Interest costs for the 2009 Facility Agreement were favorably impacted by reductions in the principal balance during 2021, including the final payoff in November 2021.

Derivative Loss

We recorded derivative losses of \$0.5 million and \$1.1 million for the three months ended March 31, 2022 and 2021, respectively. We recognize derivative gains or losses due to the change in the value of certain embedded features within our debt instruments that require standalone derivative accounting. The loss recorded during the three months ended March 31, 2022 was impacted primarily by an increase in the discount rate used in the valuation of the derivative associated with our 2019 Facility Agreement. Partially offsetting this loss was a gain on the valuation adjustment of the embedded derivative associated with our 2013 8.00% Notes. During the first quarter of 2022, the remaining holders of our 2013 8.00% Notes converted the principal balance into shares of Globalstar common stock. As a result of these conversions, we marked-to-market the embedded derivative and recorded a net gain due to a decrease in our stock price and a shorter term to maturity.

The loss recorded during the three months ended March 31, 2021 was impacted primarily by an increase in our stock price and stock price volatility, which increased the value of the underlying instrument to the holder and, therefore, our derivative liability.

See Note 7: Fair Value Measurements to our condensed consolidated financial statements for further discussion of the computation of the fair value of our derivatives.

Foreign Currency Gain (Loss)

Foreign currency gain (loss) fluctuated by \$7.5 million to a gain of \$3.2 million for the three months ended March 31, 2022 from a loss of \$4.3 million for the same period in 2021. Changes in foreign currency gains and losses are driven by the remeasurement of financial statement items, which are denominated in various currencies, at the end of each reporting period. For the three months ended March 31, 2022, the foreign currency gain was due to the strengthening of the Canadian Dollar and the Brazilian real relative to the U.S. dollar. For the three months ended March 31, 2021, the foreign currency loss was due to the weakening of the Euro and Brazilian real relative to the U.S. dollar.

Liquidity and Capital Resources

Overview

Our principal near-term liquidity requirements include funding our operating costs, capital expenditures, and repayment of amounts being financed through our satellite vendor under the Procurement Agreement. Our principal sources of liquidity include cash on hand, cash flows from operations, and vendor financing. Beyond the next twelve months, our liquidity requirements also include paying our debt service obligations. We expect that our current sources of liquidity over the next twelve months will be sufficient for us to cover our obligations. We may also access equity and debt capital markets from time to time or refinance our debt obligations to improve the terms of our indebtedness.

As of March 31, 2022 and December 31, 2021, we held cash and cash equivalents of \$11.5 million and \$14.3 million, respectively, on our condensed consolidated balance sheet.

The total carrying amount of our debt outstanding was \$246.8 million at March 31, 2022, compared to \$237.9 million at December 31, 2021.

The \$8.8 million increase in carrying value of our debt was due to a higher carrying value of the 2019 Facility Agreement of \$10.2 million due to the accrual of PIK interest and the accretion of debt discount offset by a reduction in the remaining principal balance of the 2013 8.00% Notes totaling \$1.4 million, which were converted into shares of Globalstar common stock during the first quarter of 2022.

Cash Flows for the three months ended March 31, 2022 and 2021

The following table shows our cash flows from operating, investing and financing activities (in thousands):

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net cash provided by operating activities	\$ 7,569	\$ 4,512
Net cash used in investing activities	(10,451)	(4,974)
Net cash provided by financing activities	8	39,245
Effect of exchange rate changes on cash and cash equivalents	89	(66)
Net (decrease) increase in cash and cash equivalents	\$ (2,785)	\$ 38,717

Cash Flows Provided by Operating Activities

Net cash provided by operations includes primarily cash receipts from subscribers related to the purchase of equipment and satellite voice and data services as well as cash received from the performance of engineering and other service contracts. We use cash in operating activities primarily for personnel costs, inventory purchases and other general corporate expenditures. Net cash provided by operating activities during the three months ended March 31, 2022 was \$7.6 million compared to \$4.5 million during the same period in 2021. The primary driver for the increase was higher net income after adjusting for noncash items, offset partially by unfavorable working capital changes.

Cash Flows Used in Investing Activities

Net cash used in investing activities was \$10.5 million for the three months ended March 31, 2022 compared to \$5.0 million for the same period in 2021. Net cash used in investing activities during the first quarter of 2022 and 2021 was related primarily to network upgrades associated with the Terms Agreement, including higher costs associated with the procurement and deployment of new antennas for our gateways and the preparation and launch of our on-ground spare satellite.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities was \$39.2 million during the three month period ended March 31, 2021. In 2021, we received \$43.7 million in proceeds from the exercise of the warrants issued with our 2019 Facility Agreement. Offsetting these proceeds was an unscheduled principal payment of \$4.4 million towards the 2009 Facility Agreement. There were no meaningful cash flows from financing activities during the first quarter of 2022.

Indebtedness

2019 Facility Agreement

In 2019, we entered into a \$199.0 million facility agreement with Thermo, an affiliate of EchoStar Corporation and certain other unaffiliated lenders (the "2019 Facility Agreement"). The 2019 Facility Agreement is scheduled to mature in November 2025. The loans under the 2019 Facility Agreement bear interest at a blended rate of 13.5% per annum to be paid-in-kind (or in cash at our option, subject to restrictions in the Facility Agreement). As of March 31, 2022, the principal amount outstanding under the 2019 Facility Agreement was \$272.7 million. As of March 31, 2022, we were in compliance with all the covenants of the 2019 Facility Agreement.

The 2019 Facility Agreement requires mandatory prepayments of principal with any Excess Cash Flow (as defined and calculated in the 2019 Facility Agreement) on a semi-annual basis. If we generate Excess Cash Flow in 2022, we will be required to make such prepayments. These payments would reduce future principal payment obligations.

See Note 5: Long-Term Debt and Other Financing Arrangements to our condensed consolidated financial statements for further discussion of the 2019 Facility Agreement.

8.00% Convertible Senior Notes Issued in 2013

In May 2013, we issued \$54.6 million aggregate principal amount of its 2013 8.00% Notes. In February 2022, we notified the holders of the 8.00% Notes of our intention to redeem all of the outstanding amount of principal and interest in March 2022. Prior to our intended redemption of the 8.00% Notes in March 2022, the holders converted the remaining principal amount outstanding into 2.3 million shares of Globalstar common stock at a conversion price of \$0.69 (as adjusted) per share of common stock. The 2013 8.00% Notes were scheduled to mature on April 1, 2028, subject to various call and put features. Interest on the 2013 8.00% Notes was payable semi-annually in arrears on April 1 and October 1 of each year. We paid interest in cash at a rate of 5.75% per annum and issued additional 2013 8.00% Notes at a rate of 2.25% per annum.

See Note 5: Long-Term Debt and Other Financing Arrangements to our condensed consolidated financial statements for further discussion of the 2013 8.00% Notes.

Vendor Financing

In February 2022, we entered into a satellite procurement agreement (see Note 8: Commitments and Contingencies to our condensed consolidated financial statements for further discussion). This agreement provides for payment deferrals of milestone payments from February 2022 through August 2022, at a 0% interest rate. In August 2022, all deferred payments will become due by which time we intend to complete a senior secured financing. This financing is intended to provide sufficient proceeds for the construction and launch of the satellites. We also expect to refinance our current 2019 Facility Agreement concurrent with or after the financing.

Off-Balance Sheet Transactions

We have no material off-balance sheet transactions.

Recently Issued Accounting Pronouncements

We review recently issued accounting guidance as new standards are issued. Certain accounting standards issued or effective may be applicable to us; however, we have not identified any standards that will have a material impact on our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our services and products are sold, distributed or available in over 120 countries. Our international sales are denominated primarily in Canadian dollars, Brazilian reais and euros. In some cases, insufficient supplies of U.S. currency may require us to accept payment in other foreign currencies. We reduce our currency exchange risk from revenues in currencies other than the U.S. dollar by requiring payment in U.S. dollars whenever possible and purchasing foreign currencies on the spot market when rates are favorable. We currently do not purchase hedging instruments to hedge foreign currencies. We are obligated to enter into currency hedges with the lenders to the 2019 Facility Agreement no later than 90 days after any fiscal quarter during which more than 25% of revenues is denominated in a single currency other than U.S. or Canadian dollars. Otherwise, we cannot enter into hedging agreements other than interest rate cap agreements or other hedges described above without the consent of the agent for the Facility Agreement, and with that consent the counterparties may only be the lenders to the 2019 Facility Agreement.

We expect to refinance our vendor financing in the future and may be exposed to the risk of rising interest rates if this or other future borrowings bear interest at a floating rate.

We also have operations in Argentina, which is considered to have a highly inflationary economy. We continue to monitor the significant uncertainty surrounding current Argentinian exchange mechanisms. Operations in this country are not considered significant to our consolidated operations.

See Note 7: Fair Value Measurements in our condensed consolidated financial statements for discussion of our financial assets and liabilities measured at fair market value and the market factors affecting changes in fair market value of each.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 as of March 31, 2022, the end of the period covered by this Report. This evaluation was based on the guidelines established in *Internal Control - Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Based on this evaluation, each of our Principal Executive Officer and Principal Financial Officer concluded that as of March 31, 2022 our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We believe that the condensed consolidated financial statements included in this Report fairly present, in all material respects, our condensed consolidated financial position and results of operations for the three months ended March 31, 2022.

(b) Changes in internal control over financial reporting.

As of March 31, 2022, our management, with the participation of our Principal Executive Officer and Principal Financial Officer, evaluated our internal control over financial reporting. During the first quarter of 2022, we implemented a new enterprise resource planning ("ERP") system, which replaced our existing financial systems. The implementation and transition to the new ERP system resulted in changes to our reporting processes and our internal control over financial reporting, by automating certain manual procedures and standardizing business processes and reporting across the organization. As a result of this implementation, there were anticipated changes to our internal control over financial reporting, none of which adversely affected the Company's internal control over financial reporting. We will continue to monitor our internal control over financial reporting under the new system, including evaluating the operating effectiveness of related key controls. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that no changes in our internal control over financial reporting occurred during the quarter ended March 31, 2022 have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Uncertain global macro-economic and political conditions could materially adversely affect our results of operations and financial condition.

Our results of operations are materially affected by economic and political conditions in the United States and internationally, including inflation, deflation, interest rates, availability of capital, energy and commodity prices, trade laws and the effects of governmental initiatives to manage economic conditions. Current or potential customers may delay or decrease spending on our products and services as their business and/or budgets are impacted by economic conditions. The inability of current and potential customers to pay us for our products and services may adversely affect our earnings and cash flows.

The current invasion of Ukraine by Russia has escalated tensions among the United States, the North Atlantic Treaty Organization (“NATO”) and Russia. The United States and other NATO member states, as well as non-member states, have announced new sanctions against Russia and certain Russian banks, enterprises and individuals. These and any future additional sanctions and any resulting conflict between Russia, the United States and NATO countries could have an adverse impact on our current operations.

Further, such invasion, ongoing military conflict, resulting sanctions and related countermeasures by NATO states, the United States and other countries are likely to lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions for equipment, which could have an adverse impact on our operations and financial performance.

You should carefully consider the risks described in this Report and all of the other reports that we file from time to time with the SEC, in evaluating and understanding us and our business. Additional risks not presently known or that we currently deem immaterial may also impact our business operations and the risks identified in this Report may adversely affect our business in ways we do not currently anticipate. Our financial condition or results of operations also could be materially adversely affected by any of these risks. Other than as set forth above, there have been no material changes to our risk factors disclosed in Part I. Item 1A. “Risk Factors” of our 2021 Annual Report.

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

Not Applicable

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not Applicable

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1*	Third Amended and Restated Certificate of Incorporation of Globalstar, Inc. (Appendix A to DEF 14A filed April 12, 2021)
3.2*	Fourth Amended and Restated Bylaws of Globalstar, Inc. (Exhibit 3.1 to Form 8-K filed on April 15, 2019)
10.1†	Satellite Procurement Agreement dated February 21, 2022 between Globalstar, Inc. and Macdonald, Dettwiler and Associates Corporation
31.1	Section 302 Certification of the Principal Executive Officer
31.2	Section 302 Certification of the Principal Financial Officer
32.1	Section 906 Certification of the Principal Executive Officer
32.2	Section 906 Certification of the Principal Financial Officer
101.INS	XBRL Instance Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

* Incorporated by reference.

† Portions of the exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

SIGNATURES

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

GLOBALSTAR, INC.

Date: May 5, 2022

By: /s/ David B. Kagan
David B. Kagan
Chief Executive Officer (Principal Executive Officer)

/s/ Rebecca S. Clary
Rebecca S. Clary
Chief Financial Officer (Principal Financial Officer)



1351 Holiday Square Boulevard, Covington, LA 70433 USA

Satellite Procurement Agreement Between Globalstar and Macdonald, Dettwiler and Associates Corporation

This Satellite Procurement Agreement **GINC-220210** is entered into by and between **Globalstar, Inc.**, a Delaware corporation with offices at 1351 Holiday Square Boulevard, Covington, LA 70433, U.S.A. and **Macdonald, Dettwiler and Associates Corporation**, a Canadian corporation with offices at 21025 Trans-Canada Highway, Ste-Anne-De-Bellevue, Quebec, Canada H9X 3R2. The effective date of this Agreement is February 16, 2022 (the “**Effective Date**”).

Except as otherwise provided, capitalized terms are defined in Attachment 1 (Definitions).

Purpose

This Agreement contains the terms and conditions under which Contractor will design, produce, test, deliver, and support Satellites (and related equipment and services) for use as part of the Globalstar System which consists of a constellation of low Earth orbit Satellites [*] (collectively, the “**Project**”). The Parties may sign additional agreements that reference this Agreement to set forth terms and conditions specific to particular Deliverables or Services, including one or more statements of work (“**SOWs**”). Any Deliverables or Services that are not subject to an independent written agreement signed by the Parties shall be governed by this Agreement.

Terms and Conditions

Article 1. Deliverables, Services, and Performance

(A) Satellites. This Agreement applies to low Earth orbiting communications satellites for use as part of the Globalstar System (the “**Satellites**”). Specifications for the Satellites include those set forth in Exhibits A and B and the testing requirements set forth in Exhibit C. The Delivery dates for the Satellites are set forth in Article 4(B) (Delivery Schedule).

(i) Initial Satellites. The first seventeen (17) Satellites ordered by Globalstar shall be referred to as the “**Initial Satellites**.” The first Satellite shall be a proto-flight model (“**PFM**”) to be tested at qualification levels and acceptance duration as a PFM.

(ii) Option for Additional Satellites. [*]

(B) Additional Deliverables and Services. In addition to the Satellites, the scope of this Agreement includes the following Deliverables and Services: [*]

(C) Performance Commitment. Contractor shall develop, produce, test, deliver, and support the Deliverables and Services in accordance with the terms and conditions set forth in this Agreement (including all applicable exhibits and SOWs) and the Specifications by the dates designated herein and therein.



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Article 2. Resources and Personnel

(A) [*]

(B) [*]

(C) Collaboration and Access. Contractor shall collaborate with Globalstar on all aspects of the Deliverables and Services and provide Globalstar access to any applicable resources and Contractor Personnel, including: (i) allowing Globalstar Personnel to participate fully in all aspects of the Deliverables and Services (excluding Contractor's internal meetings); (ii) sharing all relevant documentation and data; and (iii) facilitating co-location of Contractor and Globalstar Personnel.

(D) Contractor Personnel. Contractor shall provide all Contractor Personnel necessary to meet its obligations under this Agreement. Contractor Personnel involved in the development of the Deliverables and the performance of the Services shall have all requisite skills, experience, and expertise to perform assigned tasks. Subject to Globalstar's approval, which shall not be unreasonably withheld nor delayed, Contractor will designate a program manager who shall be responsible for oversight and management of the Deliverables and Services, including responding to Globalstar's questions and issues relating to the Deliverables and Services. Globalstar may require Contractor Personnel to sign a written agreement with Contractor (with a copy of such agreement to be provided to Globalstar within a reasonable timeframe upon request from Globalstar) acknowledging and agreeing to comply with certain security and confidentiality requirements. Contractor represents that it has written agreements in place with each Contractor Personnel sufficient to enable Contractor to comply with all provisions of this Agreement.

(E) Key Personnel and Program Manager. Contractor shall identify a key person for each of the positions set forth in the table below that shall be dedicated to working on the Deliverables and Services until the successful completion of Contractor's obligations under this Agreement (collectively the "**Key Personnel**"). Key Personnel may be removed from performance of Services under this Agreement only with written approval of Globalstar, or due to circumstances outside the control of Contractor, and shall be replaced by Contractor (with Globalstar's written approval which shall not be unreasonably withheld nor delayed) with Personnel of substantially equal qualifications and ability. [*]

(F) Satellite Specialists. Contractor shall assign sufficient satellite specialists (including payload, thermal, AOCS, power, data handling, mission analysis) to support Globalstar for the early operations of the Satellites (Satellite acquisition, stabilization, initialization and orbit raising).

(G) Subcontractors. Contractor may subcontract the performance of any of its obligations under this Agreement to an entity (a "**Subcontractor**") provided that Contractor: (i) first obtains Globalstar's written consent with respect to any Major Subcontractor (Globalstar shall have 15 days to reject or accept Contractor's request and if Globalstar does not respond within the specified timeframe, then the Parties shall meet as soon as possible to discuss and resolve Contractor's request); (ii) [*]

(H) Related Entities. Related Entities of Contractor may provide Deliverables and perform Services under this Agreement, provided that each such Related Entity has been approved by Globalstar in writing (such approval not to be unreasonably withheld nor delayed) and has executed an agreement that requires it to comply with the terms of this Agreement. Contractor is not relieved of any of its obligations under this Agreement by virtue of a Related Entity performing the obligations under this Agreement. Contractor hereby guarantees the performance of the terms and conditions of this Agreement by such Related Entities. Any breach of this Agreement by a Related Entity is deemed to be a breach of this Agreement by Contractor.

(I) [*]

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Article 3. Inspection and Acceptance

(A) Inspection and Acceptance. Deliverables and Services (including interim and final Milestone Events) will be subject to inspection, test, and acceptance or rejection by Globalstar. Globalstar may, in Globalstar's sole discretion, reject any Deliverable or Service that does not meet the Specifications or otherwise comply with the terms of this Agreement. Upon rejection of a Deliverable or Service, Contractor shall: (i) as soon as reasonably practicable but no later than 30 days after rejection, provide a plan acceptable to Globalstar to re-deliver the Deliverables or re-perform the Services; (ii) promptly correct any failure to comply with the terms of this Agreement in accordance with the agreed plan; and (iii) re-deliver the rejected Deliverable or re-perform the rejected Service as soon as practicable. Globalstar will accept or reject the re-delivery or re-performance in accordance with the foregoing procedure, until Globalstar either accepts or cancels the Deliverable or Service. Globalstar shall provide written notice to Contractor following its final acceptance of Deliverables and Services ("**Final Acceptance**").

(B) Satellite Inspection and Acceptance. Without limiting Article 3(A) (Inspection and Acceptance), each Satellite shall be subject to the inspection and acceptance terms set forth in this Article 3(B) (Satellite Inspection and Acceptance) in accordance with the Delivery Schedule.

(i) Pre-Shipment Review. Contractor shall complete a pre-shipment review of each Satellite, which covers a summary of all the testing completed on the Satellite, and resolution of all non-conformances (if any) encountered during the production and testing of the Satellite, as set forth in Exhibit A ("**PSR**"). Following a successfully completed PSR for a Satellite, Contractor shall sign and provide to Globalstar a PSR acceptance certificate. Globalstar may either: (a) countersign the PSR acceptance certificate, which shall deem the Satellite "**Available for Shipment**," and provide directions for shipment to a Launch Site, storage, or other destination; or (b) identify to Contractor the grounds for objecting to the PSR. A "successfully completed PSR" of a Satellite shall mean that: (1) the PSR complies with the provisions of Exhibits A and B; (2) [*]

(ii) Post-Shipment Verification Review. Contractor shall conduct an inspection of each Satellite after delivery to the Launch Site, including as set forth in Exhibit A, to verify that the Satellite has not been degraded or experienced any damage during transportation from Contractor's facility ("**Post-Shipment Verification Review**"). Thereafter, Contractor shall perform tests in accordance with the program test plan and relevant portions of Exhibit C, in the presence of Globalstar.

(iii) Flight Readiness Review. Contractor shall conduct a flight readiness review of each Satellite, which establishes that the Satellite has successfully survived the transportation from the manufacturer's facilities to the launch base, and passed all the launch base testing as set forth in Exhibit A ("**Flight Readiness Review**"), whereupon Contractor shall either certify Satellite compliance or notify Globalstar of those items which fail to meet the requirements of Exhibits A, B, and C. Upon satisfactory completion by Contractor of all requirements of Exhibits A, B, and C, mutually acceptable to Globalstar and Contractor, Contractor shall provide written notice of the completion of Flight Readiness Review. Following such notification, Contractor shall be authorized to proceed to the Launch Readiness Review.

(iv) Launch Readiness Review. Contractor shall conduct a launch readiness review for each Satellite, which establishes that the Satellite has been successfully integrated on to the selected Launch Vehicle and passed all the safety requirements dictated by the Launch Service Provider as set forth in Exhibit A ("**Launch Readiness Review**"). Contractor shall either certify Satellite compliance or notify Globalstar of those items which fail to meet the requirements of Exhibits A, B, and C. Upon satisfactory completion by Contractor of all requirements of Exhibits A, B, and C, mutually acceptable to Globalstar and Contractor, Contractor shall provide written notice of the completion of Launch Readiness Review of each Satellite. Upon such notification, a Satellite shall be ready for launch unless, at any time prior to Intentional Ignition, Contractor shall notify Globalstar if a Satellite is not ready for launch. Upon such notification and prior to launch, Contractor shall remedy such deficiencies or satisfactorily complete other conditions acceptable to Globalstar.

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(v) Satellite Final Acceptance. Final Acceptance of a Satellite not being delivered into storage shall occur upon Intentional Ignition, except that in case of terminated launch as set forth in Article 4(D) (Title and Risk of Loss) where Final Acceptance shall be deemed not to have occurred. Final Acceptance of a Satellite held in storage shall be made upon the earlier of: (a) twelve (12) months following the date that the Satellite was placed in storage; or (b) upon Intentional Ignition.

(C) DSS Inspection and Acceptance. Without limiting Article 3(A) (Inspection and Acceptance), each DSS shall be subject to the inspection and acceptance terms set forth in this Article 3(C) (DSS Inspection and Acceptance).

(i) Factory Acceptance Test. Contractor shall conduct a factory acceptance test review for each DSS at Contractor's facilities, including as set forth in Exhibit A ("Factory Acceptance Test Review"). Upon successful completion of the Factory Acceptance Test Review, Contractor shall provide such certification to Globalstar. If Globalstar objects, it shall provide reasons for such objection to Contractor. Upon such notification by Globalstar or if the DSS does not successfully complete the Factory Acceptance Test Review, Contractor shall remedy the deficiencies and satisfactorily complete other conditions mutually acceptable to Globalstar and Contractor after which Contractor shall proceed to ship each DSS to the designated DSS installation site. Globalstar shall accept or reject the Factory Acceptance Test Review, in writing within ten business days of receiving the certificate from Contractor.

(ii) Simulator Completion Review. Contractor shall conduct a verification of DSS performance in standalone mode, including as set forth in Exhibit A ("Simulator Completion Review"). Upon successful completion of the Simulator Completion Review, Contractor shall provide such certification to Globalstar. Globalstar shall notify Contractor of its acceptance or rejection of the Simulator Completion Review within 15 business days of receiving the certificate from Contractor. If Globalstar objects, it shall provide reasons for such objection to Contractor. Upon such notification by Globalstar or if the DSS does not successfully complete the Simulator Completion Review, Contractor shall remedy the deficiencies and satisfactorily complete other conditions mutually acceptable to Globalstar. Contractor and Globalstar shall, after the successful completion of the Simulator Completion Review, certify in writing on a form mutually agreed, that Final Acceptance of each DSS has occurred.

Article 4. Delivery and Delivery Schedule

(A) Delivery. Contractor shall deliver the Deliverables and Services on time and to the correct location. Time is of the essence as to the delivery of the Deliverables and Services. Contractor shall promptly notify Globalstar as soon as it becomes aware of any delay or potential delay in delivery of the Deliverables or Services. If Contractor is unable to provide the Deliverables or Services in accordance with the Delivery Schedule for any reason, then Contractor shall, without limiting any other remedy Globalstar may have: (i) promptly notify Globalstar, specify the reason for such failure, provide a plan to rectify the same, and use all reasonable efforts to ensure no further delay or impact on the Delivery Schedule; and (ii) use best efforts to assign such additional resources and Contractor Personnel required to resolve the issue and to meet the required future dates.

(B) Delivery Schedule. A high-level Delivery Schedule for the Satellites is set forth in the table below. Additional details for the applicable Milestone Events for Initial Satellites are set forth in Exhibit E. Delivery of a Satellite shall be deemed to have occurred at a successfully completed Pre-Shipment Review. Delivery of a DSS shall be deemed to have occurred upon successful completion of the Simulator Completion Review. **[*]**

(C) Location of Delivery.

(i) Satellites. Each Satellite which is Available for Shipment shall be transported, along with all associated Ground Support Equipment, at Contractor's risk and expense (Delivered Duty Paid (DDP), Incoterms 2020), to the Launch Site selected for the launch of the respective Satellite, unless Globalstar directs Contractor to deliver the Satellite to storage in accordance with Article 10 (Satellite Storage). Notwithstanding the forgoing, Globalstar may direct Contractor to deliver the Satellite to the airport nearest to the Launch Site into the custody of the Launch Services Provider. If a Satellite requires repair after delivery to the Launch Site, all transportation from the Launch Site to the repair facility and back shall be at the expense of Contractor, except if the damage occurred between the time the Satellite arrived at the airport until it was delivered to the Launch Site in which case Globalstar shall be responsible for the repair/replacement costs (including transportation costs) of the Satellite. Contractor shall



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be responsible at its risk and expense for removing or disposing of all Ground Support Equipment and remaining Satellite propellant, if any, used on or brought to the Launch Site from the Launch Site after completion of launches.

(ii) DSSs and Satellite Flight Computer Software. The DSSs and the Satellite Flight Computer Software shall be transported via electronic transmission in a manner acceptable to Globalstar, at Contractor's risk and expense (Delivered Duty Paid (DDP), Incoterms 2020).

(iii) The Parties agree that the price set forth in this Agreement assumes that the Satellites, DSSs, Dispensers, SOCC and Satellite Flight Computer Software will be transported by Contractor to a location in the United States or Canada. If Globalstar instructs Contractor to deliver any of them to a location outside the United States or Canada, Globalstar will pay Contractor reasonably and accurately documented actual costs (excluding allocations and overhead) incurred by Contractor in connection with the delivery outside United States or Canada that are incremental beyond the cost of delivery to a location within the United States or Canada (including but not limited to incremental transport costs, incremental transit insurance, incremental employment taxes, and any incremental duties and taxes applied at the delivery location).

(D) Title and Risk of Loss. Subject to Article 5(C) (Title and Risk of Loss for Stored Satellites): (i) title to and risk of loss for a Satellite shall pass from Contractor to Globalstar upon Intentional Ignition, except as provided in Article 10(C) (Title and Risk of Loss for Stored Satellites); and (ii) title to and risk of loss for DSSs and Satellite Flight Computer Software shall pass from Contractor to Globalstar upon Final Acceptance thereof. Contractor hereby agrees that following Intentional Ignition, should the launch sequence be successfully terminated prior to lift-off of the Launch Vehicle, then at the subsequent time the launch pad is declared safe by the Launch Services Provider, title, care, custody, control, and risk of loss to each applicable Satellite shall revert to Contractor. Notwithstanding the foregoing, the Parties agree that Contractor shall not be responsible for delays due to damage to a Satellite caused solely by the Launch Service Provider after delivery to the Launch Service Provider, provided that Contractor uses all reasonable efforts to minimize any such delays.

(E) No Encumbrances. Contractor shall ensure title to the Satellites, Satellite Flight Computer Software, and DSSs shall pass to Globalstar free and clear of any claims, liens, encumbrances, and security interests of any nature. Contractor shall not grant to third parties any lien, encumbrance, or security interest of any nature on the Satellites, propellant on board the Satellites, Satellite Flight Computer Software, and DSSs.

Article 5. Price

The price for the Deliverables and Services is set forth in the table below. The Parties agree that such amount compensates Contractor in full to provide the Deliverables and Services under this Agreement. Exhibit F sets forth a detailed payment plan for the Initial Satellites. The Parties will agree in good faith to a payment plan for the Additional Satellites upon delivery of any Option Notice. Such payment plan shall require payments upon Milestone Events such that the percentage of payments over time shall be no more accelerated for the Additional Satellites as compared to the Initial Satellites per Exhibit F.

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Article 6. Delivery Delay

(A) Delivery Delays. Contractor understands if Contractor does not successfully complete PSR for the Satellites in accordance with the Delivery Schedule (each a "Delivery Delay"), Globalstar may incur additional costs and damages, which damages are likely to be significant and that on-time Delivery of the first eight Satellites is particularly time-critical. Therefore, if there is a Delivery Delay, Contractor shall pay Globalstar the amounts set forth in Article 6(B) (Liquidated Damages for Delivery Delays) to compensate Globalstar for damages caused by each Delivery Delay (the "Liquidated Damages"). The Parties agree that the Liquidated Damages are a reasonable estimate of the above-described costs and damages, which are difficult to ascertain, and are not intended to address any other costs or damages for delays that exceed the highest number of days in the applicable table below. Except with respect to Delivery Delays not exceeding 180 days (for the first eight Satellites) or 240 days (for Satellites after the first eight Satellites), the Parties do not intend for this Section to limit Globalstar's ability to seek damages or any other available remedies under the Agreement or any other related agreement between the Parties.



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(B) Liquidated Damages for Delivery Delays.

[*]

Article 7. Payment

(A) Cancellation. Globalstar may cancel all or part of the Deliverables or Services at any time by providing Contractor written notice.

(i) [*]

(ii) Costs Following Cancellation. Globalstar will not be responsible for any costs in connection with cancelled Deliverables or Services except for payment of (or Contractor shall refund Globalstar if such amount is negative) an amount equal to: [*]

(B) Contractor Taxes. Except as otherwise stated herein, Contractor will pay all applicable taxes related to any compensation received under this Agreement, including all taxes associated with the performance of the Services in each country which Services are performed (whether by Contractor or the Subcontractors) or in any country outside the United States where the Satellite is placed in storage as set forth in with Article 10 (Satellite Storage). Such taxes shall be paid by Contractor when they become due in compliance with the regulations in force at that time and will not be invoiced to Globalstar under this Agreement. Globalstar will not make deductions from its payments to Contractor for taxes, insurance, bonds, or any other subscription of any kind. Globalstar shall pay all applicable taxes and duties associated with the import of the Deliverables to the delivery location.

(i) Withholding Taxes. Where any taxation authority imposes any income tax on the payment for Deliverables or related services by Globalstar to Contractor and requires Globalstar to withhold such tax ("**Withholding Tax**"), Globalstar may deduct such Withholding Tax from the payment to Contractor and remit such Withholding Tax to the relevant taxing authority on behalf of Contractor. The determination of the applicability of a Withholding Tax is at Globalstar's sole discretion. In the event a reduced Withholding Tax rate may apply on payments to Contractor, Contractor shall provide to Globalstar as soon as practicable all documentation necessary to demonstrate that Contractor is qualified for the reduced rate of Withholding Tax. If the necessary documentation is not provided in a timely fashion before payment, the reduced Withholding Tax rate will not apply and any payments to Contractor shall be subject to the full rate of Withholding Tax. Upon reasonable request by Contractor, Globalstar shall provide Contractor with tax receipts or other documentation evidencing the payment of such Withholding Tax when available.

(ii) Documentation. Upon request, Contractor shall provide Globalstar with a validly executed U.S. Internal Revenue Service form to establish its U.S. or non-U.S. status or any other necessary tax documentation. A non-U.S. Contractor shall note, on each invoice issued to Globalstar under this Agreement, the amount of Deliverables produced or related services performed by Contractor within the United States, if any.

(C) Currency. All amounts payable will be specified and paid in United States Dollars.

(D) Costs. Except as otherwise expressly agreed upon by the Parties in writing, Contractor is solely responsible for costs incurred under this Agreement.

(E) Set-Off and Recoupment. [*]

(F) Failure to Pay. In the event Globalstar fails to pay a successful completed Milestone Events for Deliverables or Services for which there has been a Final Acceptance in accordance with this Agreement within the payment terms stated herein, and such breach is not cured within 30 days of written notice from Contractor, then the Parties shall promptly escalate the matter to senior officers and such senior officers shall use reasonable best efforts to resolve the matter as promptly as practicable. If such matter has not been resolved and the amount remains unpaid 60 days following such escalation, then Contractor may, at its sole discretion, elect by written notice to submit a Contractor Stop Work Order under the terms and conditions of Article 9 (Stop Work) of this Agreement, with no resumption required until such breach is cured. Upon delivery of the payment, Contractor shall resume the performance of the suspended activities and the Parties shall agree on an equitable adjustment to the Delivery

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Schedule to capture the impact resulting from the suspension. Should the Contractor Stop Work Order issued by Contractor pursuant to this paragraph exceed a cumulative period of 120 days without payment on the amount at issue being delivered to Contractor, then Contractor shall be entitled, at its sole discretion and at any time until such breach is cured, to terminate the Agreement and such termination shall be in accordance with Article 22 (B) (Termination for Convenience) as if Globalstar issued the termination notice.

(G) [*]

Article 8. Deviations, Waivers, and Change Orders

(A) Deviations and Waivers. Contractor shall not modify any delivered Deliverables (including the Satellites) without Globalstar's prior written consent. Contractor shall not take any action to conceal, obscure, or facilitate any non-compliance with this Agreement. Should Contractor desire to deviate from the Specifications or other requirements of a specific Deliverable or Service, Contractor may request in writing a deviation or waiver (each a "**RFD/RFW**"), as set forth in Exhibit A. Globalstar may grant or deny each RFD/RFW in its sole discretion.

(B) [*]

Article 9 Stop Work

(A) Globalstar Stop Work Orders. Globalstar may, at any time, by written notice to Contractor (the "**Globalstar Stop Work Order**"), direct Contractor to suspend its performance under this Agreement in whole or in part for a maximum cumulative duration of 18 months. Any Globalstar Stop Work Order shall specify the date of suspension, the estimated duration of the suspension, and whether it is in whole or in part. Upon receiving any Globalstar Stop Work Order, Contractor shall promptly suspend its performance under this Agreement to the extent specified, and during the period of such suspension, shall properly care for and protect all work in progress and materials, supplies, and equipment Contractor has on hand for the performance of its obligations under this Agreement to which such Globalstar Stop Work Order relates. Upon receipt of the Globalstar Stop Work Order, Contractor shall promptly identify to Globalstar portions of the work that Globalstar may wish to continue in order to reduce the impact of the Globalstar Stop Work Order and Globalstar shall advise Contractor accordingly.

(B) Resumption of Work or Termination for Globalstar Stop Work Orders. Globalstar may, at any time during the effectivity of a Globalstar Stop Work Order, either: (i) direct Contractor to resume the performance of its obligations under this Agreement in whole or in part by written notice to Contractor, and Contractor shall resume the performance of its obligations under this Agreement, provided the Delivery Schedule and the price as set forth in Article 5 (Price) for the affected Deliverables and Services is adjusted to account for the impact of the Globalstar Stop Work Order; or (ii) cancel any Deliverables or Services pursuant to Article 7(A) (Cancellation). With regards to adjustments to price, the price will be adjusted in accordance with Article 11(L) (Additional Services).

(C) Contractor Stop Work Orders. Contractor may, by written notice to Globalstar (the "**Contractor Stop Work Order**"), suspend its performance under this Agreement if Contractor has the right to do so under Article 7(C)(ii) (Deferred Payments) or Article 7(H) (Failure to Pay). Any Contractor Stop Work Order shall specify the date of suspension. Upon delivering any Contractor Stop Work Order, Contractor shall promptly suspend its performance under this Agreement, and during the period of such suspension shall properly care for and protect all work in progress and materials, supplies, and equipment Contractor has on hand for the performance of its obligations under this Agreement.

(D) Resumption of Work or Termination for Contractor Stop Work Orders. Upon satisfaction of Globalstar's payment obligations under Article 7(C)(ii) (Deferred Payments) or Article 7(H) (Failure to Pay), Contractor shall immediately resume the performance of its obligations under this Agreement and the Delivery Schedule and the price as set forth in Article 5 (Price) for the affected Deliverables and Services shall be adjusted to account for the impact of the Contractor Stop Work Order. With regards to adjustments to price, the price will be adjusted in accordance with Article 11(L) (Additional Services).

Article 10. Satellite Storage

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Article 11. Options

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Article 12. Globalstar's Undertakings

(A) Launch Services. Globalstar will procure the Launch Services to perform the launch mission in accordance with one or more Launch Services Agreements with one or more Launch Services Providers. This procurement includes dispensers unless Globalstar exercises the option per Article 11(D) (Dispensers). Contractor will provide two High-Fidelity Mass Simulators and support the qualification of the dispenser including fit checks, coupled loads analysis, and other items needed for successful launch and separation of the Satellites. Subject to government requirements, Globalstar will use reasonable efforts to arrange with the Launch Services Provider to provide Contractor and its Subcontractors access to the Launch Sites, utilities, and services at the Launch Sites necessary to permit Contractor to: (i) support the launch schedule; (ii) conduct testing; and (iii) provide the Launch Support Services.

(B) Access. Subject to government requirements, Globalstar will use reasonable efforts to provide access to Contractor and its Subcontractors at each of Globalstar's SOCC facilities and to in-orbit test equipment, on a timely basis, as necessary to permit Contractor to: (i) deliver, install, and test the DSSs; and (ii) perform the MOSS.

(C) Permits. Globalstar shall be responsible for obtaining all necessary approvals, authorizations and/or licenses to launch, test, control, and operate the Satellites.

(D) Notice. Contractor shall promptly notify Globalstar of any failure by Globalstar to perform any of its obligations under this Agreement which may cause Contractor to be delayed or to incur additional costs.

Article 13. Confidentiality

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Article 14. Information, Access, and Audits

(A) Supply Information. Contractor shall provide to Globalstar regular and detailed reports and data to enable Globalstar to monitor the development, testing, and production of the Deliverables, including the status of all work in progress, production and testing data, and any failure analysis ("**Supply Information**"). Contractor shall ensure that the Supply Information provided to Globalstar is complete and accurate and Contractor shall not conceal or obscure any quality issues with the Deliverables or changes to the manufacturing processes. Contractor shall ensure each Subcontractor provides any applicable Supply Information directly to Globalstar.

(B) Progress Meetings, Presentations and Facility Access. In addition to any other meetings called for under the provisions of this Agreement, Contractor shall provide the Personnel, facilities, materials, and support to conduct the following meetings and presentations with Globalstar: (i) informal program manager meetings; (ii) informal project level technical review meetings; and (iii) management level presentations as deemed appropriate by Contractor or Globalstar's management and subject to reasonable prior notice by Globalstar. Whenever Globalstar Personnel accesses Contractor's facilities pursuant to this Agreement, such access shall be conducted in a way to minimize, to the extent reasonably practical, interference with Contractor's normal work, and Globalstar Personnel shall comply with all applicable Contractor security and health and safety policies while at Contractor's facilities. Additional details regarding Globalstar Personnel's access of Contractor's facilities may be set forth in one or more SOWs.

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(i) Prior to each visit, the Parties shall work together in good faith to coordinate the time in which access to the facilities will be made available to the Globalstar Personnel. (Note, Contractor's security policies require that all visitors be escorted while at Contractor facility, as such access shall be conditional on Contractor



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Personnel being present). Contractor acknowledges and agrees that Globalstar intends to have one or more members (such number to be reasonably determined by Globalstar) of Globalstar Personnel onsite at Contractor's facilities on an ongoing basis, and Contractor shall make office space and equipment reasonably available to Globalstar to facilitate the ability for these Personnel to work onsite at Contractor's facilities.

(C) Access to Work in Progress. Subject to any applicable conditions set forth in this Agreement, Contractor shall provide Globalstar access to Contractor's or its Major Subcontractor's facilities, records, and Personnel involved in the performance of Contractor's obligations under this Agreement, including all work in progress and completed Deliverables, Technical Data and information, test data, documentation, testing and hardware, as further set forth in Exhibit A. Contractor shall make Contractor Personnel who are knowledgeable of the relevant records, processes, conditions, and facilities available during to Globalstar and ensure that any information and documentation provided are complete and accurate.

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Article 15. Intellectual Property Rights

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Article 16. Licenses for Export and Launch

(A) Export of Licensed Items. This Agreement is subject to all applicable United States laws and regulations relating to the export of Licensed Items and to all applicable laws and regulations of the country or countries to which such Licensed Items are exported or are sought to be exported. Contractor shall obtain all approvals and licenses required by the laws and regulations of the United States and any other country or countries to which the Licensed Items are exported or are sought to be exported. Contractor shall fully comply with all requirements of any technical assistance agreement related to the substance of this Agreement, whether included as an Appendix hereto or not.

(B) Failures to Obtain Export Approvals. If a government refuses to grant a required approval or license to export the Licensed Items, or to launch a Satellite, or revokes or suspends an approval or license subsequent to its grant, or grants a license or approval subject to conditions, then: (i) this Agreement shall, nevertheless, remain in full force and effect unless terminated in accordance with this Agreement; or (ii) the Delivery Schedule shall be equitably adjusted if and to the extent such refusal, revocation, suspension, or grant subject to conditions results from factors beyond Contractor's reasonable control, and in spite of Contractor's use of best efforts. Such refusal, revocation, suspension, or conditional license shall not affect the obligations of the Parties under this Agreement that are not directly affected by the refusal, revocation, suspension, or conditional license.

(C) Technical Assistance Agreement. Contractor and Globalstar shall cooperate in completing all technical assistance agreements which will allow Globalstar to be directly involved in matters related to some or all Licensed Items, including Launch Services.

Article 17. Representations and Warranties

(A) General. Contractor represents and warrants that: (i) Contractor has full power, authority and legal right to enter into this Agreement, Contractor has the right to grant the rights and licenses contained in this Agreement, and Contractor's performance of this Agreement will not cause Contractor to breach any other written agreements to which it is a party or is bound; (ii) prior to delivery Contractor has full and warrantable title to the Deliverables, which will be delivered free and clear of liens and encumbrances; (iii) all specifications, reports, and other documentation provided by Contractor are complete and accurate; (iv) the Deliverables will not be misbranded or falsely labeled, advertised, or invoiced; (v) the Deliverables and the performance of any obligations under this Agreement do not infringe any Intellectual Property Rights of a third party and no fees or royalties shall be due from Globalstar with respect to use of such Deliverables; (vi) the Deliverables are new and comprised of new materials when delivered, and do not include materials that have previously been delivered to third parties; (vii) the Deliverables are safe for any use that is consistent with the Specifications or that is reasonably foreseeable; (viii) the Deliverables conform to the Specifications and are free from any defects; (ix) Contractor has, with respect to any third-party technology used in the Deliverables, obtained all necessary rights from the third party to permit

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Globalstar to use such technology in accordance with this Agreement, without payment of any royalties or other payments to such third party or any other restrictions (except for the payment of any applicable fees specified in Article 11 (Options)); (x) the Software does not contain any viruses, malware, or other harmful code; (xi) the Deliverables will not contain any Open Source Software unless Globalstar has given its prior written authorization otherwise; (xii) the Deliverables shall not be subject to any third party encumbrances, royalties, restrictions, or requirements, including, any versions of the GPL or LGPL (GNU General Public License or Lesser General Public License), open source license, or any other third party license requirements; and (xiii) the Deliverables shall be free of any and all viruses, Trojan horses, trap doors, and other harmful or limiting code.

(B) Satellite Conformance Warranty. Notwithstanding Article 17(A)(viii) (General), Contractor represents and warrants that each Satellite will be free from material defects in materials and workmanship and will conform to the Specifications, including the requirements in Exhibit B until Intentional Ignition or five years after the Satellite is placed in storage, whichever occurs first. Notwithstanding the preceding sentence, after Intentional Ignition and during the service life of the Satellite, Contractor shall perform Anomaly Support as specified in Exhibit A, and in the event of any material defect, shall perform any repairs that can be affected from the ground and otherwise use best efforts to address the defect from the ground. In the event that any issues are discovered on any Satellite being tested in the factory or in the event of any industry alerts on any relevant parts that are discovered after a satellite has shipped but prior to launch, Contractor shall promptly notify Globalstar and fix the affected parts on all unlaunched Satellites. For clarity, Contractor's obligations under this Article 17(B) (Satellite Conformance Warranty) do not extend to defects in software resulting from modifications or patches made primarily by Globalstar or for damage to a Satellite caused primarily by the Launch Service Provider.

(C) Satellite Flight Computer Software Warranty. Notwithstanding Article 17(A)(viii) (General), Contractor represents and warrants that the Satellite Flight Computer Software will be free from material defects in materials and workmanship and will conform to the Specifications, including the requirements in Exhibit B. This warranty shall start upon the date of Final Acceptance and shall continue for a period of five years. The scope of this warranty is as set forth in Exhibit A. For clarity, Contractor's obligations under this Article 17(C) (Satellite Flight Computer Software Warranty) do not extend to defects in software resulting from modifications or patches made primarily by Globalstar.

(D) SOCC Software Warranty. Notwithstanding Article 17(A)(viii) (General) and subject to Globalstar exercising the option under Article 11(G), Contractor represents and warrants that the SOCC software will be free from material defects in materials and workmanship and will conform to the Specifications, including the requirements in Exhibit I. This warranty shall start upon the date of Final Acceptance and shall continue for a period of five years. For clarity, Contractor's obligations under this Article 17(D) (SOCC Software Warranty) do not extend to defects in software resulting from modifications or patches made by Globalstar or a third party on behalf of Globalstar.

(E) DSS Warranty. Notwithstanding Article 17(A)(viii) (General), Contractor represents and warrants that the DSS will be free from material defects in materials and workmanship and will conform to the Specifications, including the requirements in Exhibit E. This warranty shall start upon the date of Final Acceptance thereof and shall continue for a period of five years. For clarity, Contractor's obligations under this Article 17(E) (DSS Warranty) do not extend to defects in software resulting from modifications or patches made primarily by Globalstar or for damage to the DSS caused by Globalstar.

(F) Duty to Correct for R&W. Contractor shall, at any time during the respective warranty periods expressed in Article 17(B) (Satellite Conformance Warranty), Article 17(C) (Satellite Flight Computer Software Warranty), and Article 17(E) (DSS Warranty) and irrespective of prior inspections or acceptance, at Globalstar's option and after consultation with Contractor: (i) correct or replace the Deliverables; (ii) re-perform the Services; or (iii) if correction, replacement, or re-performance is impractical, refund Globalstar or credit Globalstar for any amounts paid by Globalstar for the defective or nonconforming Deliverables or Services, and relieve Globalstar of any obligation to pay any amounts incurred but not yet paid for the defective Deliverables or Services or any related Deliverables or Services directly impacted by such defective Deliverables or Services.

(G) Regular and Diligent Review. In addition to the rights, duties, and obligations of Contractor under other provisions of this Agreement, Contractor shall regularly and diligently review and assess the generic design of each Satellite and related equipment, and the performance data available from any Satellite which has been launched or is to be launched and the performance of any equipment (other than Satellites) supplied, operated, or installed or to be

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so supplied, operated or installed by Contractor up to the time of launch for a Satellite. If such review and assessment shows that a defect exists which affects adversely or is reasonably likely to affect adversely in any material respect the operation or performance of a Satellite or other equipment, Contractor shall notify Globalstar of any changes required thereto and, upon the written agreement of Globalstar, take prompt and appropriate measures at Contractor's sole cost to correct a Satellite and other equipment before launch, so as to eliminate the defect therefrom.

(H) Limited Warranties. Notwithstanding any other provisions of this Agreement to the contrary, the warranties provided in this Agreement are in lieu of all other warranties, express or implied, including fitness for particular purpose or merchantability, whether arising from law, custom, or conduct, and the rights and remedies provided herein are exclusive and in lieu of any other rights and remedies with respect to the failure by Contractor to furnish deliverable items free from any defect in materials, workmanship, or conformance with specification requirements.

Article 18. Indemnification

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(A) Duty to Correct for IPR Claims. If a third party claims that the Deliverables infringe any Intellectual Property Rights, Contractor shall, in addition to its other obligations under this Article 18 (Indemnification), promptly notify Globalstar in writing of such claims and, at its own expense, exercise one or more of the following remedies in coordination with Globalstar and at a time and in a manner that will avoid material risks of delay in meeting the applicable Delivery dates and any risk of interruption of Globalstar's business: (i) obtain for Globalstar, from such third party, rights with respect to the Deliverables to enable Contractor to perform its obligations under this Agreement; (ii) modify the Deliverables so they are non-infringing and in compliance with this Agreement; (iii) replace the Deliverables with non-infringing versions that comply with the requirements of this Agreement; or (iv) if Contractor is unable to comply with items (i), (ii) and (iii), at Globalstar's request, accept the cancellation of infringing Deliverables and refund any amounts paid.

Article 19. Insurance

(A) Insurance and Loss Prevention. Contractor shall, at no cost to Globalstar, maintain the following minimum insurance in full force and effect throughout the term of this Agreement: (i) public liability or general liability insurance and products liability insurance (either in combined form or in separate policies), including coverage for bodily injury and property damage, products liability, claims by one insured against another insured, and Contractor's defense and indemnity obligations under this Agreement, with coverage of not less than \$[*] combined single limit per occurrence and \$[*] annual aggregate; (ii) automobile liability insurance in compliance with all statutory requirements for all owned, non-owned, and hired motor vehicles used in the performance of Contractor's obligations under this Agreement; (iii) workers' compensation or employer's liability insurance in compliance with all statutory regulations in any country, state, territory, or province where any of the Services or Deliverables are provided, manufactured, or delivered; (iv) electronics errors and omissions insurance of \$[*] Contractor's liability for claims arising out of design specifications provided by Contractor; and (v) insurance with sufficient limits to cover Contractor's liability for risk of loss or damage to Globalstar property (including Deliverables and work in progress) while in Contractor's care, custody, or control, including while in or about Contractor's and its Subcontractors' premises, while at other premises which may be used or operated by Contractor for construction or storage purposes, and while in transit, or while at the Launch Site until Intentional Ignition for a Satellite. The amount of insurance shall be sufficient to cover the full replacement value of all Deliverables and Services. Upon request by Globalstar, Contractor will provide any certificates of insurance to Globalstar. Additionally, Contractor will add Globalstar as an additional insured under the "all risks" insurance as far as Globalstar's interests may appear.

(B) Insurance Applicability. The insurance coverage that Contractor is obligated to maintain pursuant to Article 19(A) (Insurance and Loss Prevention) must include either: (i) an indemnity to principals clause and either a blanket interest provision or a separate note as to the interests of Globalstar, all officers and directors of Globalstar, and any other party which Globalstar identified prior to the Effective Date as principals for liabilities and damages for which Contractor is obligated to provide indemnity to such parties pursuant to this Agreement; or (ii) Globalstar and any other party which Globalstar may reasonably designate as additional insureds as identified by Globalstar

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prior to the Effective Date or mutually agreed by the Parties for liabilities arising out of the acts or omissions of Contractor, its employees, and agents in the performance of this Agreement. Any property insurance that Contractor maintains in accordance with the terms of the Agreement must include Globalstar as loss payees, as their interests may appear. The insurance described in this Article 19 (Insurance) shall be primary to and without a right of contribution from any insurance maintained by or otherwise afforded to Globalstar. The insurance may be issued with deductibles, which are consistent with Contractor's current insurance policies. The amount of any loss up to the value of the deductible level, or not otherwise covered by the insurance, shall be borne by Contractor.

(C) Maintenance of Insurance. Within a reasonable time after the Effective Date and after replacement or renewal of coverage, Contractor shall deliver to Globalstar standard evidence of the maintenance of the coverage required by this Article 19 (Insurance). In the event of cancellation of any required coverage, Contractor shall promptly replace such coverage so that no lapse in insurance occurs.

(D) Certificate of Compliance. Contractor shall provide to Globalstar, at least 24 hours prior to Intentional Ignition, a written statement containing the following: (i) the Satellites to be launched have passed qualification and acceptance tests, including the Flight Readiness Review, under this Agreement, subject to written waivers that have been issued and approved by Globalstar; and (ii) any and all known defects or anomalies observed on: (a) already launched or on ground similar satellites manufactured by Contractor; or (b) on the Satellites to be launched during their development, which came to Contractor's knowledge prior to the Flight Readiness Review, have been recorded and investigated and that all required remedy measures have been implemented in accordance with the applicable quality procedures as far as applicable and in so far as they would adversely affect the performance of the Satellites to be launched, such information provided to Globalstar.

Article 20. Force Majeure

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Article 21. Limitation of Liability

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Article 22. Termination

(A) Termination for Default.

(i) Globalstar Right to Terminate for Default. Globalstar may terminate this Agreement at any time, upon written notice, if: (a) Contractor materially breaches any of its obligations under this Agreement (except Delivery Delays which are subject to subsection (b) below) and Contractor either: (i) fails to provide a recovery plan for material breach (which includes a specific time line for cure of the material breach) within 30 days after notice which is accepted by Globalstar in writing; or (ii) fails to successfully complete such recovery plan and cure such material breach within the time line set forth in the recovery plan; (b) any Delivery Delay exceeds 180 days (for the first 8 Satellites) or 240 days (for Satellites 9+) or Contractor fails to satisfactorily complete the Services such that it can be reasonably anticipated by Globalstar that a Delivery Delay will exceed 180 days (for the first 8 Satellites) or 240 days (for Satellites 9+); (c) Contractor becomes insolvent, makes an assignment for the benefit of creditors, or files or is the subject of a petition in bankruptcy; or (d) except as expressly permitted under the Agreement, Contractor stops the performance of any material part of its obligations under this Agreement and fails to provide written assurances that it is unequivocally able to comply with the terms of this Agreement and resumes performance within seven days.

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(B) Termination for Convenience. Globalstar may, for its convenience, terminate this Agreement in whole or in part by giving ten days written notice to Contractor. If Globalstar terminates this Agreement, any pending Deliverables or Services shall be deemed cancelled under Article 7(A) (Cancellation).



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(C) Survival. Upon termination of this Agreement, the provisions in this Agreement, which by their nature, should remain in effect beyond termination of this Agreement will survive until fulfilled, including Article 10 (Satellite Storage), Article 13 (Confidentiality), Article 15 (Intellectual Property Rights), Article 17 (Representations and Warranties), Article 18 (Indemnification), this Article 22 (Termination), and Article 23 (Miscellaneous).

Article 23. Miscellaneous

(A) General Terms and Conditions. This Contract is subject to the general terms and conditions set forth in Attachment 2.

(B) Complete Agreement. The Parties agree that this Agreement and any documents referenced herein, including attachments, exhibits, amendments, SOWs, or other written agreements under this Satellite Procurement Agreement, constitute the complete and exclusive agreement between them superseding all contemporaneous and prior agreements (written and oral) and all other communications between them relating to the subject matter of this Agreement. Neither of the Parties is to be bound by any conditions, definitions, warranties, understandings, or representations with respect to the subject matter of this Agreement other than as expressly provided in this Agreement or documents referenced in this Agreement. No oral explanation or oral information by Contractor or Globalstar shall alter the meaning or interpretation of this Agreement. The terms and conditions of this Agreement will prevail notwithstanding any different, conflicting, or additional terms and conditions that may appear in any acknowledgment, or other writing not expressly incorporated into this Agreement.

(C) Precedence. In case of any inconsistencies among the articles of this Agreement and any of the exhibits, the following order of precedence shall apply:

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(D) Amendment. Except as expressly provided for in this Agreement or any SOW for Globalstar to make updates, no amendment to this Agreement shall be binding unless in writing signed by a duly authorized representative of both Parties.

Execution

Acknowledged and agreed by their duly authorized representatives.

Globalstar, Inc. Macdonald, Dettwiler and Associates Corporation

By: /s/ Timothy Taylor By: /s/ Mike Greenley

Name: Timothy Taylor Name: Mike Greenley

Title: VP Finance, Business Operations and Strategy Title: CEO

Date: 2/21/22 Date: February 16, 2022

CONTRACT NUMBER GINC-220210

Globalstar Proprietary and Confidential



1351 Holiday Square Boulevard, Covington, LA 70433 USA

Attachment 1. Definitions

“**Additional Satellites**” is defined in Article 1(A)(ii) (Option for Additional Satellites).

“**AEO**” is defined in [Attachment 2](#).

“**Agreement**” shall mean this Satellite Procurement Agreement between Globalstar and Contractor, including all exhibits and appendices referenced herein, and all amendments that may be made hereto and thereto.

“**Anomaly Support**” shall mean all anomaly support Services necessary to support the operation and maintenance of each Satellite following their launch, including as set forth in [Exhibit A](#).

“**Available for Shipment**” is defined in Article 3(B)(i) (Pre-Shipment Review).

[*]

“**Bill of Materials**” is defined in Article 2(I) (Bill of Materials).

“**CDR**” is defined in Article 11(D) (Dispensers).

“**Change Order**” is defined in Article 8(B) (Change Orders).

“**Change of Control Transaction**” is defined in [Attachment 2](#).

“**CIETAC**” is defined in [Attachment 2](#).

“**Commercialize**” means to use, make, reproduce, sublicense, display, perform, modify, create derivative works, import, sell, offer to sell, distribute, advertise, and otherwise commercialize or exploit., and to have any of the foregoing done on behalf of Globalstar or Contractor (as applicable).

“**Contractor**” means Macdonald, Dettwiler and Associates Corporation and its Related Entities.

“**Contractor Stop Work Order**” is defined in Article 9(C) (Contractor Stop Work Orders).

“**Covered Claims**” is defined in Article 18(A) (Covered Claims).

“**CTPAT**” is defined in [Attachment 2](#).

“**Deferred Payment**” is defined in Article 7(C)(ii) (Deferred Payments).

“**Deferred Payment Date**” is defined in Article 7(C)(ii) (Deferred Payments).

“**Deliverables**” means the tangible results of services performed by Contractor to be delivered to Globalstar as set forth in this Agreement, including the Satellites, the DSSs, and any other items set forth in forth in Article 1 (Deliverables, Service, and Performance), and any other items not identified in this Agreement that are delivered by Contractor to Globalstar in connection with the Agreement to the extent that such items are not covered under the terms and conditions of a separate written agreement signed by the Parties.

“**Delivery**” shall mean the delivery of Deliverables as set forth in Article 4 (Delivery and Delivery Schedule).

“**Delivery Delay**” is defined in Article 6(A) (Delivery Delays).

“**Delivery Schedule**” shall mean the most current version of the project schedule provided by Globalstar for Delivery of the Deliverables and the performance of the Services, including as set forth in Article 4 (Delivery and Delivery Schedule).



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“**Documentation**” shall mean all documentation reasonably requested by Globalstar related to the Deliverables or Services, including as set forth in Exhibit A, or that Contractor has or may in the future prepare for the purpose of enabling development, operation, and maintenance of the Deliverables, and any updates thereto.

“**DSS**” shall mean all dynamic satellite simulator software (in executable form and source code form) necessary to design, produce, test, and deliver the Deliverables and all updated versions, including as set forth in Exhibit E.

[*]

“**Effective Date**” is defined in the Preamble.

“**Feedback**” means any ideas, suggestions, or recommendations provided by Contractor to Globalstar regarding the Specifications or any Globalstar products or services.

“**Factory Acceptance Test Review**” is defined in Article 3(C)(i) (Factory Acceptance Test).

“**Final Acceptance**” is defined in Article 3(A) (Inspection and Acceptance).

“**Flight Readiness Review**” is defined in Article 3(B)(iii) (Flight Readiness Review).

“**Force Majeure Event**” is defined in Article 20(A) (Force Majeure Events).

“**Globalstar**” means Globalstar, Inc. and its Related Entities.

“**Globalstar Stop Work Order**” is defined in Article 9(A) (Globalstar Stop Work Orders).

“**Globalstar System**” shall mean the system consisting of the Satellites, Ground Control Network, network control centers and user terminals for the provision of communications services.

“**Ground Control Network**” shall mean the items to be provided by Globalstar composed of the following: (i) Satellite Control Network; (ii) the gateway RF terminals; and (iii) the Globalstar data network.

“**Ground Support Equipment**” or “**GSE**” shall mean all equipment used or necessary to permit the transportation, handling, integration, and test of the Satellite during factory validation testing and pre-Launch operations.

“**High-Fidelity Mass Simulator**” shall mean a non-flight hardware simulator for the purposes of developing the appropriate launch vehicle dispenser or adaptor mechanical and electrical interfaces, which is a form and fit replica of the Satellite, including the electrical harness required to interface with the Launch Vehicle dispenser or adaptor, but does not include the functionality of the Satellite.

“**ICC Rules**” is defined in Attachment 2.

“**Initial Satellites**” is defined in Article 1(A)(i) (Initial Satellites).

[*]

“**Intentional Ignition**” shall mean the moment in time, as indicated in the automatic sequence control equipment, when the intentional ignition of the first stage engine occurs. This definition will be adjusted as necessary to be consistent with the Launch Services Agreement.

“**Key Personnel**” is defined in Article 2(E) (Key Personnel and Program Manager).

“**Launch Date**” shall mean each date scheduled for Launch of one or more Satellites.

“**Launch Readiness Review**” is defined in Article 3(B)(iv) (Launch Readiness Review).

“**Launch Services**” shall mean the services provided by a Launch Services Provider pursuant to a Launch Services Agreement.



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“**Launch Support Services**” shall mean all launch support Services necessary to support the launch of each Satellite, including as set forth in Exhibit A.

“**Launch Vehicle**” shall mean each vehicle provided by the Launch Services Providers on which one or more Satellite are to be launched. A list of possible Launch Vehicles is included in Exhibit A.

“**Licensed Items**” shall mean any Deliverables being furnished pursuant to, or to be utilized in connection with, this Agreement which require the approval, permission, or license from a government with respect to export control laws of such government.

“**Liquidated Damages**” is defined in Article 6(A) (Delivery Delays).

“**Major Subcontractor**” means: (a) a Subcontractor for specific subsystems or components as set forth on Exhibit G; or (b) any direct or lower-tier subcontractor whose total cost under the Project exceeds \$10,000,000.

“**Milestone Events**” shall mean those milestones which are eligible for payment as set forth in the column entitled “Milestone Events” in Exhibit E.

“**Mission Operations Support Services**” or “**MOSS**” shall mean all mission operations support Services necessary to support the launch, operation, and maintenance of each Satellite, including as set forth in Exhibit A.

[*]

“**Open Source Software**” means any software or derivative thereof that is subject to: (i) a requirement that it is to be distributed or made available in source code; (ii) a requirement that any patents related to the software are either licensed to or may not be asserted against recipients of the software; (iii) a requirement to include licensor attribution; or (iv) any license meeting the Open Source Definition (as promulgated by the Open Source Initiative), the Free Software Definition (as promulgated by the Free Software Foundation, or any substantially similar license, including the GNU General Public License (GPL), Lesser/Library GPL (LGPL), the Mozilla Public License (MPL), the Apache License, the BSD license, or the MIT license.

“**Option Notice**” is defined in Article 1(A)(ii) (Option for Additional Satellites).

“**Party**” or “**Parties**” shall mean one or both of Contractor and Globalstar.

“**PDR**” is defined in Article 4(B) (Delivery Schedule).

“**Personnel**” of an entity means its respective officers, directors, agents, consultants, contractors, and employees of it or its affiliates.

“**PFM**” is defined in Article 1(A)(i) (Initial Satellites).

“**Post-Shipment Verification Review**” is defined in Article 3(B)(ii) (Post-Shipment Verification Review).

“**Project**” is defined in the Purpose.

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“**Project IPR**” is defined in Article 15(B) (Project IPR).

“**PSR**” is defined in Article 3(B)(i) (Pre-Shipment Review).



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“**Related Entity**” means any corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, or other business entity that controls, is controlled by, or is under common control with an entity, where “control” means that the entity possesses, directly or indirectly, the power to direct or cause the direction of the management policies of the other entity, whether through ownership of voting securities, an interest in registered capital, by contract, or otherwise.

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“**RFD/RFW**” is defined in Article 8(A) (Deviations and Waivers).

“**Satellites**” is defined in Article 1(A) (Satellites).

“**Satellite Control Network**” shall mean the items to be provided by Globalstar composed of the following: (i) Satellite Operations Control Centers (SOCCs) (Main, Development and Back Up SOCCs) (or as provided by Contractor in accordance with Article 11(G) (Satellite Operations Control Center (SOCC))); (ii) the Telemetry Command Units (TCUs); and (iii) the In Orbit Test Equipment (MCE and CMA), as set forth in Exhibit A.

“**Satellite Flight Computer Software**” shall mean the software (in executable form and source code form) that resides within the on-board computer and controls the distribution of commands and telemetry throughout the Satellites, including updated versions, to be delivered as set forth in Exhibit A.

“**Services**” shall mean the services to be performed by Contractor as set forth in this Agreement, including the design, development, construction, manufacturing, labor, services, testing, and other services of Contractor necessary to design, produce, test, and deliver the Deliverables in accordance with this Agreement, and any other services Contractor provides to Globalstar that are not covered under the terms and conditions of a separate written agreement signed by the Parties.

“**Simulator Completion Review**” is defined in Article 3(C)(ii) (Simulator Completion Review).

“**Software**” means all software related to the development, testing, use, and maintenance of the Deliverables, including drivers, firmware, test software, tools, development kits, and application programming interfaces.

“**SOCC**” is defined in Article 11(G) (Satellite Operations Control Center).

“**SOW**” is defined in the Purpose.

“**Specifications**” means the most current version of all specifications and requirements applicable to any Deliverable (including Satellites and DSSs), Service, or Software that Globalstar may provide from time to time (including the specifications and requirements set forth in the documents referenced in this Agreement (e.g., Exhibit A), the Delivery Schedule, and the Standards) and drawings or other descriptions provided by Contractor and approved in writing by Globalstar.

“**Standards**” shall mean the applicable version of any industry standard, regulatory requirement, or certification requirement generally followed in the provision of Deliverables or Services of the type provided under this Agreement, for the United States, European Union, and any other major market worldwide.

“**Storage NTE**” is defined in Article 10(B) (Price of Storage Services).

“**Storage Plan**” shall mean a plan for the storage of one or more Satellite at a site designated in the plan, as set forth in Exhibit A.

“**Storage Services**” is defined in Article 10(A) (Storage Services).

“**Subcontractor**” is defined in Article 2(G) (Subcontractors).

“**Supply Information**” is defined in Article 14(A) (Supply Information).



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“**System Integration and Testing Support**” shall mean all system integration and testing support necessary to integrate the Satellites and other Deliverables into the overall Globalstar System, and the calibration and testing of the system, to ensure that the Satellites and other Deliverables operate within specification as part of the overall Globalstar System and interoperate successfully with other system elements, as set forth in Exhibit A and Exhibit I.

“**Taxes**” shall mean all present and future taxes, levies, and duties whatsoever, including custom duties, VAT, import taxes, sales taxes or charges, taxes, fees or duties of similar nature whatsoever.

“**Technical Data**” shall mean information which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of the Satellite and the DSS, including documentation.

“**US Bankruptcy Code**” is defined in Attachment 2.

“**Withholding Tax**” is defined in Article 7(D)(i) (Withholding Taxes).

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CONTRACT NUMBER GINC-220210

Globalstar Proprietary and Confidential

Certification of Chief Executive Officer

I, David B. Kagan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my conclusion 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my 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:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

By: /s/ David B. Kagan
David B. Kagan
Chief Executive Officer (Principal Executive Officer)

Certification of Chief Financial Officer

I, Rebecca S. Clary certify that:

1. I have reviewed this quarterly report on Form 10-Q of Globalstar, 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my conclusion 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my 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:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

By: /s/ Rebecca S. Clary
Rebecca S. Clary
Chief Financial Officer (Principal Financial Officer)

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Globalstar, Inc. (the "Company"), does hereby certify that:

This quarterly report on Form 10-Q for the quarter ended March 31, 2022 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2022

By: /s/ David B. Kagan
David B. Kagan
Chief Executive Officer (Principal Executive Officer)

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Globalstar, Inc. (the "Company"), does hereby certify that:

This quarterly report on Form 10-Q for the quarter ended March 31, 2022 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2022

By: /s/ Rebecca S. Clary
Rebecca S. Clary
Chief Financial Officer (Principal Financial Officer)