
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 October 31, 2023

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 001-40166

Planet Labs PBC

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-4299396

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

645 Harrison Street, Floor 4, San Francisco, California

94107

(Address of principal executive offices)

(Zip Code)

(415) 829-3313

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	PL	New York Stock Exchange
Warrants to purchase Class A common stock, at an exercise price of \$11.50 per share	PL WS	New York Stock Exchange

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"/>
		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. ☐

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

The registrant had 266,468,366 outstanding shares of Class A common stock, and 21,157,586 shares of Class B common stock as of December 1, 2023.

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Unless the context otherwise requires, the “Company”, “Planet”, “we,” “our,” “us” and similar terms refer to Planet Labs PBC, a Delaware public benefit corporation (f/k/a dMY Technology Group, Inc. IV, a Delaware corporation), and its consolidated subsidiaries.

Cautionary Note Regarding Forward Looking Information

This Quarterly Report on Form 10-Q for the quarter ended October 31, 2023 (the “Form 10-Q” or “this report”) includes statements that express Planet’s opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements.” Words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “seek,” “may,” “will,” “could,” “can,” “should,” “would,” “believes,” “predicts,” “potential,” “strategy,” “opportunity,” “aim,” “continue,” and similar expressions or the negative thereof, or discussions of strategy, plans, objectives, intentions, estimates, forecasts, outlook, assumptions, or goals, are intended to identify such forward-looking statements. Forward-looking statements appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which Planet operates. Forward-looking statements contained in this report include statements about:

- our future financial performance, including expectations regarding our revenue, cost of revenue, operating expenses, capital expenditures, cash flows and our ability to achieve profitability;
- our ability to attract and retain customers, including our ability to renew existing contracts and expand our relationships with existing customers;
- our expectations regarding the value of our offerings to our customers over time;
- our expectations regarding market growth, including our ability to grow in existing markets and expand into new markets;
- our ability to continue to improve our data and offer software and analytic solutions to improve the value of our data;
- our ability to continue to invest in our sales and marketing, software platform development, machine learning and analytic tools as well as our applications and new satellite technologies;
- our relationships with third-party partners, vendors and solution providers;
- our ability to manage risks and challenges associated with our financial conditions and results of operations;
- our expectations regarding the future impact of seasonality on our business;
- our management of future growth and business operations, as well as the expected results of our workforce reduction;
- our expectations regarding the realization of our U.S. and foreign deferred tax assets;
- our ability to maintain, protect and enhance our intellectual property; and
- the increased expenses associated with being a public company.

The foregoing list may not contain all of the forward-looking statements made in this Form 10-Q. Such forward-looking statements are based on available current market material and our current expectations, beliefs and forecasts concerning future events and their potential effects on Planet. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties, and other factors, including those described in the “Risk Factors” section of our most recent Annual Report on Form 10-K, this Form 10-Q, as well as the other documents filed by us from time to time with the U.S. Securities and Exchange Commission (“SEC”). We operate in a rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Form 10-Q. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

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The forward-looking statements contained in this Form 10-Q are based on information available to us at the time of filing of this Form 10-Q and relate only to events as of the date on which the statements are made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Part I. - Financial Information

Item 1. Financial Statements

Planet Labs PBC

Condensed Consolidated Balance Sheets (Unaudited)

(In thousands, except share and par value amounts)

	October 31, 2023	January 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 101,547	\$ 181,892
Restricted cash and cash equivalents, current	7,880	527
Short-term investments	213,347	226,868
Accounts receivable, net of allowance of \$1,139 and \$1,289, respectively	45,145	38,952
Prepaid expenses and other current assets	19,616	27,416
Total current assets	387,535	475,655
Property and equipment, net	114,058	108,091
Capitalized internal-use software, net	14,050	11,417
Goodwill	135,701	112,748
Intangible assets, net	27,427	14,831
Restricted cash and cash equivalents, non-current	10,321	5,657
Operating lease right-of-use assets	22,091	20,403
Other non-current assets	2,337	3,921
Total assets	\$ 713,520	\$ 752,723
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 4,589	\$ 6,900
Accrued and other current liabilities ⁽¹⁾	41,961	46,022
Deferred revenue ⁽¹⁾	67,228	51,900
Liability from early exercise of stock options	9,860	12,550
Operating lease liabilities, current	7,500	4,885
Total current liabilities	131,138	122,257
Deferred revenue ⁽¹⁾	7,763	2,882
Deferred hosting costs ⁽¹⁾	8,353	8,679
Public and private placement warrant liabilities	2,666	16,670
Operating lease liabilities, non-current	17,321	17,145
Contingent consideration	5,588	7,499
Other non-current liabilities	7,093	1,487
Total liabilities	179,922	176,619
Commitments and contingencies (Note 10)		
Stockholders' equity		
Common stock, \$0.0001 par value, 570,000,000, 30,000,000 and 30,000,000 Class A, Class B and Class C shares authorized at October 31, 2023 and January 31, 2023, 264,375,121 and 250,625,975 Class A shares issued and outstanding at October 31, 2023 and January 31, 2023, respectively, 21,157,586 Class B shares issued and outstanding at October 31, 2023 and January 31, 2023, 0 Class C shares issued and outstanding at October 31, 2023 and January 31, 2023 ⁽¹⁾	28	27
Additional paid-in capital	1,583,531	1,513,102
Accumulated other comprehensive income (loss)	(242)	2,271
Accumulated deficit	(1,049,719)	(939,296)
Total stockholders' equity	533,598	576,104
Total liabilities and stockholders' equity	\$ 713,520	\$ 752,723

(1) Balance includes related-party transactions entered into with Google, LLC ("Google"). See Note 12.

See accompanying notes to unaudited condensed consolidated financial statements.

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Planet Labs PBC

Condensed Consolidated Statements of Operations (Unaudited)

(In thousands, except share and per share amounts)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Revenue ⁽¹⁾	\$ 55,380	\$ 49,704	\$ 161,844	\$ 138,281
Cost of revenue ⁽¹⁾	29,350	24,728	81,375	73,333
Gross profit	26,030	24,976	80,469	64,948
Operating expenses				
Research and development ⁽¹⁾	33,002	27,598	87,929	79,085
Sales and marketing	20,774	19,383	66,209	57,721
General and administrative	20,112	20,627	62,161	61,128
Total operating expenses	73,888	67,608	216,299	197,934
Loss from operations	(47,858)	(42,632)	(135,830)	(132,986)
Interest income	3,445	2,853	11,753	4,276
Change in fair value of warrant liabilities	6,833	(19)	14,004	5,369
Other income (expense), net	(69)	1	894	123
Total other income (expense), net	10,209	2,835	26,651	9,768
Loss before provision for income taxes	(37,649)	(39,797)	(109,179)	(123,218)
Provision for income taxes	355	439	1,244	907
Net loss	\$ (38,004)	\$ (40,236)	\$ (110,423)	\$ (124,125)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.13)	\$ (0.15)	\$ (0.40)	\$ (0.47)
Basic and diluted weighted-average common shares outstanding used in computing net loss per share attributable to common stockholders	284,197,733	267,947,661	277,252,951	266,104,962

(1) Balance includes related-party transactions entered into with Google. See Note 12.

See accompanying notes to unaudited condensed consolidated financial statements.

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Planet Labs PBC

Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

(In thousands)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Net loss	\$ (38,004)	\$ (40,236)	\$ (110,423)	\$ (124,125)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(1,667)	(235)	(1,543)	82
Change in fair value of available-for-sale securities	89	(1,538)	(970)	(1,235)
Other comprehensive income (loss), net of tax	(1,578)	(1,773)	(2,513)	(1,153)
Comprehensive loss	<u>\$ (39,582)</u>	<u>\$ (42,009)</u>	<u>\$ (112,936)</u>	<u>\$ (125,278)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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Planet Labs PBC

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

(In thousands, except share amounts)

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Other	Deficit	Stockholders'
			Capital	Comprehensive		Equity
				Income (Loss)		
Balances at January 31, 2022	262,175,273	\$ 27	\$ 1,423,151	\$ 2,096	\$ (777,029)	\$ 648,245
Cumulative effect of adoption of ASU 2016-13	—	—	—	—	(301)	(301)
Issuance of Class A common stock from the exercise of common stock options	3,524,182	—	6,203	—	—	6,203
Issuance of Class A common stock upon vesting of restricted stock units	215,178	—	—	—	—	—
Vesting of early exercised stock options	91,911	—	896	—	—	896
Class A common stock withheld to satisfy employee tax withholding obligations	(75,442)	—	(411)	—	—	(411)
Stock-based compensation	—	—	20,259	—	—	20,259
Change in translation	—	—	—	175	—	175
Net loss	—	—	—	—	(44,360)	(44,360)
Balances at April 30, 2022	265,931,102	\$ 27	\$ 1,450,098	\$ 2,271	\$ (821,690)	\$ 630,706
Issuance of Class A common stock from the exercise of common stock options	605,690	—	1,455	—	—	1,455
Issuance of Class A common stock upon vesting of restricted stock units	1,061,915	—	—	—	—	—
Vesting of early exercised stock options	91,911	—	896	—	—	896
Class A common stock withheld to satisfy employee tax withholding obligations	(381,149)	—	(1,753)	—	—	(1,753)
Stock-based compensation	—	—	21,033	—	—	21,033
Net unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	303	—	303
Other	—	—	390	—	—	390
Change in translation	—	—	—	142	—	142
Net loss	—	—	—	—	(39,529)	(39,529)
Balances at July 31, 2022	267,309,469	\$ 27	\$ 1,472,119	\$ 2,716	\$ (861,219)	\$ 613,643
Issuance of Class A common stock from the exercise of common stock options	1,452,777	—	4,491	—	—	4,491
Issuance of Class A common stock upon vesting of restricted stock units	817,320	—	—	—	—	—
Vesting of early exercised stock options	91,911	—	896	—	—	896
Class A common stock withheld to satisfy employee tax withholding obligations	(298,535)	—	(2,164)	—	—	(2,164)
Stock-based compensation	—	—	19,810	—	—	19,810
Net unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(1,538)	—	(1,538)
Other	—	—	(500)	—	—	(500)
Change in translation	—	—	—	(235)	—	(235)
Net loss	—	—	—	—	(40,236)	(40,236)
Balances at October 31, 2022	269,372,942	\$ 27	\$ 1,494,652	\$ 943	\$ (901,455)	\$ 594,167

See accompanying notes to unaudited condensed consolidated financial statements.

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Planet Labs PBC

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances at January 31, 2023	271,783,561	\$ 27	\$ 1,513,102	\$ 2,271	\$ (939,296)	\$ 576,104
Issuance of Class A common stock from the exercise of common stock options	1,018,385	—	3,295	—	—	3,295
Issuance of Class A common stock upon vesting of restricted stock units	1,278,161	—	—	—	—	—
Vesting of early exercised stock options	91,911	—	896	—	—	896
Class A common stock withheld to satisfy employee tax withholding obligations	(472,136)	—	(1,896)	—	—	(1,896)
Stock-based compensation	—	—	15,983	—	—	15,983
Net unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(544)	—	(544)
Change in translation	—	—	—	(45)	—	(45)
Net loss	—	—	—	—	(34,444)	(34,444)
Balances at April 30, 2023	273,699,882	\$ 27	\$ 1,531,380	\$ 1,682	\$ (973,740)	\$ 559,349
Issuance of Class A common stock from the exercise of common stock options	1,383,413	—	3,063	—	—	3,063
Issuance of Class A common stock upon vesting of restricted stock units	2,597,964	—	—	—	—	—
Vesting of early exercised stock options	91,910	—	896	—	—	896
Class A common stock withheld to satisfy employee tax withholding obligations	(827,964)	—	(2,857)	—	—	(2,857)
Stock-based compensation	—	—	17,438	—	—	17,438
Net unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	(515)	—	(515)
Change in translation	—	—	—	169	—	169
Net loss	—	—	—	—	(37,975)	(37,975)
Balances at July 31, 2023	276,945,205	\$ 27	\$ 1,549,920	\$ 1,336	\$ (1,011,715)	\$ 539,568
Issuance of Class A common stock from the exercise of common stock options	226,505	—	412	—	—	412
Issuance of Class A common stock upon vesting of restricted stock units	2,349,577	—	—	—	—	—
Issuance of Class A common stock related to business combination	6,745,438	1	21,621	—	—	21,622
Vesting of early exercised stock options	91,910	—	896	—	—	896
Class A common stock withheld to satisfy employee tax withholding obligations	(825,928)	—	(2,359)	—	—	(2,359)
Stock-based compensation	—	—	13,041	—	—	13,041
Net unrealized gain (loss) on available-for-sale securities, net of taxes	—	—	—	89	—	89
Change in translation	—	—	—	(1,667)	—	(1,667)
Net loss	—	—	—	—	(38,004)	(38,004)
Balances at October 31, 2023	285,532,707	\$ 28	\$ 1,583,531	\$ (242)	\$ (1,049,719)	\$ 533,598

See accompanying notes to unaudited condensed consolidated financial statements.

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Planet Labs PBC

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Nine Months Ended October 31,	
	2023	2022
Operating activities		
Net loss	\$ (110,423)	\$ (124,125)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	36,033	33,997
Stock-based compensation, net of capitalized cost of \$1,851 and \$1,261, respectively	44,611	59,841
Change in fair value of warrant liabilities	(14,004)	(5,369)
Change in fair value of contingent consideration	(923)	—
Other	(3,538)	555
Changes in operating assets and liabilities		
Accounts receivable	(3,872)	15,237
Prepaid expenses and other assets	9,483	(9,472)
Accounts payable, accrued and other liabilities	(20,706)	(8,649)
Deferred revenue	19,557	(19,382)
Deferred hosting costs	(92)	(1,751)
Net cash used in operating activities	(43,874)	(59,118)
Investing activities		
Purchases of property and equipment	(29,086)	(9,008)
Capitalized internal-use software	(3,266)	(1,737)
Business acquisition	(7,542)	—
Maturities of available-for-sale securities	142,903	13,000
Sales of available-for-sale securities	40,072	—
Purchases of available-for-sale securities	(166,169)	(239,321)
Other	(944)	(412)
Net cash used in investing activities	(24,032)	(237,478)
Financing activities		
Proceeds from the exercise of common stock options	6,770	10,909
Class A common stock withheld to satisfy employee tax withholding obligations	(7,112)	(4,328)
Payment of transaction costs related to the Business Combination	—	(326)
Other	(15)	122
Net cash provided by (used in) financing activities	(357)	6,377
Effect of exchange rate changes on cash and cash equivalents, and restricted cash and cash equivalents	(65)	(1,781)
Net decrease in cash and cash equivalents, and restricted cash and cash equivalents	(68,328)	(292,000)
Cash and cash equivalents, and restricted cash and cash equivalents at the beginning of the period	188,076	496,814
Cash and cash equivalents, and restricted cash and cash equivalents at the end of the period	\$ 119,748	\$ 204,814

See accompanying notes to unaudited condensed consolidated financial statements.

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Planet Labs PBC

Notes to Unaudited Condensed Consolidated Financial Statements

(1) Organization

Planet Labs PBC (“Planet,” or the “Company”) was founded to design, construct, and launch constellations of satellites with the intent of providing high cadence geospatial data delivered to customers via an online platform. The Company’s mission is to use space to help life on Earth, by imaging the world every day and making global change visible, accessible, and actionable. The Company is headquartered in San Francisco, California, with operations throughout the United States (“U.S.”), Canada, Asia and Europe.

On July 7, 2021, Planet Labs Inc. (“Former Planet”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with dMY Technology Group, Inc. IV (“dMY IV”), a special purpose acquisition company (“SPAC”) incorporated in Delaware on December 15, 2020, Photon Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of dMY IV (“First Merger Sub”), and Photon Merger Sub Two, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of dMY IV (“Second Merger Sub”). Pursuant to the Merger Agreement, upon the favorable vote of dMY IV’s stockholders on December 3, 2021, on December 7, 2021, First Merger Sub merged with and into Former Planet (the “Surviving Corporation”), with Former Planet surviving the merger as a wholly owned subsidiary of dMY IV (the “First Merger”), and pursuant to Former Planet’s election immediately following the First Merger and as part of the same overall transaction as the First Merger, the Surviving Corporation merged with and into dMY IV, with dMY IV surviving the merger (the “Business Combination”). Following the completion of the Business Combination, dMY IV was renamed Planet Labs PBC.

Former Planet was incorporated in the state of Delaware on December 28, 2010. Former Planet was originally incorporated as Cosmogia Inc., and the name was subsequently changed to Planet Labs Inc. on June 24, 2013.

(2) Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying condensed consolidated financial statements are unaudited; however, in the opinion of management they include all normal and recurring adjustments necessary for a fair presentation of the Company’s unaudited condensed consolidated financial statements for the periods presented. Operating results for the three and nine months ended October 31, 2023 are not necessarily indicative of the results expected for the fiscal year ending January 31, 2024 or any other future period. Certain immaterial amounts from prior periods have been reclassified to conform to the current period presentation.

The unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”) and include the accounts of Planet Labs PBC and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The Company’s fiscal year end is January 31.

Certain notes or other information that are normally required by U.S. GAAP have been condensed or omitted if they substantially duplicate the disclosures contained in the Company’s annual audited consolidated financial statements. Accordingly, the unaudited condensed consolidated financial statements should be read in connection with the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2023 (the “2023 Form 10-K”).

Liquidity

Since its inception, the Company has incurred net losses and negative cash flows from operations. The Company expects to incur additional operating losses and negative cash flows from operations as it seeks to expand its business. As of October 31, 2023 and January 31, 2023, the Company had \$101.5 million and \$181.9 million of cash and cash equivalents, respectively. Additionally, as of October 31, 2023 and January 31, 2023, the Company had short-term investments of \$213.3 million and \$226.9 million, respectively, which are highly liquid in nature and available for current operations.

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Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The significant estimates and assumptions that affect the Company's unaudited condensed consolidated financial statements include, but are not limited to, the useful lives of property and equipment, capitalized internal-use software and intangible assets, allowances for credit losses for available for sale debt securities and accounts receivable, estimates related to revenue recognition, including the assessment of performance obligations within a contract and the determination of standalone selling price ("SSP") for each performance obligation, assumptions used to measure stock-based compensation, the fair value of warrants, the fair value of assets acquired, and liabilities assumed from business combinations, the impairment of long-lived assets and goodwill, the recognition, measurement and valuation of current and deferred income taxes and uncertain tax positions, and contingencies.

These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, due to the inherent uncertainties in making estimates, actual results could differ from those estimates and such differences may be material to the unaudited condensed consolidated financial statements.

Due to the current geopolitical events, including the war in Ukraine and the Israel-Hamas conflict, there is ongoing uncertainty and disruption in the global economy and financial markets. The Company is not aware of any specific event or circumstance that would require an update to its estimates or assumptions or a revision of the carrying value of its assets or liabilities. These estimates and assumptions may change in the future, as new events occur and additional information is obtained.

Segments

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

See Note 3, *Revenue*, for revenue by geographic region. See Note 6, *Balance Sheet Components*, for long-lived assets by geographic region.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash, cash equivalents, short-term investments and accounts receivable. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties. The Company's cash, cash equivalents and short-term investments are deposited with or held by financial institutions in the U.S., Canada, Germany, the Netherlands and Singapore. The Company generally does not require collateral to support the obligations of the counterparties and deposits at financial institutions may, at times, be in excess of federal or national insured limits or deposit-guarantee limits in each of the respective countries. The Company has not experienced material losses on its deposits. The maximum amount of loss at October 31, 2023 that the Company would incur if parties to cash, cash equivalents and short-term investments failed completely to perform according to the terms of the contracts is \$313.0 million.

Accounts receivable are typically unsecured and are derived from revenue earned from customers across various countries. One customer accounted for 10% and 15% of accounts receivable as of October 31, 2023 and January 31, 2023, respectively.

For the three and nine months ended October 31, 2023, one customer accounted for 21% and 22% of revenue, respectively. For the three months ended October 31, 2022, one customer accounted for 23% of revenue. For the nine months ended October 31, 2022, two customers accounted for 18% and 10% of revenue, respectively.

The Company's offerings depend on continued and new approvals from the Federal Communications Commission ("FCC"), National Oceanic and Atmospheric Administration ("NOAA"), and other U.S. and international regulatory agencies for the Company to continue its operations. There can be no assurance that the Company's operations will continue to receive the necessary approvals or that such operations will be supported by the U.S. government or other governments. If the Company was denied such approvals, if such approvals were delayed, or if the U.S. government's or other governments' policies change, these events may have a material adverse impact on the Company's financial position and results of operations.

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The Company contracts with certain third-party service providers to launch satellites. Service providers who provide these services are limited. The inability of launch service providers to contract with the Company could materially impact future operating results.

Significant Accounting Policies

The Company's significant accounting policies are included in Note 2 of its Consolidated Financial Statements included in the 2023 Form 10-K.

Recently Issued Accounting Pronouncements

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements*, to clarify or improve disclosure and presentation requirements of a variety of topics and align the requirements in the FASB accounting standard codification (ASC) with the SEC's regulations. The Company is currently evaluating the impact, if any, on its condensed consolidated financial statements and disclosures.

(3) Revenue

Deferred Revenue

During the nine months ended October 31, 2023 and 2022, the Company recognized revenue of \$45.7 million and \$50.4 million, respectively, that had been included in deferred revenue as of January 31, 2023 and 2022, respectively.

Remaining Performance Obligations

The Company often enters into multi-year imagery licensing arrangements with its customers, whereby the Company generally invoices the amount for the first year of the contract at signing followed by subsequent annual invoices each year. Remaining performance obligations represent the amount of contracted future revenue that has not yet been recognized, which includes both deferred revenue and non-cancelable contracted revenue that will be invoiced and recognized in revenue in future periods. The Company's remaining performance obligations were \$152.9 million as of October 31, 2023, which consists of both deferred revenue of \$75.0 million and non-cancelable contracted revenue that will be invoiced in future periods of \$77.9 million. The Company expects to recognize approximately 82% of the remaining performance obligation over the next 12 months, approximately 97% of the remaining obligation over the next 24 months, and the remainder thereafter.

Remaining performance obligations do not include unexercised contract options, firm orders where funding has not been appropriated and contracts which provide the customer with a right to terminate for convenience without incurring a substantive termination penalty.

Disaggregation of Revenue

The following table disaggregates revenue by major geographic region:

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
United States	\$ 23,348	\$ 27,191	\$ 73,513	\$ 71,672
Rest of world	32,032	22,513	88,331	66,609
Total revenue	<u>\$ 55,380</u>	<u>\$ 49,704</u>	<u>\$ 161,844</u>	<u>\$ 138,281</u>

No single country other than the U.S. accounted for more than 10% of revenue for the three and nine months ended October 31, 2023 and 2022.

Costs to Obtain and Fulfill a Contract

Commissions paid to the Company's direct sales force are considered incremental costs of obtaining a contract with a customer. Accordingly, commissions are capitalized when incurred and amortized to sales and marketing expense over the period of benefit from the underlying contracts. The period of benefit from the underlying contract is consistent with the timing of transfer to the performance obligations to which the capitalized costs relate, and is generally consistent with the contract term.

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During the three and nine months ended October 31, 2023, the Company deferred \$0.6 million and \$1.1 million of commission expenditures to be amortized in future periods, respectively. The Company's amortization of commission expenditures was \$0.4 million and \$1.7 million for the three and nine month periods ended October 31, 2023, respectively.

During the three and nine months ended October 31, 2022, the Company deferred \$0.2 million and \$2.7 million of commission expenditures to be amortized in future periods, respectively. The Company's amortization of commission expenditures was \$0.5 million and \$1.3 million for the three and nine month periods ended October 31, 2022, respectively.

As of October 31, 2023 and January 31, 2023, deferred commissions consisted of the following:

<i>(in thousands)</i>	October 31, 2023	January 31, 2023
Deferred commission, current	\$ 2,528	\$ 2,405
Deferred commission, non-current	1,472	2,206
Total deferred commission	\$ 4,000	\$ 4,611

The current portion of deferred commissions are included in prepaid expenses and other current assets on the condensed consolidated balance sheets. The non-current portion of deferred commissions are included in other non-current assets on the condensed consolidated balance sheets.

(4) Fair Value of Financial Assets and Liabilities

Assets and liabilities recognized or disclosed at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their respective fair values.

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis for recognition or disclosure purposes as of October 31, 2023 and January 31, 2023 by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and considers factors specific to the asset or liability.

<i>(in thousands)</i>	October 31, 2023		
	Level 1	Level 2	Level 3
Assets			
Cash equivalents:			
Money market funds	\$ 33,434	\$ —	\$ —
Restricted cash: money market funds	17,653	—	—
Short-term investments:			
U.S. Treasury securities	46,075	\$ —	\$ —
Commercial paper	—	10,968	\$ —
Corporate bonds	—	143,326	\$ —
U.S. government agency securities	—	11,913	\$ —
Certificates of deposit	—	1,065	\$ —
Total assets	\$ 97,162	\$ 167,272	\$ —
Liabilities			
Public Warrants	\$ 1,242	\$ —	\$ —
Private Placement Warrants	—	\$ —	1,424
Contingent consideration for acquisitions	—	\$ —	12,789
Total liabilities	\$ 1,242	\$ —	\$ 14,213

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(in thousands)	January 31, 2023		
	Level 1	Level 2	Level 3
Assets			
Cash equivalents:			
Money market funds	\$ 72,382	\$ —	\$ —
Commercial paper	—	999	—
Restricted cash equivalents: money market funds	5,486	—	—
Short-term investments:			
U.S. Treasury securities	59,433	—	—
Commercial paper	—	19,849	—
Corporate bonds	—	139,589	—
U.S. government agency securities	—	7,997	—
Total assets	\$ 137,301	\$ 168,434	\$ —
Liabilities			
Public Warrants	\$ 6,969	\$ —	\$ —
Private Placement Warrants	—	—	9,701
Contingent consideration for acquisitions	—	—	8,030
Total liabilities	\$ 6,969	\$ —	\$ 17,731

The fair value of cash held in banks and accrued liabilities approximate the stated carrying value due to the short time to maturity and are excluded from the tables above.

Money Market Funds

The fair value of the Company's money market funds is based on quoted active market prices for the funds and is determined using the market approach. There were no realized or unrealized gains or losses on money market funds for the three and nine months ended October 31, 2023 and 2022.

Short-term Investments

The fair value of the Company's short-term investments classified within Level 2 are valued using third-party pricing services. The pricing services utilize industry standard valuation models. Inputs utilized include market pricing based on real-time trade data for the same or similar securities and other significant inputs derived from or corroborated by observable market data.

Public and Private Placement Warrants

The Public Warrants (as defined in Note 11 below) are classified within Level 1 as they are publicly traded and had an observable market price in an active market.

The Private Placement Warrants (excluding the Private Placement Vesting Warrants) (as defined in Note 11 below) were valued based on a Black-Scholes option pricing model. Due to the market condition vesting requirements, the fair value of the Private Placement Vesting Warrants were valued using a model based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the market condition targets may not be satisfied. The Private Placement Warrants were collectively classified as a Level 3 measurement within the fair value hierarchy because these valuation models involve the use of unobservable inputs relating to the Company's estimate of its expected stock volatility which was developed based on the historical volatility of a publicly traded set of peer companies. The expected volatility inputs utilized for the fair value measurements of the Private Placement Warrants as of October 31, 2023 and January 31, 2023 were 70.0%.

Contingent Consideration for Acquisitions

The Company has recorded contingent consideration liabilities in connection with its acquisition of Sinergise (see Note 5) and Salo Sciences. The Company measures the fair value of the contingent consideration liabilities based on significant inputs not observable in the market, which caused them to be classified as a Level 3 measurement within the fair value hierarchy.

The fair value of the contingent consideration liability for the Salo Sciences technical milestone payments is determined based on the present value of the probability-weighted payments for each of the milestones. The significant unobservable inputs used in the fair value measurement are management's estimate of the probability to achieve the technical milestone criteria and the discount rate.

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The fair value of the contingent consideration liability for Salo Sciences customer contract earnout payments is determined using a Monte Carlo simulation. The fair value estimate involves a simulation of future customer contract cash collections during the four-year performance period, the probability of entering into contracts with the named customers and discounting the probability-weighted earnout payments to present value. The significant unobservable inputs used in the fair value measurement are management's estimate of obtaining the customer contracts, including probabilities, timing and contract values, and management's estimate of the discount rate.

The fair value of the contingent consideration liability for the Sinergise customer consent escrow is determined based on the present value of the probability-weighted payments based on the likelihood of the customer consent being achieved. The significant unobservable input used in the fair value measurement is management's estimate of the likelihood of the customer consent being achieved.

Level 3 Disclosures

The following is a rollforward of Level 3 liabilities measured at fair value for the three and nine months ended October 31, 2023 and 2022:

<i>(in thousands)</i>	Private Placement Warrants	Technical Milestone Contingent Consideration*	Customer Contract Earnout Contingent Consideration*	Customer Consent Escrow Contingent Consideration*
Fair value at end of year, January 31, 2022	\$ 12,460	\$ —	\$ —	\$ —
Change in fair value	(1,068)	—	—	—
Fair value at April 30, 2022	\$ 11,392	\$ —	\$ —	\$ —
Change in fair value	(801)	—	—	—
Fair value at July 31, 2022	\$ 10,591	\$ —	\$ —	\$ —
Change in fair value	(326)	—	—	—
Fair value at October 31, 2022	\$ 10,265	\$ —	\$ —	\$ —
Fair value at end of year, January 31, 2023	\$ 9,701	\$ 4,433	\$ 3,597	\$ —
Change in fair value	(3,323)	5	(428)	—
Fair value at April 30, 2023	\$ 6,378	\$ 4,438	\$ 3,169	\$ —
Change in fair value	(1,364)	211	(315)	—
Fair value at July 31, 2023	\$ 5,014	\$ 4,649	\$ 2,854	\$ —
Additions	—	—	—	5,842
Payments	—	—	(160)	—
Change in fair value	(3,590)	6	(478)	76
Fair value at October 31, 2023	\$ 1,424	\$ 4,655	\$ 2,216	\$ 5,918

* The current portion of the contingent consideration liabilities balances of \$7.2 million and \$0.5 million as of October 31, 2023 and January 31, 2023, respectively, are included within accrued and other current liabilities. Changes in fair value of the contingent consideration liability for technical milestone payments are included within research and development expenses. Changes in fair value of the contingent consideration liability for customer contract earnout payments are included within sales and marketing expenses. Changes in fair value of the contingent consideration liability for the Sinergise acquisition escrow payments are included within general and administrative expenses.

Other

The Company measures certain non-financial assets including property and equipment, and other intangible assets at fair value on a non-recurring basis in periods after initial measurement in circumstances when the fair value of such assets are impaired below their recorded cost. As of October 31, 2023 and January 31, 2023, there were no material non-financial assets recorded at fair value.

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(5) Acquisition

Sinergise

On March 26, 2023, the Company entered into an asset purchase agreement with Holding Sinergise d.o.o., a company existing under the laws of Slovenia (“Sinergise”), and its subsidiaries and certain shareholders of Sinergise, to acquire the cloud-based geo-spatial analysis products, platforms and solutions business from Sinergise. On August 4, 2023, the Company completed the acquisition. The acquisition is expected to expand the Company’s data analysis platform and allow customers to extract insights from earth observation data more easily.

The acquisition has been accounted for as a business combination in accordance with ASC 805, *Business Combinations*. The acquisition date fair value of the consideration transferred was approximately \$40.0 million, and consisted of the following:

<i>(in thousands)</i>		Fair Value
Cash	\$	7,542
Class A common stock issued		21,622
Liabilities for cash consideration placed in escrow account		10,842
Total	\$	40,006

The common stock issued consisted of 6,745,438 shares of the Company’s Class A common stock. The fair value of the Class A common stock was determined based on the closing market price on the date of the acquisition.

Pursuant to the terms of the asset purchase agreement, the Company placed \$5.0 million of cash consideration into an escrow account to secure potential indemnification obligations and any customary post-closing adjustments for working capital and indebtedness (the “Indemnity Escrow”). The amount held in the escrow account is to be released to Sinergise upon the two-year anniversary of the acquisition close date and is recorded within restricted cash and cash equivalents, non-current in the Company’s condensed consolidated balance sheets. The Company recorded a liability of \$5.0 million for the Indemnity Escrow, which is recorded within other non-current liabilities in the Company’s condensed consolidated balance sheets.

Pursuant to the terms of the asset purchase agreement, the Company placed an additional \$7.5 million of cash consideration into an escrow account related to obtaining customer consent for a contract acquired in connection with the acquisition (the “Customer Consent Escrow”). The amount held in the escrow account is to be released to Sinergise upon the Company receiving evidence of the customer consent. If evidence of the customer consent is not received on or prior to the two year anniversary of the acquisition close date, the amount held in the Customer Consent Escrow is to be released to the Company. Additionally, the amount held in the Customer Consent Escrow is to be released to the Company if the customer contract is terminated or suspended on or prior to the two year anniversary of the acquisition close date. The cash held in the escrow account is recorded within restricted cash and cash equivalents, current in the Company’s condensed consolidated balance sheets. The Company determined that the customer consent contingency represents contingent consideration. The fair value of the contingent consideration liability as of the acquisition date was determined to be \$5.8 million. Refer to Note 4 for information relating to the valuation of the Customer Consent Escrow contingent consideration.

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The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed as of the date of acquisition:

(in thousands)

Goodwill	\$	23,747
Identifiable intangible assets acquired		
Developed technology		11,811
Customer relationships		2,208
Other		110
Accounts receivable		3,013
Other assets, current		652
Other assets, non-current		414
Total assets acquired	\$	41,955
Deferred revenue, current		(585)
Accrued and other current liabilities		(984)
Other liabilities, current		(213)
Other liabilities, non-current		(167)
Total liabilities assumed	\$	(1,949)
Net assets acquired	\$	40,006

The fair value of the assets acquired and liabilities assumed are preliminary and may be adjusted as the Company obtains additional information, primarily related to adjustments for the true-up of acquired net working capital in accordance with the asset purchase agreement.

The identifiable intangible assets were measured at fair value. The developed technology was valued using the royalty method under the income approach. The customer relationships were valued using the excess earnings method under the income approach. The developed technology was assigned an estimated useful life of 8 years and the customer relationships were assigned an estimated useful life of 9 years.

The excess of purchase consideration over the fair value of other assets acquired and liabilities assumed was recorded as goodwill. The goodwill primarily represents the value expected from the synergies created through the operational enhancement benefits resulting from the integration of Sinergise into the Company and the combination of Sinergise's products and solutions with the Company's existing products. Approximately \$0.7 million of the goodwill is deductible for tax purposes.

The financial results of Sinergise are included in the condensed consolidated financial statements from the date of acquisition. Pro forma results of operations have not been presented as the effect of this acquisition was not material to the condensed consolidated financial statements.

Acquisition-related costs associated with the transaction were \$0.2 million and \$2.1 million for the three and nine months ended October 31, 2023, respectively. The Company recognized immaterial costs for the three months ended October 31, 2022 and recognized costs of \$0.6 million for the nine months ended October 31, 2022. These costs were recorded within selling, general and administrative expenses.

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Certain employees of Sinergise, which became employees of the Company, were paid cash transaction bonuses totaling \$2.3 million in connection with the closing of the acquisition. The transaction bonuses were accounted for as a transaction separate from the business combination. Accordingly, \$2.3 million of the consideration paid by the Company was allocated to the transaction bonuses and was recorded within the Company's condensed consolidated statements of operations as summarized in the table below:

<i>(in thousands)</i>	Three and Nine Months Ended October 31, 2023	
Cost of revenue	\$	267
Research and development		1,891
Sales and marketing		41
General and administrative		118
Total	\$	2,317

(6) Balance Sheet Components

Cash and Cash Equivalents, and Restricted Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing bank deposits, money market funds and other highly liquid investments with maturities of 90 days or less at the date of purchase.

The Company had restricted cash and cash equivalents balances of \$18.2 million and \$6.2 million as of October 31, 2023 and January 31, 2023, respectively.

The restricted cash and cash equivalents balances as of October 31, 2023 primarily consisted of \$12.5 million of consideration placed in escrow in connection with the Sinergise acquisition and \$4.0 million of collateral money market investments for the Company's headquarters and other domestic office operating lease. The restricted cash and cash equivalents balances as of January 31, 2023 primarily consisted of \$4.1 million of collateral money market investments for the Company's headquarters and other domestic office operating leases and \$1.8 million of performance guarantees required for the Company's foreign sales activities.

A reconciliation of the Company's cash and cash equivalents and restricted cash and cash equivalents in the condensed consolidated balance sheets to total cash and cash equivalents, and restricted cash and cash equivalents in the condensed consolidated statements of cash flows as of October 31, 2023 and January 31, 2023 is as follows:

<i>(in thousands)</i>	October 31, 2023		January 31, 2023	
Cash and cash equivalents	\$	101,547	\$	181,892
Restricted cash and cash equivalents, current		7,880		527
Restricted cash and cash equivalents, non-current		10,321		5,657
Total cash, cash equivalents, and restricted cash and cash equivalents	\$	119,748	\$	188,076

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Short-term Investments

Short-term investments consisted of the following as of October 31, 2023 and January 31, 2023:

(in thousands)	Cost or Amortized Cost	October 31, 2023 Gross Unrealized		Fair Value
		Gains	Losses	
U.S Treasury securities	\$ 46,342	\$ 2	\$ (269)	\$ 46,075
Commercial paper	10,968	—	—	10,968
Corporate bonds	143,827	73	(574)	143,326
U.S. government agency securities	11,953	—	(40)	11,913
Certificates of deposit	1,065	—	—	1,065
Total short-term investments	<u>\$ 214,155</u>	<u>\$ 75</u>	<u>\$ (883)</u>	<u>\$ 213,347</u>

(in thousands)	Cost or Amortized Cost	January 31, 2023 Gross Unrealized		Fair Value
		Gains	Losses	
U.S Treasury securities	\$ 59,255	\$ 296	\$ (118)	\$ 59,433
Commercial paper	19,744	105	—	19,849
Corporate bonds	139,644	34	(89)	139,589
U.S. government agency securities	8,063	—	(66)	7,997
Total short-term investments	<u>\$ 226,706</u>	<u>\$ 435</u>	<u>\$ (273)</u>	<u>\$ 226,868</u>

The following table summarizes the contracted maturities of the Company's short-term investments as of October 31, 2023 and January 31, 2023:

(in thousands)	October 31, 2023		January 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in 1 year or less	\$ 143,299	\$ 142,768	\$ 124,068	\$ 124,234
Due in 1-2 years	70,856	70,579	102,638	102,634
	<u>\$ 214,155</u>	<u>\$ 213,347</u>	<u>\$ 226,706</u>	<u>\$ 226,868</u>

Property and Equipment, Net

Property and equipment, net consists of the following:

(in thousands)	October 31, 2023	January 31, 2023
Satellites*	\$ 329,611	\$ 307,720
Leasehold improvements	16,867	15,389
Ground stations and ground station equipment	19,053	15,113
Office furniture, equipment and fixtures	7,579	5,787
Computer equipment and purchased software	9,062	8,638
Total property and equipment, gross	<u>382,172</u>	<u>352,647</u>
Less: Accumulated depreciation	<u>(268,114)</u>	<u>(244,556)</u>
Total property and equipment, net	<u>\$ 114,058</u>	<u>\$ 108,091</u>

* Satellites include \$36.1 million and \$13.8 million of satellites in process and not placed into service as of October 31, 2023 and January 31, 2023, respectively.

Property and equipment, net as of October 31, 2023 included \$7.4 million of satellite manufacturing costs that were previously classified as prepaid expenses and other current assets as of January 31, 2023.

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The Company's long-lived assets by geographic region are as follows:

(in thousands)	October 31, 2023	January 31, 2023
United States	\$ 107,988	\$ 103,366
Rest of world	6,070	4,725
Total property and equipment, net	\$ 114,058	\$ 108,091

The Company concluded that satellites in service continue to be owned by the U.S. entity and accordingly are classified as U.S. assets in the table above. No single country other than the U.S. accounted for more than 10% of total property and equipment, net, as of October 31, 2023 and January 31, 2023.

Total depreciation expense for the three and nine months ended October 31, 2023 was \$11.9 million and \$31.4 million, respectively, of which \$11.1 million and \$29.5 million, respectively, was depreciation expense specific to satellites. Total depreciation expense for the three and nine months ended October 31, 2022 was \$9.4 million and \$30.0 million, respectively, of which \$9.0 million and \$27.2 million, respectively, was depreciation expense specific to satellites.

In April 2023 and September 2023, additional information specific to two high resolution satellites became available indicating that the useful lives of the two satellites will be less than originally estimated. The changes in estimated useful lives for these satellites were accounted for prospectively, resulting in an increase of depreciation expense of \$3.3 million and \$5.8 million, respectively, for the three and nine months ended October 31, 2023. The changes in estimates are expected to result in a \$6.4 million increase in depreciation expense for the fiscal year ended January 31, 2024.

Capitalized Internal-Use Software Development Costs

Capitalized internal-use software costs, net of accumulated amortization consists of the following:

(in thousands)	October 31, 2023	January 31, 2023
Capitalized internal-use software	\$ 43,603	\$ 39,535
Less: Accumulated amortization	(29,553)	(28,118)
Capitalized internal-use software, net	\$ 14,050	\$ 11,417

Amortization expense for capitalized internal-use software for the three and nine months ended October 31, 2023 was \$0.5 million and \$1.4 million, respectively. Amortization expense for capitalized internal-use software for the three and nine months ended October 31, 2022 was \$0.7 million and \$1.9 million, respectively.

Goodwill and Intangible Assets

Goodwill and Intangible assets consist of the following:

(in thousands)	October 31, 2023				January 31, 2023			
	Gross Carrying Amount	Accumulated Amortization	Foreign Currency Translation	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Foreign Currency Translation	Net Carrying Amount
Developed technology	\$ 30,429	\$ (10,348)	\$ (402)	\$ 19,679	\$ 18,619	\$ (8,871)	\$ (8)	\$ 9,740
Image library	13,095	(11,688)	308	1,715	12,384	(11,004)	231	1,611
Customer relationships	7,143	(3,453)	(66)	3,624	4,935	(2,788)	7	2,154
Trade names and other	6,090	(3,717)	36	2,409	4,551	(3,264)	39	1,326
Total intangible assets	\$ 56,757	\$ (29,206)	\$ (124)	\$ 27,427	\$ 40,489	\$ (25,927)	\$ 269	\$ 14,831
Goodwill	\$ 134,692	\$ —	\$ 1,009	\$ 135,701	\$ 110,942	\$ —	\$ 1,806	\$ 112,748

Amortization expense for intangible assets for the three and nine months ended October 31, 2023 was \$1.3 million and \$3.3 million, respectively. Amortization expense for intangible assets for the three and nine months ended October 31, 2022 was \$0.7 million and \$2.1 million, respectively.

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Estimated future amortization expense of intangible assets at October 31, 2023, is as follows:

(in thousands)

Remainder of Fiscal Year 2024	\$	1,450
2025		4,805
2026		4,324
2027		3,678
2028		3,454
Thereafter		9,716
Total estimated future amortization expense of intangible assets	\$	27,427

The change in the carrying amount of goodwill for the nine months ended October 31, 2023 and 2022 was as follows:

<i>(in thousands)</i>	October 31,	
	2023	2022
Beginning of period	\$ 112,748	\$ 103,219
Acquisition	23,747	—
Currency translation adjustment	(794)	—
End of period	\$ 135,701	\$ 103,219

Accrued and Other Current Liabilities

Accrued liabilities and other current liabilities consist of the following:

<i>(in thousands)</i>	October 31, 2023	January 31, 2023
Deferred R&D service liability (see Note 9)	\$ 12,021	\$ 19,959
Payroll and related expenses	4,993	8,518
Deferred hosting costs	4,928	4,694
Withholding taxes and other taxes payable	2,743	2,272
Contingent consideration	7,201	531
Other accruals	10,075	10,048
Total accrued and other current liabilities	\$ 41,961	\$ 46,022

(7) Restructuring

In August 2023, the Company announced a plan to reduce its global headcount by approximately 10% of the Company's total number of employees prior to the reduction (the "headcount reduction"). This action was taken to increase the Company's focus on its high priority growth opportunities and operational efficiency.

As a result of the headcount reduction, in the third quarter of the fiscal year ending 2024, the Company recognized \$7.3 million of costs for one-time employee termination benefits consisting of severance and other employee costs. The Company also recognized a \$1.5 million stock-based compensation benefit primarily related to the reversal of previously recognized stock-based compensation expenses for unvested stock awards.

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As a result of the above, the Company recognized a net restructuring charge of \$5.8 million during the three and nine months ended October 31, 2023 within its condensed consolidated statements of operations as summarized in the following table:

<i>(in thousands)</i>	Severance and Other Employee Costs	Stock-Based Compensation	Total
Cost of revenue	\$ 563	\$ (62)	\$ 501
Research and development	3,297	(398)	2,899
Sales and marketing	1,943	(815)	1,128
General and administrative	1,538	(253)	1,285
Total restructuring charges	<u>\$ 7,341</u>	<u>\$ (1,528)</u>	<u>\$ 5,813</u>

There were no restructuring charges recognized during the three and nine months ended October 31, 2022.

The following table summarizes the Company's liability recognized in connection with the headcount reduction, which is recorded within accrued and other current liabilities in the condensed consolidated balance sheets:

<i>(in thousands)</i>	
Balance as of January 31, 2023	\$ —
Severance and other employee costs	7,341
Cash payments	<u>(7,104)</u>
Balance as of October 31, 2023	<u>\$ 237</u>

The headcount reductions, including the remaining cash payments, are expected to be substantially complete by the end of the fiscal year ending January 31, 2024.

(8) Leases

The Company's leasing activities primarily consist of real estate leases for its operations, including office space, and certain ground station service agreements that convey the right to control the use of specified equipment and facilities. The Company assesses whether each lease is an operating or finance lease at the lease commencement date. As of October 31, 2023, the Company had no finance leases.

Operating lease costs were \$2.1 million and \$6.1 million for the three and nine months ended October 31, 2023, respectively. Operating lease costs were \$1.8 million and \$4.7 million for the three and nine months ended October 31, 2022, respectively. Variable lease expenses, short-term lease expenses and sublease income were immaterial for the three and nine months ended October 31, 2023 and 2022.

Operating cash flows from operating leases were \$2.3 million and \$5.0 million for the three and nine months ended October 31, 2023, respectively. Operating cash flows from operating leases were \$1.9 million and \$5.9 million for the three and nine months ended October 31, 2022, respectively.

Right of use assets obtained in exchange for operating lease liabilities were \$0.3 million and \$6.5 million for the three and nine months ended October 31, 2023, respectively. Right of use assets obtained in exchange for operating lease liabilities were \$11.7 million for the three and nine months ended October 31, 2022.

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Maturities of operating lease liabilities as of October 31, 2023 were as follows:

(in thousands)

Remainder of Fiscal Year 2024	\$	2,368
2025		9,095
2026		8,741
2027		5,604
2028		1,423
Thereafter		859
Total lease payments	\$	28,090
Less: Imputed interest		(3,268)
Total lease liabilities	\$	24,822
Weighted average remaining lease term (years)		3.3
Weighted average discount rate		8.0 %

(9) Research and Development Arrangements

Research and Development Services Agreement

In December 2020, the Company entered into a development services agreement, whereby the Company agreed to provide the technical knowledge and services to design and develop certain prototype satellites and deliver and test early data collected (the “*R&D Services Agreement*”). The R&D Services Agreement, including subsequent amendments to such agreement, provides for funding of \$45.8 million, to be paid to the Company as specified milestones are achieved over a three year period. The R&D Services Agreement is unrelated to the Company’s ordinary business activities. The Company has discretion in managing the activities under the R&D Services Agreement and retains all developed intellectual property. The Company has no obligation to repay any of the funds received regardless of the outcome of the development work; therefore, the arrangement is accounted for as funded research and development pursuant to ASC 730-20, *Research and Development*. As ASC 730-20 does not indicate the accounting model for research and development services, the Company determined the total transaction price is recognized over the agreement term as a reduction of research and development expenses based on a cost incurred method.

During the three and nine months ended October 31, 2023, the Company recognized \$6.8 million and \$14.8 million of funding and incurred \$7.6 million and \$15.6 million of research and development expenses, respectively, in connection with the R&D Services Agreement. During the three and nine months ended October 31, 2022, the Company recognized \$4.1 million and \$10.7 million of funding and incurred \$4.1 million and \$10.7 million of research and development expenses, respectively. As of October 31, 2023 and January 31, 2023, the Company had received total funding of \$45.8 million and \$36.3 million, respectively, under the R&D Services Agreement.

NASA Communication Services Project

In connection with its Communication Services Project (“CSP”), the National Aeronautics and Space Administration (“NASA”) selected certain satellite communications providers that NASA will fund to develop and demonstrate near-Earth space communication services that may support future NASA missions using commercial technology. In June 2022 and August 2022, the Company entered into separate agreements with two of the satellite communications providers selected by NASA whereby the Company agreed to participate in the NASA CSP as a subcontractor. The agreements provide for the Company to receive aggregate funding of \$40.5 million to be paid as milestones are completed. The Company determined that the agreements are in the scope of ASC 912-730, *Contractors – Federal Government – Research and Development* (“ASC 912-730”). In accordance with ASC 912-730, funding is recognized over the term of each agreement as a reduction of research and development expenses based on a cost incurred method.

During the three and nine months ended October 31, 2023, the Company recognized \$1.2 million and \$9.2 million of funding, respectively, and incurred \$1.2 million and \$8.4 million of research and development expenses, respectively, in connection with the NASA CSP.

During the three and nine months ended October 31, 2022, the Company recognized \$1.2 million and \$1.4 million of funding, respectively, and incurred \$1.3 million and \$1.6 million of research and development expenses, respectively, in connection with the NASA CSP. As of October 31, 2023 and January 31, 2023, the Company had received total funding of \$12.5 million and \$6.5 million, respectively, in connection with the NASA CSP.

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(10) Commitments and Contingencies

Launch Services

The Company has purchase commitments for future satellite launch services to be performed by third parties subsequent to October 31, 2023. Future purchase commitments under noncancelable launch service contracts as of October 31, 2023 consisted of \$0.2 million of total purchase commitments for the remainder of the fiscal year ended January 31, 2024.

Other

The Company has minimum purchase commitments for hosting services from Google through January 31, 2028 (see Note 12). Future minimum purchase commitments under the noncancelable hosting service agreement with Google as of October 31, 2023 are as follows:

(in thousands)

Remainder of Fiscal Year 2024	\$	3,034
2025		30,120
2026		31,190
2027		32,725
2028		33,427
Total purchase commitments	\$	<u>130,496</u>

Contingencies

The Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims, individually or in the aggregate, that are expected to have a material adverse impact on its condensed consolidated financial statements as of each reporting period. From time to time however, the Company may have certain contingent liabilities that arise in the ordinary course of business activities including those arising from disputes and claims and events arising from revenue contracts entered into by the Company. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

Indemnification

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent, or other intellectual property infringement claim by any third-party with respect to its technology. The term of these indemnification agreements is generally perpetual after the execution of the agreement. The Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements. In the event that one or more of these matters were to result in a claim against the Company, an adverse outcome, including a judgment or settlement, may cause a material adverse effect on the Company's future business, operating results or financial condition. It is not possible to determine the maximum potential amount under these contracts due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement.

The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify them against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of the individual.

To date, we have not incurred any material costs, and have not accrued any liabilities in the consolidated financial statements as a result of these provisions.

(11) Warrants***Public and Private Placement Warrants***

In connection with dMY IV's initial public offering, which occurred on March 9, 2021, dMY IV issued 34,500,000 units, each unit consisting of one share of Class A common stock of dMY IV and one-fifth of one redeemable warrant, at a price of \$10.00 per unit. Each whole warrant entitles the holder to purchase one share of Class A common stock at an exercise price of \$11.50 per share, subject to adjustment (the "Public Warrants"). Simultaneously with the closing of its initial public offering, dMY IV completed the private sale of 5,933,333 warrants to dMY Sponsor IV, LLC (the "dMY Sponsor") at a purchase price of \$1.50 per warrant (the "Private Placement Warrants"). Each Private Placement Warrant is exercisable for one share of Class A common stock at \$11.50 per share.

Additionally, pursuant to a lock-up agreement entered into with the dMY Sponsor in connection with the Business Combination, 2,966,667 of the Private Placement Warrants are subject to vesting conditions (the "Private Placement Vesting Warrants"). The Private Placement Vesting Warrants vest in four equal tranches (i) when the closing price of Class A common stock equals or exceeds \$15.00, \$17.00, \$19.00 and \$21.00, over any 20 trading days within any 30 days trading period prior to December 7, 2026 or (ii) when the Company consummates a change of control transaction prior to December 7, 2026 that entitles its stockholders to receive a per share consideration of at least \$15.00, \$17.00, \$19.00 and \$21.00. Any right to Private Placement Vesting Warrants that remains unvested on the first business day after five years from the closing of the Business Combination will be forfeited without any further consideration.

As of October 31, 2023 and January 31, 2023, there were 6,899,982 Public Warrants and 5,933,333 Private Placement Warrants, including 2,966,667 Private Placement Vesting Warrants, outstanding.

Warrants to Purchase Class A Common Stock

In addition to the Public and Private Placement Warrants, there were 1,065,594 warrants to purchase shares of Class A common stock with a weighted average exercise price of \$9.384 which were outstanding and exercisable as of October 31, 2023 and January 31, 2023. As of October 31, 2023, the outstanding warrants have a weighted average remaining term of 6.4 years.

(12) Related Party Transactions

As of October 31, 2023 and January 31, 2023, Google held 31,942,641 shares of the Company's Class A common stock, and, as such, owned greater than 10% of outstanding shares of the Company's Class A common stock.

In April 2017, the Company and Google entered into a five year content license agreement pursuant to which the Company licensed content to Google. In April 2022, the agreement automatically renewed for a period of one year and in April 2023, the agreement expired. As of January 31, 2023, the deferred revenue balance associated with the content license agreement was \$0.3 million. For the nine months ended October 31, 2023, the Company recognized revenue of \$0.3 million related to the content license agreement. For the three and nine months ended October 31, 2022, the Company recognized revenue of \$3.3 million and \$9.7 million, respectively, related to the content license agreement.

In July 2023, the Company and Google entered into a one year content license agreement pursuant to which the Company agreed to license content to Google and provide certain of its products and services in exchange for a \$1.0 million fee. The agreement also provides for the Company to receive up to \$2.0 million in value of Google cloud credits that the Company can apply against the cost of Google cloud services it utilizes to fulfill its obligations under the agreement. The Company determined that the Google cloud credits represent non-cash variable consideration which is included in the transaction price for the agreement, subject to the guidance on estimating variable consideration within ASC 606, *Revenue from Contracts with Customers*. The agreement does not include extension or renewal terms. The Company recognized immaterial revenue related to the content license agreement for the three months ended October 31, 2023 and recognized \$1.0 million for the nine months ended October 31, 2023.

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The Company purchases hosting and other services from Google, of which \$13.3 million and \$13.4 million is deferred as of October 31, 2023 and January 31, 2023, respectively. For the three and nine months ended October 31, 2023, the Company recorded hosting expense of \$7.5 million and \$21.6 million, respectively. For the three and nine months ended October 31, 2022, the Company recorded hosting expense of \$6.0 million and \$17.7 million, respectively. As of October 31, 2023 and January 31, 2023, the Company's accounts payable and accrued liabilities balance included \$2.7 million and \$2.3 million related to hosting and other services provided by Google, respectively.

On June 28, 2021, the Company amended the terms of its hosting agreement with Google. The amendment, among other things, increases the aggregate purchase commitments to \$193.0 million. The amended agreement commenced on August 1, 2021 and extends through January 31, 2028. See Note 10 for future Google hosting purchase commitments, including the amended commitments, as of October 31, 2023.

(13) Stock-based Compensation

Prior to the Business Combination, the Company issued equity awards under the Planet Labs Inc. Amended and Restated 2011 Stock Incentive Plan (the "Legacy Incentive Plan"). In connection with the Business Combination, the Company adopted the Planet Labs PBC 2021 Incentive Award Plan (the "Incentive Plan"). No further awards will be granted under the Legacy Incentive Plan. Directors, employees and consultants are eligible to receive awards under the Incentive Plan; however, ISOs may only be granted to employees. The Company's equity incentive plans are described in Note 15, *Stock-based Compensation*, in the Notes to the Consolidated Financial Statements in the 2023 Form 10-K.

Stock-Based Compensation

The following table summarizes stock-based compensation expense recognized related to awards granted to employees and nonemployees, as follows:

(in thousands)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Cost of revenue	\$ 944	\$ 1,317	\$ 3,008	\$ 3,992
Research and development	6,042	8,282	20,253	25,903
Sales and marketing	1,626	3,221	7,827	10,615
General and administrative	4,429	6,990	15,374	20,592
Total expense	13,041	19,810	46,462	61,102
Capitalized to internal-use software development costs and property and equipment	(443)	(372)	(1,851)	(1,261)
Total stock-based compensation expense	\$ 12,598	\$ 19,438	\$ 44,611	\$ 59,841

Stock Options

A summary of stock option activity is as follows:

	Options Outstanding			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term (Years)	Aggregate Intrinsic Value (in thousands)
Balances at January 31, 2023	33,721,774	\$ 5.08	6.3	
Exercised	(2,628,303)	\$ 2.58		
Granted	—	\$ —		
Forfeited	(2,177,544)	\$ 6.40		
Balances at October 31, 2023	28,915,927	\$ 5.21	5.6	\$ 1,230
Vested and exercisable at October 31, 2023	24,413,069	\$ 4.61	5.2	\$ 1,230

As of October 31, 2023, total unrecognized compensation cost related to stock options was \$17.9 million, which is expected to be recognized over a period of 1.7 years.

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Restricted Stock Units

A summary of restricted stock unit (“RSU”) activity is as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
Balances at January 31, 2023	16,972,601	\$ 5.90
Vested	(6,122,563)	\$ 5.38
Granted	21,728,642	\$ 3.87
Forfeited	(4,469,305)	\$ 4.95
Balances at October 31, 2023	<u>28,109,375</u>	<u>\$ 4.59</u>

During the nine months ended October 31, 2023, the Company granted 21,728,642 RSUs, which generally vest over four years, subject to the recipient’s continued service through each applicable vesting date.

Stock-based compensation expense recognized for RSUs during the three and nine months ended October 31, 2023 was \$8.6 million and \$29.2 million, respectively. Stock-based compensation expense recognized for RSUs during the three and nine months ended October 31, 2022 was \$8.5 million and \$26.2 million, respectively. As of October 31, 2023, total unrecognized compensation cost related to RSUs was \$108.1 million, which is expected to be recognized over a period of approximately 3.0 years.

Performance Vesting Restricted Stock Units

On April 24, 2023, the Company granted 265,825 performance vesting restricted stock units (“PSUs”) to certain members of the Company’s senior management. A portion of the PSUs are subject to vesting requirements related to the achievement of certain revenue and adjusted EBITDA targets for the first half of the fiscal year ended January 31, 2024 and the remaining portion is subject to vesting requirements related to the achievement of certain revenue and adjusted EBITDA targets for the entire fiscal year ended January 31, 2024. Vesting is also subject to continued service through the applicable vesting dates, and the actual number of PSUs that may vest ranges from 0% to 125% of the PSUs granted based on achievement of the targets.

Stock-based compensation expense recognized for PSUs during the three and nine months ended October 31, 2023 was \$0.3 million and \$0.7 million, respectively. As of October 31, 2023, total unrecognized compensation cost related to PSUs was \$0.2 million, which is expected to be recognized over a period of approximately 0.4 years.

Early Exercises of Stock Options

The Legacy Incentive Plan provided for the early exercise of stock options for certain individuals as determined by the Company’s board of directors. Shares of common stock issued upon early exercises of unvested options are not deemed, for accounting purposes, to be issued until those shares vest according to their respective vesting schedules and accordingly, the consideration received for early exercises is initially recorded as a liability and reclassified to common stock and additional paid-in capital as the underlying awards vest. As of October 31, 2023, the Company had a \$9.9 million liability recorded for the early exercise of unvested stock options, and the related number of unvested shares subject to repurchase was 1,011,010.

Earn-out Shares

Pursuant to the Merger Agreement, Former Planet equity award holders have the right to receive Earn-out Shares that are contingently issuable in shares of Class A common stock. The Earn-out Shares may be earned in four equal tranches (i) when the closing price of Class A common stock equals or exceeds \$15.00, \$17.00, \$19.00 and \$21.00, over any 20 trading days within any 30 day trading period prior to December 7, 2026 or (ii) when the Company consummates a change of control transaction prior to December 7, 2026 that entitles its stockholders to receive a per share consideration of at least \$15.00, \$17.00, \$19.00 and \$21.00.

No Earn-out Shares vested during the three and nine months ended October 31, 2023. As of October 31, 2023, there were 3,664,653 Earn-out Shares outstanding relating to Former Planet equity award holders.

During the three and nine months ended October 31, 2023, the Company recognized \$0.4 million and \$4.2 million of stock-based compensation expense related to the Earn-out Shares, respectively. During the three and nine months ended October 31, 2022, the Company recognized \$6.3 million and \$20.6 million of stock-based compensation expense related to the Earn-out Shares, respectively. As of October 31, 2023, there was no remaining unrecognized compensation cost related to the Earn-out Shares.

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Other Stock-based Compensation

In connection with the acquisition of VanderSat B.V. ("VanderSat") on December 13, 2021, the Company issued 543,391 shares of Class A common stock to an employee and former owner of VanderSat which are accounted for as stock-based compensation because the shares are subject to forfeiture based on post-acquisition time-based service vesting. The shares vest in quarterly increments over two years commencing on December 13, 2021. During the three and nine months ended October 31, 2023, the Company recognized \$0.6 million and \$1.9 million of stock-based compensation expense related to these shares, respectively. During the three and nine months ended October 31, 2022, the Company recognized \$0.6 million and \$1.9 million of stock-based compensation expense related to these shares, respectively. As of October 31, 2023, unrecognized compensation cost related to these shares was \$0.3 million. These costs are expected to be recognized over a period of approximately 0.2 years.

(14) Income Taxes

The Company recorded income tax expense of \$0.4 million and \$1.2 million for the three and nine months ended October 31, 2023. The Company recorded income tax expense of \$0.4 million and \$0.9 million for the three and nine months ended October 31, 2022. For the three and nine months ended October 31, 2023 and 2022, the income tax expense was primarily driven by the current tax on foreign earnings. The effective tax rates for the three and nine months ended October 31, 2023 and 2022 differed from the federal statutory tax rate primarily due to the valuation allowance on the majority of the Company's U.S. and foreign deferred tax assets and foreign rate differences.

The Company evaluates its tax positions on a quarterly basis and revises its estimates accordingly. Gross unrecognized tax benefits were \$8.1 million and \$6.9 million as of October 31, 2023 and January 31, 2023, respectively. The gross unrecognized tax benefits, if recognized, would not affect the effective tax rate due to the valuation allowance against the deferred tax assets. The Company determined that no accrual for interest and penalties was required as of October 31, 2023 and January 31, 2023 and no such expenses were incurred in the periods presented.

The Company does not anticipate the total amounts of unrecognized tax benefits to significantly increase or decrease in the next twelve months.

The Company files U.S. federal, various state and foreign income tax returns. The Company is not currently under audit by any taxing authorities. All tax years remain open to examination by taxing jurisdictions to which the Company is subject.

(15) Net Loss Per Share Attributable to Common Stockholders

The Company computes net loss per share of the Class A common stock and Class B common stock using the two-class method required for participating securities. Basic and diluted net loss per share are the same for each class of common stock because they are entitled to the same liquidation and dividend rights. The following table sets forth the computation of basic and diluted loss per Class A common stock and Class B common stock (amounts in thousands, except share and per share amounts):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to common stockholders	\$ (38,004)	\$ (40,236)	\$ (110,423)	\$ (124,125)
Denominator:				
Basic and diluted weighted-average common shares outstanding used in computing net loss per share attributable to common stockholders	284,197,733	267,947,661	277,252,951	266,104,962
Basic and diluted net loss per share attributable to common stockholders	\$ (0.13)	\$ (0.15)	\$ (0.40)	\$ (0.47)

Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential Class A common stock and Class B common stock outstanding would have been anti-dilutive.

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The following table presents the potential common stock outstanding that was excluded from the computation of diluted net loss per share of common stock as of the periods presented because including them would have been antidilutive:

	As of October 31,	
	2023	2022
Warrants to purchase Class A common stock	1,065,594	1,065,594
Common stock options	28,915,927	36,046,089
Restricted Stock Units	28,109,375	16,373,800
Earn-out Shares	25,123,663	25,928,669
dMY Sponsor Earn-out Shares	862,500	862,500
Public Warrants	6,899,982	6,899,982
Private Placement Warrants	5,933,333	5,933,333
Early exercised common stock options, subject to future vesting	1,011,010	1,378,654
Shares issued in connection with acquisition, subject to future vesting	67,923	339,619
Total	97,989,307	94,828,240

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

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF PLANET

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to help the reader understand the results of operations and financial condition of Planet Labs PBC. The MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our audited annual consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2023 (the “2023 Form 10-K”). This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in Part II, Item 1A, “Risk Factors” in this Quarterly Report and Part I, Item 1A, “Risk Factors” of our 2023 Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Business and Overview

Our mission is to use space to help life on Earth, by imaging the world every day and making global change visible, accessible, and actionable. Our platform includes imagery, insights, and machine learning that empower companies, governments, and communities around the world to make timely decisions about our evolving world.

As a public benefit corporation, our purpose is to accelerate humanity toward a more sustainable, secure, and prosperous world, by illuminating the most important forms of environmental and social change.

We deliver a differentiated data set: a new image of the entire Earth’s landmass, constantly refreshed. To collect this powerful data set, we design, build and operate hundreds of satellites, making our fleet the largest Earth observation fleet of satellites in history. Our daily stream of proprietary data and machine learning analytics, delivered through our cloud-native platform, helps companies, governments and civil society use satellite imagery to discover insights as change happens.

To help further our mission, we have developed advanced satellite technology that increases the cost performance of each satellite. This has enabled us to launch large fleets of satellites at lower cost and in turn record over 2,400 images on average for every point on Earth’s landmass, a non-replicable historical archive for analytics, machine learning, and insights. We have advanced data processing capabilities that enable us to produce “AI-ready” data sets. As this data set continues to grow, we believe its value to our customers will further increase.

We currently serve over 950 customers across large commercial and government verticals, including agriculture, mapping, forestry, finance and insurance, as well as federal, state, and local government bodies. Our products serve a variety of diverse customer needs. For example, our products have helped farmers make decisions that result in significant increases in their harvests, while using fewer resources, by timely alerting them to changes happening within their fields. Governments use our data to help deliver public services more effectively in disaster response. Mapping companies use our data to keep online maps up to date. Also, journalists and human rights organizations use our data to uncover and report the truth about events in hard-to-reach places.

Our proprietary data set and analytics are delivered pursuant to subscription and usage-based data licensing agreements and are accessed by our customers through our online platform and subscription APIs. We believe our efficient cost structure, one-to-many business model and differentiated data set have enabled us to grow our customer base across multiple vertical markets. As of October 31, 2023, our EoP Customer Count was 976 customers, which represented a 13% year-over-year growth when compared to October 31, 2022. Our EoP Customer Count has grown quarter-over-quarter for every quarter in the last three years. For a definition of EoP Customer Count see the section titled “Key Operational and Business Metrics.” Over 90% of our ACV Book of Business (as defined below) consists of annual or multi-year contracts. Our average contract length continues to be approximately two years, weighted on an annual contract value basis.

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Our Business Model

We primarily generate revenue through selling licenses to our data and analytics to customers over an entirely cloud-based platform via fixed price subscription and usage-based contracts. Data licensing subscriptions and minimum commitment usage-based contracts provide a large recurring revenue base for our business with a low incremental cost to serve each additional customer. Payment terms of our customer agreements are most commonly in advance on an either quarterly or annual basis, although a small number of large contracts have required payment terms that are monthly or quarterly in arrears. We also generate an immaterial amount of revenue from sales of third-party imagery, professional services, and customer support.

We employ a “land-and-expand” go-to-market strategy with the goal to deliver increasing value to our customers and generate more revenue with each customer over time by expanding the scope of the services we offer. We work closely with our customers and partners to enable their early success, both from an account management and technical management perspective. Deeper adoption from our customers comes in many forms, including more users, more area coverage, and more advanced software analytics capabilities.

Two key elements of our growth strategy include scaling in existing verticals and expanding into new verticals.

Scaling in Existing Verticals:

We plan to invest in sales, marketing and software solutions to drive our expansion within our existing customer base and further penetrate verticals that are early adopters of geospatial data, such as Civil Government, Agriculture, Defense & Intelligence, and Mapping. In addition, we plan to invest in expanding the analytic tools we make available to these customers with the goal of increasing the services we provide to these customers and more deeply embed our data and analytics into their business intelligence systems.

Expansion into New Verticals:

We plan to invest in our software engineering teams to develop solutions to address use cases in emerging markets in our industry such as Energy & Infrastructure, Finance & Insurance, Forestry and ESG-related Industrial / Consumer Packaged Goods. In addition, to expand our reach within vertical markets, we intend to leverage our open data platform with specific vertical partners to deliver vertical market-specific solutions. We believe our increased investment in developing software analytics solutions has the potential to accelerate the usage of our data and analytics across broader audiences.

Factors Affecting the Results of Operations

We believe that our financial condition and result of operations have been, and will continue to be, affected by a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below, in Part II, Item 1A “Risk Factors” of this Quarterly Report and in Part I, Item 1A, “Risk Factors” of our 2023 Form 10-K.

Recent Developments

Sinergise Acquisition

On March 26, 2023, the Company entered into an asset purchase agreement with Holding Sinergise d.o.o., a company existing under the laws of Slovenia (“Sinergise”), and its subsidiaries and certain shareholders of Sinergise, to acquire the cloud-based geo-spatial analysis products, platforms and solutions business from Sinergise. On August 4, 2023, we completed the acquisition. The acquisition date fair value of the consideration transferred was approximately \$40.0 million, consisting of \$7.5 million in cash, \$21.6 million in the issuance of our Class A common stock and \$10.8 million relating to liabilities for cash consideration placed into escrow.

The acquisition has been accounted for as a business combination and is expected to expand our data analysis platform and allow customers to extract insights from earth observation data more easily. Refer to Note 5 “Acquisition” to the condensed consolidated financial statements for further information regarding this transaction.

Headcount Reduction

In August 2023, we announced a plan to reduce our global headcount by approximately 10% of our total number of employees prior to the reduction (the “headcount reduction”). This action was taken to increase our focus on high priority growth opportunities and operational efficiency.

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As a result of the headcount reduction, in the third quarter of the fiscal year ending 2024, we recognized \$7.3 million of costs for one-time employee termination benefits consisting of severance and other employee costs. We also recognized a \$1.5 million stock-based compensation benefit primarily related to the reversal of previously recognized stock-based compensation expenses for unvested stock awards. The headcount reductions, including the remaining cash payments, are expected to be substantially complete by the end of the fiscal year ending January 31, 2024.

Continuing to Acquire New Customers

Attracting new customers is an important factor affecting our future growth and operating performance. We believe our ability to attract customers will be driven by our ability to continue to improve our data and offer software and analytic solutions that make our data easier to consume and integrate into our customers' workflows, our success in offering new data sets and products to solve customer problems, increases in our global sales presence and increases in our marketing investments. As part of this strategy, we have recently made Planet's data available through our Sentinel Hub self-service platform, which facilitates rapid user adoption, particularly by empowering users to access our solutions without formal sales interaction. We believe this serves as a natural entry point for some of our smaller accounts, enabling them to realize the value of Planet's offerings, and leading to broader awareness of our solutions throughout their networks and organizations. We plan to continue investing in making our data more digestible and accessible to non-technical business users and to build solutions to address more use cases and expand our addressable market. As a result of this strategy, we anticipate our research and development expenditures will increase in the near term. In addition, to expand our reach with customers, we intend to partner with independent software vendors and solution providers who are building vertical market-specific solutions. While we have customers and partners today in many markets, we believe that our increased investment in developing software analytics solutions has the potential to accelerate the usage of our data and analytics across broader audiences. Additionally, the timing of securing new customer contracts, including when it occurs during the year and the length of the sales cycle, as well as the size of the contracts, can impact our operating performance.

Retention and Expansion of Existing Customers

We are focused on increasing customer retention and expanding revenue with existing customers because this will affect our financial results, including revenues, gross profit, operating loss, and operating cash flows. To increase customer retention and expansion of revenue from existing customers, we are making a number of investments in our operations. Areas of investment that affect customer retention and expansion include our customer success function, continuous improvements to our existing data, and the software tools and analytic tools that make our data easier to consume. Additionally, customer retention and expansion is driven by the speed with which our customers realize the value of our data once they become customers, our ability to cross-sell our different products to our existing customers and our ability to offer new products to our customers. As a result of the foregoing, we anticipate our cost of revenue, operating expenses, and capital expenditures will continue to increase and consequently, we are likely to experience losses in the near term, delaying our ability to achieve profitability and adversely affecting cash flows.

Developing New Sensors and Data Sets

We expect that our ability to provide new data sets through new sensors and new proprietary data will be an important factor for our long-term growth and future market penetration. We believe offering new data sets and fusing new data sets with our existing data sets will enable us to deliver greater value to our existing customers and help us attract new customers. This may require significant investment in technology and personnel and result in increased research and development costs as well as costs of revenue.

Investment Decisions

We regularly review our existing customers and target markets to determine where we should invest in our product and technology roadmap, both for our space systems engineering to enable new geospatial coverage models, as well as our software engineering focused on providing sophisticated analytics models and tools to service an expanding set of markets and use cases. Our financial performance relies heavily on effective balance between driving continued growth, maintaining technology leadership, and improving margins across the business.

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Seasonality

We have experienced, and expect to continue to experience, seasonality in our business and fluctuations in our operating results due to customer behavior, buying patterns and usage-based contracts. For example, we typically have customers who increase their usage of our data services when they need more frequent data monitoring over broader areas during peak agricultural seasons, during natural disasters or other global events, or when commodity prices are at certain levels. These customers may expand their usage and then subsequently scale back. We believe that the seasonal trends that we have experienced in the past may occur in the future. To the extent that we experience seasonality, it may impact our operating results and financial metrics, as well as our ability to forecast future operating results and financial metrics. Additionally, when we introduce new products to the market, we may not have sufficient experience in selling certain products to determine if demand for these products are or will be subject to material seasonality.

Key Operational and Business Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key operational and business metrics to evaluate our business, measure our performance, develop financial forecasts, and make strategic decisions.

ACV and EoP ACV Book of Business

In connection with the calculation of several of the key operational and business metrics we utilize, we calculate Annual Contract Value (“ACV”) for contracts of one year or greater as the total amount of value that a customer has contracted to pay for the most recent 12 month period for the contract, excluding customers that are exclusively Sentinel Hub self-service paying users. For short-term contracts (contracts less than 12 months), ACV is equal to total contract value.

We also calculate EoP ACV Book of Business in connection with the calculation of several of the key operational and business metrics we utilize. We define EoP ACV Book of Business as the sum of the ACV of all contracts that are active on the last day of the period pursuant to the effective dates and end dates of such contracts, excluding customers that are exclusively Sentinel Hub self-service paying users. Active contracts exclude any contract that has been canceled, expired prior to the last day of the period without renewing, or for any other reason is not expected to generate revenue in the subsequent period. For contracts ending on the last day of the period, the ACV is either updated to reflect the ACV of the renewed contract or, if the contract has not yet renewed or extended, the ACV is excluded from the EoP ACV Book of Business. We do not annualize short-term contracts in calculating our EoP ACV Book of Business. We calculate the ACV of usage-based contracts based on the committed contracted revenue or the revenue achieved on the usage-based contract in the prior 12-month period.

Net Dollar Retention Rate

	Nine Months Ended October 31,	
	2023	2022
Net Dollar Retention Rate	104 %	123 %

We define Net Dollar Retention Rate as the percentage of ACV generated by existing customers in a given period as compared to the ACV of all contracts at the beginning of the fiscal year from the same set of existing customers. We define existing customers as customers with an active contract with Planet. We believe our Net Dollar Retention Rate is a useful metric for investors as it can be used to measure our ability to retain and grow revenue generated from our existing customers, on which our ability to drive long-term growth and profitability is, in part, dependent. We use Net Dollar Retention Rate to assess customer adoption of new products, inform opportunities to make improvements across our products, identify opportunities to improve operations, and manage go to market functions, as well as to understand how much future growth may come from cross-selling and up-selling customers. Management applies judgment in determining the value of active contracts in a given period, as set forth in the definition of ACV above. Net Dollar Retention Rate decreased to 104% for the nine months ended October 31, 2023, as compared to 123% for the nine months ended October 31, 2022, primarily due to large government contract expansions in the prior nine months ended October 31, 2022 and the impact from delays in renewals and expansions of some government contracts and contractions of certain commercial contracts in the nine months ended October 31, 2023.

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Net Dollar Retention Rate including Winbacks

	Nine Months Ended October 31,	
	2023	2022
Net Dollar Retention Rate including Winbacks	105 %	125 %

We assess two metrics for net dollar retention—net retention excluding winbacks and including winbacks. A winback is a previously existing customer who was inactive at the start of the current fiscal year, but has reactivated during the current fiscal year. The reactivation period must be within 24 months from the last active contract with the customer; otherwise, the customer is counted as a new customer and therefore excluded from the retention rate metrics. We define Net Dollar Retention Rate including winbacks as the percentage of ACV generated by existing customers and winbacks in a given period as compared to the ACV of all contracts at the beginning of the fiscal year from the same set of existing customers. We believe this metric is useful to investors as it captures the value of customer contracts that resume business with Planet after being inactive and thereby provides a quantification of Planet’s ability to recapture lost business. Management uses this metric to understand the adoption of our products and long-term customer retention, as well as the success of marketing campaigns and sales initiatives in re-engaging inactive customers. Beyond the judgments underlying managements’ calculation of Net Dollar Retention set forth above, there are no additional assumptions or estimates made in connection with Net Dollar Retention Rate including winbacks. Net Dollar Retention Rate including winbacks decreased to 105% for the nine months ended October 31, 2023, as compared to 125% for the nine months ended October 31, 2022, primarily due to large government contract expansions in the prior nine months ended October 31, 2022 and the impact from delays in renewals and expansions of some government contracts and contractions of certain commercial contracts in the nine months ended October 31, 2023.

EoP Customer Count

	As of October 31,	
	2023	2022
EoP Customer Count	976	864

We define EoP Customer Count as the total count of all existing customers at the end of the period excluding customers that are exclusively Sentinel Hub self-service paying users. For EoP Customer Count, we define existing customers as customers with an active contract with us at the end of the reported period. For the purpose of this metric, we define a customer as a distinct entity that uses our data or services. We sell directly to customers, as well as indirectly through our partner network. If a partner does not provide the end customer’s name, then the partner is reported as the customer. Each customer, regardless of the number of active opportunities with us, is counted only once. For example, if a customer utilizes multiple products of Planet, we only count that customer once for purposes of EoP Customer Count. A customer with multiple divisions, segments, or subsidiaries are also counted as a single unique customer based on the parent organization or parent account. For EoP Customer Count, we do not include users that only utilize our self-service Sentinel Hub web based ordering system, which we acquired in August 2023, and which offers standard starter packages on a monthly or annual basis. We believe excluding these users from EoP Customer Count creates a more useful metric, as we view the Sentinel Hub starter packages as entry points for smaller accounts, leading to broader awareness of our solutions throughout their networks and organizations. We believe EoP Customer Count is a useful metric for investors and management to track as it is an important indicator of the broader adoption of our platform and is a measure of our success in growing our market presence and penetration. Management applies judgment as to which customers are deemed to have an active contract in a period, as well as whether a customer is a distinct entity that uses our data or services. The EoP Customer Count increased to 976 as of October 31, 2023, as compared to 864 as of October 31, 2022. The increase was primarily attributable to the increased demand for our data.

Percent of Recurring ACV

	As of October 31,	
	2023	2022
% Recurring ACV	94 %	94 %

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Percent of Recurring ACV is the portion of the total EoP ACV Book of Business that is recurring in nature. We define ACV Book of Business as the sum of the ACV of all contracts that are active on the last day of the period pursuant to the effective dates and end dates of such contracts, excluding customers that are exclusively Sentinel Hub self-service paying users. We define Percent of Recurring ACV as the dollar value of all data subscription contracts and the committed portion of usage-based contracts (excluding customers that are exclusively Sentinel Hub self-service paying users) divided by the total dollar value of all contracts in our ACV Book of Business at a specific point in time. We believe Percent of Recurring ACV is useful to investors to better understand how much of our revenue is from customers that have the potential to renew their contracts over multiple years rather than being one-time in nature. We track Percent of Recurring ACV to inform estimates for the future revenue growth potential of our business and improve the predictability of our financial results. There are no significant estimates underlying management's calculation of Percent of Recurring ACV, but management applies judgment as to which customers have an active contract at a period end for the purpose of determining ACV Book of Business, which is used as part of the calculation of Percent of Recurring ACV.

Capital Expenditures as a Percentage of Revenue

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Capital Expenditures as Percentage of Revenue	16 %	6 %	20 %	8 %

We define capital expenditures as purchases of property and equipment plus capitalized internally developed software development costs, which are included in our statements of cash flows from investing activities. We define Capital Expenditures as a Percentage of Revenue as the total amount of capital expenditures divided by total revenue in the reported period. Capital Expenditures as a Percentage of Revenue is a performance measure that we use to evaluate the appropriate level of capital expenditures needed to support demand for our data services and related revenue, and to provide a comparable view of our performance relative to other earth observation companies, which may invest significantly greater amounts in their satellites to deliver their data to customers. We use an agile space systems strategy, which means we invest in a larger number of significantly lower cost satellites and software infrastructure to automate the management of the satellites and to deliver our data to clients. As a result of our strategy and our business model, our capital expenditures may be more similar to software companies with large data center infrastructure costs. Therefore, we believe it is important to look at our level of capital expenditure investments relative to revenue when evaluating our performance relative to other earth observation companies or to other software and data companies with significant data center infrastructure investment requirements. We believe Capital Expenditures as a Percentage of Revenue is a useful metric for investors because it provides visibility to the level of capital expenditures required to operate our business and our relative capital efficiency. Capital Expenditures as a Percentage of Revenue increased to 16% and 20% for the three and nine months ended October 31, 2023, as compared to 6% and 8% for the three and nine months ended October 31, 2022. These increases were primarily attributable to an increase in capitalized labor and material related to the build of high resolution and medium resolution satellites.

Components of Results of Operations

Revenue

We derive revenue principally from licensing rights to use our imagery that is delivered digitally through our online platform in addition to providing related services. Imagery licensing agreements vary by contract, but generally have annual or multi-year contractual terms. The data licenses are generally purchased via a fixed price contract on a subscription or usage basis, whereby a customer pays for access to our imagery or derived imagery data that may be downloaded over a specific period of time, or, less frequently, on a transactional basis, whereby the customer pays for individual content licenses.

We also provide an immaterial amount of other services to customers, including professional services such as training, analytical services, research and development services to third parties, and other value-added activities related to our imagery, data and technology. These revenues are recognized as the services are rendered, on a proportional performance basis for fixed price contracts or ratably over the contract term for subscription professional services and analytics contracts. Training revenues are recognized as the services are performed.

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Cost of Revenue

Cost of revenue consists of employee related costs of performing account and data provisioning, customer support, satellite and engineering operations, as well as the costs of operating and retrieving information from the satellites, processing and storing the data retrieved, third party imagery expenses, depreciation of satellites and ground stations, amortization of acquired intangibles and amortization of capitalized internal-use software related to creating imagery provided to customers. Employee-related costs include salaries, benefits, bonuses and stock-based compensation. To a lesser extent, cost of revenue includes costs from professional services, including costs paid to subcontractors and certain third-party fees.

We expect cost of revenue to continue to increase as we invest in our delivery organization and future product sets that will likely require higher compute capacity. As we continue to grow our subscription revenue contracts and increase the revenue associated with our analytic capabilities, we anticipate further economies of scale on our satellites and other infrastructure costs as we incur lower marginal cost with each new customer we add to our platform.

Research and Development

Research and development expenditures primarily include personnel related expenses for employees and consultants, hardware costs, supplies costs, contractor fees and administrative expenses. Employee related costs include salaries, benefits, bonuses and stock-based compensation. Expenses classified as research and development are expensed as incurred and attributable to advancing technology research, platform and infrastructure development and the research and development of new product iterations. Funding for our performance of research and development services under certain arrangements are recognized as a reduction of research and development expenses based on a cost incurred method.

We continue to iterate on the design of our satellites and the capabilities of our automated operations to optimize for efficiency and technical capability of each satellite. Costs associated with satellite and other space related research development activities are expensed as incurred.

We intend to continue to invest in our software platform development, machine learning and analytic tools and applications and new satellite technologies for both the satellite fleet operations and data collection capabilities to drive incremental value to our existing customers and to enable us to expand our traction in emerging markets and with new customers. As a result of the foregoing, we expect research and development expenditures to increase in future periods.

Sales and Marketing

Sales and marketing expenditures primarily include costs incurred to market and distribute our products. Such costs include expenses related to advertising and conferences, sales commissions, salaries, benefits and stock-based compensation for our sales and marketing personnel and sales office expenses. Sales and marketing expenses also include fees for professional and consulting services principally consisting of public relations and independent contractor expenses. Sales and marketing costs are expensed as incurred.

We intend to continue to invest in our selling and marketing capabilities in the future and expect this expense to increase in future periods as we look to upsell new product features and expand into new market verticals. Selling and marketing expenses as a percentage of total revenue may fluctuate from period to period based on total revenue and the timing of our investments.

General and Administrative

General and administrative expenses include personnel-related expenses and facilities-related costs primarily for our executive, finance, accounting, legal and human resources functions. General and administrative expenses also include fees for professional services principally consisting of legal, audit, tax, and insurance, as well as executive management expenses. General and administrative expenses are expensed as incurred.

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We expect to incur additional general and administrative expenses as a result of operating as a public company, including expenses related to compliance and reporting obligations of public companies, and increased costs for insurance, investor relations, and professional services. As a result, we expect that our general and administrative expenses will increase in future periods and vary from period to period as a percentage of revenue, but we expect to realize operating scale with respect to these expenses over time as we grow our revenue.

Interest Income

Interest income primarily consists of interest earned on our cash, cash equivalents and short-term investments. Our cash equivalent and short-term investment portfolio is invested with a goal of preserving our access to capital, and generally consists of money market funds, commercial paper, corporate debt securities and U.S. government and U.S. government agency debt securities.

Change in Fair Value of Warrant Liabilities

The change in fair value of warrant liabilities consists of the change in fair value of the public and private placement warrants. We expect to incur other incremental income or expense for fair value adjustments resulting from warrant liabilities that remain outstanding.

Other Income (Expenses), net

Other income (expenses), net, primarily consists of net gains or losses on foreign currency.

Provision for Income Taxes

Our income tax provision consists of an estimate for U.S. federal and state income taxes, as well as those foreign jurisdictions where we have business operations, based on enacted tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities, and changes in the tax law. We believe that it is more likely than not that the majority of the U.S. and foreign deferred tax assets will not be realized. Accordingly, we recorded a valuation allowance against our deferred tax assets in these jurisdictions.

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Results of Operations

Three months ended October 31, 2023 compared to three months ended October 31, 2022

The following table sets forth a summary of our consolidated results of operations for the interim periods indicated and the changes between such periods.

(in thousands, except percentages)	Three Months Ended October 31,		\$	%
	2023	2022	Change	Change
Revenue	\$ 55,380	\$ 49,704	\$ 5,676	11 %
Cost of revenue	29,350	24,728	4,622	19 %
Gross profit	26,030	24,976	1,054	4 %
Operating expenses				
Research and development	33,002	27,598	5,404	20 %
Sales and marketing	20,774	19,383	1,391	7 %
General and administrative	20,112	20,627	(515)	(2)%
Total operating expenses	73,888	67,608	6,280	9 %
Loss from operations	(47,858)	(42,632)	(5,226)	12 %
Interest income	3,445	2,853	592	21 %
Change in fair value of warrant liabilities	6,833	(19)	6,852	*
Other income (expense), net	(69)	1	(70)	*
Total other income (expense), net	10,209	2,835	7,374	260 %
Loss before provision for income taxes	(37,649)	(39,797)	2,148	(5)%
Provision for income taxes	355	439	(84)	(19)%
Net loss	\$ (38,004)	\$ (40,236)	\$ 2,232	(6)%

*Percentage not meaningful

Revenue

Revenue increased \$5.7 million, or 11%, to \$55.4 million for the three months ended October 31, 2023 from \$49.7 million for the three months ended October 31, 2022. The increase was primarily due to a \$6.6 million increase from total customer growth worldwide, including new customers acquired from the Sinergise acquisition, which was partially offset by a \$0.9 million reduction of existing customer contracts. EoP Customer Count increased approximately 13% to 976 as of October 31, 2023 from 864 as of October 31, 2022. The increase in revenue from new customers was primarily driven by growth in the Civil Government and Defense and Intelligence verticals.

Cost of Revenue

Cost of revenue increased \$4.6 million, or 19%, to \$29.4 million for the three months ended October 31, 2023, from \$24.7 million for the three months ended October 31, 2022. The increase was primarily due to an increase in depreciation of \$1.9 million. The increase in depreciation expense was primarily due to a \$3.3 million increase resulting from a change in estimated useful lives for two high resolution satellites as described further below which was partially offset by a \$1.4 million decrease resulting from a high resolution satellite that became fully depreciated during the fiscal year ended January 31, 2023. The increase was also partially due to a \$1.4 million increase in hosting costs associated with an increase in archive data and growth in our customer base and a \$1.2 million increase in employee related costs. The increase in employee-related costs was partially due to a \$0.6 million one-time severance and termination benefits charge associated with the headcount reduction that we announced in August 2023.

In April 2023 and September 2023, additional information specific to two high resolution satellites became available indicating that the useful lives of the two satellites will be less than originally estimated. The changes in estimated useful lives for these satellites were accounted for prospectively, resulting in an increase of depreciation expense classified as cost of revenue of \$3.3 million for the three months ended October 31, 2023. The change in estimate is expected to result in a \$6.4 million increase in depreciation expense classified as cost of revenue for the fiscal year ended January 31, 2024.

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Research and Development

Research and development expenses increased \$5.4 million, or 20%, to \$33.0 million for the three months ended October 31, 2023, from \$27.6 million for the three months ended October 31, 2022. The increase was primarily due to a \$6.8 million increase in employee related costs. The increase in employee-related costs was primarily due to increased headcount and a \$3.3 million one-time severance and termination benefits charge associated with the headcount reduction. We also recorded a \$1.9 million non-recurring expense related to transaction bonuses paid to Sinergise employees, which was allocated from the purchase consideration we paid in connection with the Sinergise acquisition. The increase was also partially due to a \$0.6 million increase in software and maintenance expenses. These increases were partially offset by a \$2.6 million increase in funding recognized for our research and development arrangements and a \$2.3 million decrease in stock based compensation expense, which was primarily due to a decline in expense related to earn-out shares.

Sales and Marketing

Sales and marketing expenses increased \$1.4 million, or 7%, to \$20.8 million, for the three months ended October 31, 2023, from \$19.4 million for the three months ended October 31, 2022. The increase was primarily due to a \$2.4 million increase in employee related costs, primarily due to a \$1.9 million one time severance and termination benefits charge associated with the headcount reduction. The increase was also partially due to a \$0.7 million increase in sales commissions expense. These increases were partially offset by a \$1.6 million decrease in stock based compensation expense, which was primarily due to a decline in expense related to earn-out shares, and a \$0.3 million decrease in professional and consulting expenses.

General and Administrative

General and administrative expenses decreased \$0.5 million, or 2%, to \$20.1 million for the three months ended October 31, 2023, from \$20.6 million for the three months ended October 31, 2022. The decrease was primarily due to a \$2.6 million decrease in stock based compensation expense, which was primarily due to a decline in expense related to earn-out shares, and a \$0.6 million decrease related to directors and officers and other corporate insurance. These decreases were partially offset by a \$2.4 million increase in employee related costs, primarily due to a \$1.5 million one time severance and termination benefits charge associated with the headcount reduction.

Interest Income

Interest income increased \$0.6 million to \$3.4 million for the three months ended October 31, 2023, from \$2.9 million for the three months ended October 31, 2022. The increase was primarily due to our short-term investment balances and an increase in interest rates.

Change in fair value of warrant liabilities

The change in fair value of warrant liabilities for both the three months ended October 31, 2023 and 2022 represents the change in fair value of the public and private placement warrants, which primarily fluctuates based on the change in trading price of our Class A common stock.

Other Income (Expense), net

Other income (expense), net for the three months ended October 31, 2023 and October 31, 2022, primarily reflects realized and unrealized foreign currency exchange gains and losses.

Provision for Income Taxes

Provision for income taxes was \$0.4 million for both the three months ended October 31, 2023 and 2022. For the three months ended October 31, 2023 and 2022, the income tax expense was primarily driven by the current tax on foreign earnings. The effective tax rate for the three months ended October 31, 2023 and 2022 differed from the federal statutory tax rate primarily due to the valuation allowance on the majority of our U.S. and foreign deferred tax assets and foreign rate differences.

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Nine months ended October 31, 2023 compared to nine months ended October 31, 2022

The following table sets forth a summary of our consolidated results of operations for the interim periods indicated and the changes between such periods.

<i>(in thousands, except percentages)</i>	Nine Months Ended October 31,		\$	%
	2023	2022	Change	Change
Revenue	\$ 161,844	\$ 138,281	\$ 23,563	17 %
Cost of revenue	81,375	73,333	8,042	11 %
Gross profit	80,469	64,948	15,521	24 %
Operating expenses				
Research and development	87,929	79,085	8,844	11 %
Sales and marketing	66,209	57,721	8,488	15 %
General and administrative	62,161	61,128	1,033	2 %
Total operating expenses	216,299	197,934	18,365	9 %
Loss from operations	(135,830)	(132,986)	(2,844)	2 %
Interest income	11,753	4,276	7,477	175 %
Change in fair value of warrant liabilities	14,004	5,369	8,635	161 %
Other income (expense), net	894	123	771	627 %
Total other income (expense), net	26,651	9,768	16,883	173 %
Loss before provision for income taxes	(109,179)	(123,218)	14,039	(11)%
Provision for income taxes	1,244	907	337	37 %
Net loss	\$ (110,423)	\$ (124,125)	\$ 13,702	(11)%

Revenue

Revenue increased \$23.6 million, or 17%, to \$161.8 million for the nine months ended October 31, 2023 from \$138.3 million for the nine months ended October 31, 2022. The increase was primarily due to a \$12.7 million increase from total customer growth worldwide, including new customers acquired from the Sinergise acquisition and net expansion of existing customer contracts of \$10.9 million. EoP Customer Count increased approximately 13% to 976 as of October 31, 2023 from 864 as of October 31, 2022. The increase in revenue from new customers was primarily driven by growth in the Civil Government and Defense and Intelligence verticals.

Cost of Revenue

Cost of revenue increased \$8.0 million, or 11%, to \$81.4 million for the nine months ended October 31, 2023, from \$73.3 million for the nine months ended October 31, 2022. The increase was primarily due to a \$3.9 million increase in hosting costs associated with an increase in archive data and growth in our customer base and a \$2.4 million increase in employee-related costs. The increase in employee-related costs was primarily due to increased headcount and partially due to a \$0.6 million one time severance and termination benefits charge associated with the headcount reduction. The increase was also partially due to a \$1.7 million increase in depreciation and amortization. The increase in depreciation expense was primarily due to a \$5.8 million increase resulting from changes in estimated useful lives for two high resolution satellites in April 2023 and September 2023 as discussed further above, which was partially offset by a \$4.1 million decrease resulting from a high resolution satellite that became fully depreciated during the fiscal year ended January 31, 2023. These increases were partially offset by a \$1.1 million decrease in stock based compensation expense, which was primarily due to a decline in expense related to earn-out shares.

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Research and Development

Research and development expenses increased \$8.8 million, or 11%, to \$87.9 million for the nine months ended October 31, 2023, from \$79.1 million for the nine months ended October 31, 2022. The increase was primarily due to an increase of \$18.9 million in employee related costs, which was primarily due to increased headcount and partially due to a \$3.3 million one-time severance and termination benefits charge associated with the headcount reduction. The increase was also partially due to a \$1.9 million non-recurring expense related to transaction bonuses paid to Sinergise employees, which was allocated from the purchase consideration we paid in connection with the Sinergise acquisition. The increase was also partially due to an increase in contractor costs of \$1.3 million to support various research and development initiatives, \$1.2 million increase in depreciation associated with satellites classified as experimental, and \$0.9 million increase in software and maintenance costs. These increases were partially offset by a \$11.5 million increase in funding recognized for our research and development arrangements and a \$6.1 million decrease in stock based compensation expense, which was primarily to a decline in expense related to earn-out shares.

In July 2023, projected costs related to certain of our research and development arrangements were revised down as a result of operational decisions. This change in estimate resulted in a \$2.2 million cumulative increase of funding recognized for certain of our research and development arrangements for the nine months ended October 31, 2023.

Sales and Marketing

Sales and marketing expenses increased \$8.5 million, or 15%, to \$66.2 million, for the nine months ended October 31, 2023, from \$57.7 million for the nine months ended October 31, 2022. The increase was primarily due to an increase of \$7.7 million in employee related costs, which was primarily due to increased headcount and partially due to a \$1.9 million one-time severance and termination benefits charge associated with the headcount reduction. The increase was also partially due to a \$3.4 million increase in marketing expenses driven by increased events and a \$1.7 million increase in sales commissions expense. These increases were partially offset by a \$2.8 million decrease in stock based compensation expense, which was primarily due to a decline in expense related to earn-out shares and a \$1.9 million decrease in professional and consulting expenses.

General and Administrative

General and administrative expenses increased \$1.0 million, or 2%, to \$62.2 million for the nine months ended October 31, 2023, from \$61.1 million for the nine months ended October 31, 2022. The increase was primarily due to an increase of \$5.7 million in employee related costs, primarily as a result of increased headcount and partially due to a \$1.5 million one-time severance and termination benefits charge associated with the headcount reduction. The increase was also partially due to a \$0.9 million increase in rent costs related to new facility leases and a \$0.8 million increase in legal fees, primarily due to our acquisition of Sinergise. These increases were partially offset by a \$5.2 million decrease in stock based compensation expense, which was primarily due to a decline in expense related to earn-out shares, and \$1.1 decrease in depreciation and amortization, primarily related to our office facilities.

Interest Income

Interest income increased \$7.5 million, to \$11.8 million for the nine months ended October 31, 2023, from \$4.3 million for the nine months ended October 31, 2022. The increase was primarily due to our short-term investment balances and an increase in interest rates.

Change in fair value of warrant liabilities

The change in fair value of warrant liabilities for both the nine months ended October 31, 2023 and 2022 represents the change in fair value of the public and private placement warrants, which primarily fluctuates based on the change in trading price of our Class A common stock.

Other Income (Expense), net

Other income (expense), net of \$0.9 million for the nine months ended October 31, 2023 primarily reflects the recognition of an insurance claim recovery of \$0.8 million associated with a high resolution satellite. Other income (expense), net of \$0.1 million for the nine months ended October 31, 2022 primarily reflects realized and unrealized foreign currency exchange gains and losses.

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Provision for Income Taxes

Provision for income taxes was \$1.2 million and \$0.9 million for the nine months ended October 31, 2023 and 2022, respectively. For the nine months ended October 31, 2023 and 2022, the income tax expense was primarily driven by the current tax on foreign earnings. The effective tax rate for the nine months ended October 31, 2023 and 2022 differed from the federal statutory tax rate primarily due to the valuation allowance on the majority of our U.S. and foreign deferred tax assets and foreign rate differences.

Non-GAAP Information

This Quarterly Report on Form 10-Q includes Non-GAAP Gross Profit, Non-GAAP Gross Margin and Adjusted EBITDA, which are non-GAAP performance measures that we use to supplement our results presented in accordance with U.S. GAAP. We believe Non-GAAP Gross Profit, Non-GAAP Gross Margin and Adjusted EBITDA are useful in evaluating our operating performance, as they are similar to measures reported by our public competitors and are regularly used by security analysts, institutional investors, and other interested parties in analyzing operating performance and prospects.

Non-GAAP Gross Profit, Non-GAAP Gross Margin and Adjusted EBITDA are non-GAAP measures, and are additions, and not substitutes for or superior to, measures of financial performance prepared in accordance with U.S. GAAP and should not be considered as an alternative to measures derived in accordance with U.S. GAAP. Further, Non-GAAP Gross Profit, Non-GAAP Gross Margin and Adjusted EBITDA are not based on any standardized methodology prescribed by U.S. GAAP and are not necessarily comparable to similarly-titled measures presented by other companies. We present Adjusted EBITDA because we believe it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry and facilitates comparisons on a consistent basis across reporting periods. Further, we believe it is helpful in highlighting trends in our operating results because it excludes items that are not indicative of our core operating performance.

We include these non-GAAP financial measures because they are used by management to evaluate our core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments.

Non-GAAP Gross Profit excludes stock-based compensation expenses that are classified as cost of revenue from gross profit, which is required in accordance with U.S. GAAP. Non-GAAP Gross Profit also excludes amortization of acquired intangible assets related to business combinations, which is a non-cash expense required in accordance with U.S. GAAP. Adjusted EBITDA excludes certain expenses from net income (loss) that are required in accordance with U.S. GAAP. We exclude in non-GAAP calculations certain non-cash expenses, such as depreciation and amortization, stock-based compensation and change in fair value of warrant liabilities, and income and expenses that are considered unrelated to our underlying business performance, such as restructuring charges, interest income, interest expense and taxes.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We define and calculate Non-GAAP Gross Profit as gross profit adjusted for stock-based compensation, amortization of acquired intangible assets classified as cost of revenue, restructuring costs, employee transaction bonuses in connection with the Sinergise business combination, and other expenses that are considered unrelated to our underlying business performance. We define Non-GAAP Gross Margin as Non-GAAP Gross Profit divided by revenue.

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The table below reconciles our Gross Profit and Gross Margin (the most directly comparable U.S. GAAP measure) to Non-GAAP Gross Profit and Non-GAAP Gross Margin, for the periods indicated:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
<i>(in thousands, except percentages)</i>				
Gross Profit	\$ 26,030	\$ 24,976	\$ 80,469	\$ 64,948
Cost of revenue—Stock-based compensation	888	1,317	2,855	3,992
Amortization of acquired intangible assets	796	366	1,674	1,163
Restructuring costs ⁽¹⁾	563	—	563	—
Employee transaction bonuses in connection with the Sinergise business combination ⁽²⁾	267	—	267	—
Non-GAAP Gross Profit	\$ 28,544	\$ 26,659	\$ 85,828	\$ 70,103
Gross Margin	47 %	50 %	50 %	47 %
Non-GAAP Gross Margin	52 %	54 %	53 %	51 %

⁽¹⁾ As part of the headcount reduction plan announced in August 2023, we recognized \$0.6 million of severance and other employee costs within cost of revenue for the three and nine months ended October 31, 2023. For the three and nine months ended October 31, 2023, the restructuring related stock-based compensation benefit recognized within cost of revenue of \$0.1 million is included on its respective line item. Refer to Note 7 “Restructuring” to the condensed consolidated financial statements for further information.

⁽²⁾ Certain employees of Sinergise, which became employees of Planet, were paid cash transaction bonuses in connection with the closing of the Sinergise acquisition. The cost of the transaction bonuses was allocated from the purchase consideration we paid for the acquisition. Refer to Note 5 “Acquisition” to the condensed consolidated financial statements for further information.

Adjusted EBITDA

We define and calculate Adjusted EBITDA as net income (loss) before the impact of interest income and expense, income tax expense and depreciation and amortization, and further adjusted for the following items: stock-based compensation, change in fair value of warrant liabilities, gain or loss on the extinguishment of debt and non-operating income, expenses such as foreign currency exchange gain or loss, restructuring costs, employee transaction bonuses in connection with the Sinergise business combination, and other expenses that are considered unrelated to our underlying business performance.

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The table below reconciles our net loss (the most directly comparable U.S. GAAP measure) to Adjusted EBITDA for the periods indicated:

(in thousands)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Net loss	\$ (38,004)	\$ (40,236)	\$ (110,423)	\$ (124,125)
Interest income	(3,445)	(2,853)	(11,753)	(4,276)
Income tax provision	355	439	1,244	907
Depreciation and amortization	13,625	10,785	36,033	33,997
Change in fair value of warrant liabilities	(6,833)	19	(14,004)	(5,369)
Stock-based compensation	12,598	19,438	44,611	59,841
Restructuring costs ⁽¹⁾	7,341	—	7,341	—
Employee transaction bonuses in connection with the Sinergise business combination ⁽²⁾	2,317	—	2,317	—
Other (income) expense, net	69	(1)	(894)	(123)
Adjusted EBITDA	\$ (11,977)	\$ (12,409)	\$ (45,528)	\$ (39,148)

⁽¹⁾ As part of the headcount reduction plan announced in August 2023, we recognized \$7.3 million of severance and other employee costs for the three and nine months ended October 31, 2023. For the three and nine months ended October 31, 2023, the restructuring related stock-based compensation benefit of \$1.5 million is included on its respective line item. Refer to Note 7 “Restructuring” to the condensed consolidated financial statements for further information.

⁽²⁾ Certain employees of Sinergise, which became employees of Planet, were paid cash transaction bonuses in connection with the closing of the Sinergise acquisition. The cost of the transaction bonuses was allocated from the purchase consideration we paid for the acquisition. Refer to Note 5 “Acquisition” to the condensed consolidated financial statements for further information.

There are a number of limitations related to the use of Adjusted EBITDA, including:

- Adjusted EBITDA excludes stock-based compensation, which has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA excludes depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated and amortized will have to be replaced in the future;
- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us;
- Adjusted EBITDA does not reflect income tax expense that reduces cash available to us; and
- the expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from similar measures when they report their operating results.

Liquidity and Capital Resources

Since inception, we have incurred net losses and negative cash flows from operations. Our operations have historically been primarily funded by the net proceeds from the sale of our equity securities and borrowings under credit facilities, as well as cash received from our customers. We currently have no debt outstanding.

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including working capital and capital expenditure needs, contractual obligations, including debt obligations, and other commitments, with cash flows from operations and other sources of funding. Our current working capital needs relate mainly to our continued development of our platform and product offerings in new markets, as well as compensation and benefits of our employees. Our ability to expand and grow our business will depend on many factors, including our working capital needs and the evolution of our operating cash flows.

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As of October 31, 2023 and January 31, 2023, we had \$101.5 million and \$181.9 million, respectively, in cash and cash equivalents. Additionally, as of October 31, 2023 and January 31, 2023, we had short-term investments of \$213.3 million and \$226.9 million, respectively, which are highly liquid in nature and available for current operations. We believe our anticipated operating cash flows together with our cash on hand provide us with the ability to meet our obligations as they become due during the next 12 months.

We expect our capital expenditures and working capital requirements to continue to increase in the foreseeable future as we seek to grow our business. We could also need additional cash resources due to significant acquisitions, an accelerated manufacturing timeline for new satellites, competitive pressures or regulatory requirements. We may need to seek additional equity, equity-linked or debt financing. The issuance of additional shares may create additional dilution to our stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating or financial covenants that would restrict our operations. We cannot assure you that any such financing will be available on favorable terms, or at all. If needed financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our level of investment in software and market expansion efforts or to scale back our existing operations, which could have an adverse impact on our business and financial prospects.

As of October 31, 2023, our principal contractual obligations and commitments include lease obligations for real estate and ground stations, purchase commitments for future satellite launch services, and minimum purchase commitments for hosting services from Google, LLC. Refer to Notes 8, 10, and 12 to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information regarding these cash requirements.

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

Statement of Cash Flows

The following tables present a summary of cash flows from operating, investing and financing activities for the following comparative periods. For additional detail, please see the unaudited condensed consolidated statements of cash flows as presented within the unaudited condensed consolidated financial statements.

(in thousands)	Nine Months Ended October 31,	
	2023	2022
Net cash provided by (used in)		
Operating activities	\$ (43,874)	\$ (59,118)
Investing activities	\$ (24,032)	\$ (237,478)
Financing activities	\$ (357)	\$ 6,377

Net cash used in operating activities

Net cash used in operating activities for the nine months ended October 31, 2023, primarily consisted of the net loss of \$110.4 million, adjusted for non-cash items and changes in operating assets and liabilities. Non-cash items primarily included stock-based compensation expense of \$44.6 million and depreciation and amortization expense of \$36.0 million, which were partially offset by a change in fair value of warrant liabilities of \$14.0 million. The net change in operating assets and liabilities primarily consisted of a \$19.6 million increase in deferred revenue and a \$9.5 million decrease in prepaid expenses and other assets, which were partially offset by a \$20.7 million decrease in accounts payable, accrued and other liabilities, and a \$3.9 million increase in accounts receivable.

Net cash used in operating activities for the nine months ended October 31, 2022, primarily consisted of the net loss of \$124.1 million, adjusted for non-cash items and changes in operating assets and liabilities. Non-cash items primarily included depreciation and amortization expense of \$34.0 million and stock-based compensation expense of \$59.8 million, which was offset by a change in fair value of warrant liabilities of \$5.4 million. The net change in operating assets and liabilities primarily consisted of a \$19.4 million decrease in deferred revenue, a \$8.6 million decrease in accounts payable, accrued and other liabilities and a \$9.5 million increase in prepaid expenses and other assets, which was offset by a \$15.2 million decrease in accounts receivable.

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Net cash used in investing activities

Net cash used in investing activities for the nine months ended October 31, 2023, primarily consisted of purchases of available-for-sale securities of \$166.2 million, purchases of property and equipment of \$29.1 million, and \$7.5 million of consideration paid related to the acquisition of Sinergise, which were partially offset by maturities of available-for-sale securities of \$142.9 million and sales of available-for-sale securities of \$40.1 million.

Net cash used in investing activities for the nine months ended October 31, 2022, primarily consisted of purchases of property and equipment of \$9.0 million, capitalized internal-use software costs of \$1.7 million and purchases of available-for-sale securities of \$239.3 million, partially offset by maturities of available-for-sale securities of \$13.0 million.

Net cash provided by (used in) financing activities

Net cash used in financing activities for the nine months ended October 31, 2023, consisted of payment of tax withholding obligations for vesting of restricted stock units of \$7.1 million, which was partially offset by proceeds from the exercise of common stock options of \$6.8 million.

Net cash provided by financing activities for the nine months ended October 31, 2022, primarily consisted of proceeds from the exercise of common stock options of \$10.9 million, which was partially offset by payment of tax withholding obligations for vesting of restricted stock units of \$4.3 million.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our unaudited condensed consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. The accounting policies that have been identified as critical to our business operations and to understanding the results of our operations pertain to revenue recognition, stock-based compensation, public and private placement warrant liabilities, property and equipment and long-lived assets, business combinations, goodwill, and income taxes. The application of each of these critical accounting policies and estimates is discussed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2023 Form 10-K.

Recent Accounting Pronouncements

Refer to Note 2 in our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q for more information regarding recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have in the past and may in the future be exposed to certain market risks, including foreign currency exchange risk, interest rate risk and inflation risk, in the ordinary course of our business. For information relating to quantitative and qualitative disclosures about these market risks, refer to Item 7A “Quantitative and Qualitative Disclosures About Market Risk” contained in Part II of our 2023 Form 10-K. Our exposure to market risk has not changed materially since January 31, 2023.

Item 4. Controls and Procedures

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 (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of October 31, 2023 at the reasonable assurance level.

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Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended October 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Part II - Other Information

Item 1. Legal Proceedings

In the ordinary course of business, we are involved in various pending and threatened litigation matters. In the future, we may be subject to additional legal proceedings, the scope and severity of which is unknown and could adversely affect our business. In addition, from time to time, we may receive letters or other forms of communication asserting claims against us. We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors

There have been no material changes to our assessment of the risk factors disclosed in our 2023 Form 10-K.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Unregistered Sales of Equity Securities

On March 26, 2023, we entered into an asset purchase agreement with Sinergise, and its subsidiaries and certain shareholders of Sinergise, to acquire from Sinergise its cloud-based geo-spatial analysis products, platforms and solutions business. During the three months ended October 31, 2023, we completed the acquisition and issued 6,745,438 shares of our Class A common stock to Sinergise as partial consideration for the acquisition.

The issuance of the securities described above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving any public offering.

Issuer Purchases of Equity Securities

None, other than the shares repurchased pursuant to net settlement by employees in satisfaction of income tax withholding obligations incurred through the vesting of restricted stock units.

Item 3. Defaults Upon Senior Securities

Not applicable.

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Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Planet Labs PBC Executive Severance Plan

On December 6, 2023, the Company's board of directors adopted the Planet Labs PBC Executive Severance Plan (the "Plan"). As of the same date, the Company's board of directors selected certain Company employees (each, a "Participant"), including each of the Company's Section 16 officers, to participate in the Plan, subject to execution of a participation notice thereunder.

The Plan provides that, if a Participant's employment is terminated by the Company without "cause" or by the Participant for "good reason" (each as defined in the Plan), the Participant is eligible to receive: (i) continued payment of base salary for twelve months (for the Company's Chief Executive Officer ("CEO") only) or nine months following termination; (ii) a pro-rated annual bonus for the fiscal year of termination (based on actual performance), less any annual bonus for such fiscal year paid prior to termination, payable in installments over twelve months (for the CEO only) or nine months following termination; and (iii) Company-subsidized group health continuation coverage for up to twelve months (for the CEO only) or nine months following termination.

If the Participant's termination without "cause" or for "good reason" occurs within three months prior to or within twelve months after a change in control, the Participant is eligible to receive (in lieu of the severance described above): (i) a lump-sum amount equal to eighteen months' (for the CEO only) or twelve months' base salary; (ii) a pro-rated target annual bonus for the fiscal year of termination, less any annual bonus for such fiscal year paid prior to termination; (iii) a lump-sum amount equal to 150% (for the CEO only) or 100% of the Participant's target annual bonus; (iv) Company-subsidized group health continuation coverage for up to eighteen months (for the CEO only) or twelve months following termination; and (v) full vesting of outstanding equity-based awards.

Receipt of any severance payments and benefits under the Plan is subject to the applicable Participant's continued compliance with applicable restrictive covenants and execution of an effective release of claims in favor of the Company. The Plan also includes an Internal Revenue Code Section 280G "best pay" provision, pursuant to which any payments or benefits under the Plan or otherwise that would be subject to an excise tax under Internal Revenue Code Section 4999 will be reduced if such reduction would result in a greater net after-tax benefit to the Participant than receiving the full payments or benefits.

The foregoing description of the Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the Plan and related form of participation notice, which are filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

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Item 6. Exhibits

Exhibit	Description
10.1	<u>Planet Labs PBC Executive Severance Plan and Participation Notice</u>
31.1	<u>Certification by Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification by Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1*	<u>Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2*	<u>Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

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

Date: December 8, 2023

PLANET LABS PBC

By: /s/ Ashley Johnson

Ashley Johnson

Chief Financial and Operating Officer

(Duly Authorized Officer; Principal Financial Officer and Principal Accounting Officer)

Planet Labs PBC
Executive Severance Plan
Participation Notice

[Date]

Dear []:

Planet Labs PBC (the “Company”) is pleased to inform you that you have been designated as a Tier [] Participant in, and are eligible to receive Severance Benefits under, the Company’s Executive Severance Plan (the “Plan”). A copy of the Plan is being provided to you along with this notice (this “Participation Notice”). Capitalized terms used but not defined in this Participation Notice will have the definitions provided in the Plan.

1. As a Tier [] Participant in the Plan, you will be eligible to receive certain Severance Benefits upon a Qualifying Termination, subject to the terms, conditions and requirements set forth in the Plan (including your timely execution and, if applicable, non-revocation of a Release in accordance with the terms of the Plan).
 2. This Participation Notice is subject in all respects to the terms, conditions and provisions of the Plan, as amended from time to time, all of which are made a part of and incorporated by reference into this Participation Notice. Except as provided in paragraphs 5 and 6 below, in the event of any conflict between the terms of this Participation Notice and the terms of the Plan, the terms of the Plan shall govern. By signing below, you acknowledge and agree that (i) you have received and reviewed a copy of the Plan and (ii) your participation in the Plan requires that you irrevocably and voluntarily agree to the terms of the Plan and the terms set forth in this Participation Notice. Your participation in the Plan will become effective on the date you deliver to the Company your Participation Notice that has been properly countersigned by you, provided that such delivery occurs within 30 days following the date of this Participation Notice (as set forth above) and that you also meet all of the eligibility requirements under the Plan and this Participation Notice as of such date (your “Participation Date”).
 3. In consideration of becoming eligible to receive the Severance Benefits provided under the terms and conditions of the Plan, you agree that you hereby waive any and all rights, benefits, and privileges to severance payments and benefits that you might otherwise be entitled to receive under any other plan or arrangement between you and the Company or any Subsidiary (including, without limitation, any offer letter, any employment or similar agreement or arrangement, and any Equity Award agreement), and that the Plan and this Participation Notice supersede any such rights, benefits, and privileges.
 4. This Participation Notice shall terminate, and your status as a Participant in the Plan shall end, upon the termination of your employment with the Company and its Subsidiaries for any reason other than due to a Qualifying Termination or such other cessation of your participation in the Plan in accordance with the terms of the Plan.
 5. You agree that, notwithstanding any provisions to the contrary under the Plan or this Participation Notice, any payments and benefits under the Plan will be subject to reduction, cancellation, recovery, forfeiture, recoupment, reimbursement, or reacquisition in accordance with any compensation recoupment policy of the Company in effect as of the effective date of the Plan and
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any other compensation recoupment or clawback policy of the Company as may be established and/or amended from time to time to comply with applicable laws, including without limitation pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd Frank Wall Street Reform and Consumer Protection Act (the "Clawback Policy"). The Company may require you to forfeit or return to the Company, or reimburse the Company for, all or a portion of such compensation pursuant to the terms of a Clawback Policy or as necessary or appropriate to comply with applicable laws. Unless this paragraph is specifically mentioned and waived in a written agreement between you and the Company, no recovery of compensation under a Clawback Policy or otherwise will constitute an event that triggers or contributes to any right by you to resign for Good Reason (or similar term) under the Plan and this Participation Notice or any other agreement with the Company (or any Subsidiary). Further, you agree that, for purposes of clarity, no events that have occurred prior to your Participation Date will trigger or contribute to any right by you to resign for Good Reason under the Plan and this Participation Notice.

6. You understand that nothing in the Plan or this Participation Notice will in any way limit or prohibit you from engaging in any Protected Activity. "Protected Activity" includes: (1) filing and/or pursuing a charge, complaint, or report with, or otherwise communicating, cooperating, or participating in any investigation or proceeding that may be conducted by any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("Government Agencies"); and/or (2) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful. Notwithstanding the foregoing, you agree to take all reasonable precautions to prevent any unauthorized use or disclosure of any Company trade secrets, proprietary information, or confidential information that does not involve unlawful acts in the workplace or the activity otherwise protected herein. You further understand that Protected Activity does not include the disclosure of any Company attorney-client privileged communications or attorney work product. Any language in any written agreement between you and the Company and/or its Subsidiaries as described in Section 12.1 of the Plan that conflicts with, or is contrary to, this paragraph is superseded by this paragraph. Finally, nothing in the Plan or this Participation Notice constitutes a waiver of any rights you may have under the Sarbanes-Oxley Act or Section 7 of the National Labor Relations Act ("NLRA"). For purposes of clarity, nothing in the Plan or this Participation Notice will be interpreted to impair or limit your participation in any legally protected activities, such as (A) forming, joining, or supporting labor unions, (B) bargaining collectively through representatives of employees' choosing, (C) discussing wages, benefits, or terms and conditions of employment, and (D) discussing, or raising complaints about, working conditions for the purpose of mutual aid or protection of you or the Company's other current or former employees, to the extent such activities are protected by Section 7 of the NLRA.

[Signature page follows]

PLANET LABS PBC EXECUTIVE SEVERANCE PLAN

Planet Labs PBC (the "Company"), has adopted this Planet Labs PBC Executive Severance Plan, including the attached Exhibits (the "Plan"), for the benefit of Participants (as defined below) on the terms and conditions hereinafter stated. The Plan, as set forth herein, is intended to provide severance protections to a select group of management or highly compensated employees (within the meaning of ERISA (as defined below)) in connection with qualifying terminations of employment.

1. **Defined Terms.** Capitalized terms used but not otherwise defined herein shall have their respective meanings set forth below:

- 1.1 “Base Salary” means, with respect to any Participant, the Participant’s annual base salary rate in effect immediately prior to a Qualifying Termination.
- 1.2 “Board” means the Board of Directors of the Company.
- 1.3 “Cause” means, with respect to any Participant, “Cause” (or any term of similar effect) as defined in the Participant’s employment or service agreement (or similar agreement) with the Company or any Subsidiary or affiliate thereof if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause means:
 - 1.3.1. a material act of dishonesty made by the Participant in connection with performance of the Participant’s responsibilities to the Company or any Subsidiary or affiliate;
 - 1.3.2. the Participant’s conviction of, or plea of nolo contendere to, a felony or any crime involving fraud, embezzlement or any other act of moral turpitude;
 - 1.3.3. the Participant’s gross misconduct in connection with performance of the Participant’s duties as an employee or service provider of the Company or any Subsidiary or affiliate;
 - 1.3.4. the Participant’s unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any Subsidiary or affiliate or any other party to whom the Participant owes an obligation of nondisclosure as a result of the Participant’s relationship with the Company or such Subsidiary or affiliate;
 - 1.3.5. the Participant’s persistent and willful failure to perform the Participant’s duties and responsibilities to the Company or any Subsidiary or affiliate after written notice of the acts or omissions constituting the grounds for “Cause” and a failure to remedy such failure within thirty (30) days after the Participant’s receipt of such written notice thereof; or
 - 1.3.6. the Participant’s material and willful breach of any obligations under any written agreement or covenant with the Company or any Subsidiary or affiliate.

For purposes of clarity, a termination without “Cause” does not include any termination that occurs as a result of the Participant’s death or Disability.

- 1.4 “Change in Control” has the meaning set forth in the Company’s 2021 Incentive Award Plan, as may be amended from time to time, or any successor equity incentive plan established by the Company.
 - 1.5 “CIC Protection Period” means the period beginning three (3) months prior to (and including) the date on which a Change in Control is consummated and ending on (and including) the twelve (12)-month anniversary of the date on which such Change in Control is consummated.
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- 1.6 “CIC Termination” means a Qualifying Termination which occurs during the CIC Protection Period.
- 1.7 “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985.
- 1.8 “Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.
- 1.9 “Committee” means the Compensation Committee of the Board, or such other committee as may be appointed by the Board to administer the Plan.
- 1.10 “Date of Termination” means the effective date of the termination of the Participant’s employment.
- 1.11 “Disability” means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.
- 1.12 “Employee” means an individual who is an employee (within the meaning of Code Section 3401(c)) of the Company or any of its Subsidiaries.
- 1.13 “Equity Award” means any equity-based award granted by the Company covering shares of the Company’s Class A common stock (“Shares”). Equity Award does not include any equity-based award received under a cash award program that the Participant has elected to be paid out in equity form in lieu of the cash benefit thereunder.
- 1.14 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.
- 1.15 “Good Reason” means, with respect to any Participant and without the Participant’s written consent, the occurrence of any one or more of the following events:
- (a) material reduction in the Participant’s Base Salary or Target Bonus except for reductions that are in connection with across-the-board salary reductions (and corresponding target bonus reductions) and no greater (in percentage terms) than those imposed on substantially all of the Company’s similarly-situated employees;
 - (b) the Company relocates the Participant’s principal place of employment to a location that is greater than fifty (50) miles from the Participant’s principal place of employment as of the date on which he or she becomes a Participant in the Plan (other than a relocation that reduces the Participant’s one-way commute); or
 - (c) a material reduction in the Participant’s title, duties or responsibilities to the Company (other than during temporary periods of physical or mental incapacity, and other than a change in the Participant’s title, duties or responsibilities as a result of a Change in Control).

Notwithstanding the foregoing, the Participant’s resignation shall not constitute a resignation for Good Reason unless (1) the Participant provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the

Participant to constitute Good Reason within thirty (30) days after the date of the occurrence of any event that the Participant knows or reasonably should have known to constitute Good Reason, (2) the Company fails to cure such circumstance or event so identified within thirty (30) days following its receipt of such notice, and (3) the effective date of the Participant's termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company's cure period.

- 1.16 "Participant" means each Employee with a title of Senior Vice President or higher who is selected by the Administrator (or designee thereof in accordance with Section 3 hereof) to participate in the Plan and is provided with (and, if applicable, countersigns) a Participation Notice in accordance with Section 13.2 hereof.
- 1.17 "Performance-Based Equity Award" means an Equity Award which vests based on the satisfaction of performance goals.
- 1.18 "Pro-Rata Bonus" means, with respect to any Participant, a pro-rated portion of the Participant's annual cash performance bonus for the Company fiscal year in which the Date of Termination occurs, based on actual performance results for such fiscal year, determined by (a) multiplying the actual amount of the bonus that would have otherwise been payable to such Participant in respect of such fiscal year by a fraction, the numerator of which equals the number of days in such fiscal year during which the Participant was employed by the Company or its Subsidiaries, and the denominator of which equals 365 or 366 (as applicable), and (b) subtracting the amount of any annual cash performance bonus for the Company fiscal year in which the Date of Termination occurs actually paid to the Participant prior to the Date of Termination (if any).
- 1.19 "Pro-Rata Target Bonus" means, with respect to any Participant, a pro-rated portion of the Participant's Target Bonus amount for the Company fiscal year in which the Date of Termination occurs, determined by (a) multiplying the Participant's Target Bonus for the fiscal year in which the Date of Termination occurs by a fraction, the numerator of which equals the number of days in such fiscal year during which the Participant was employed by the Company or its Subsidiaries, and the denominator of which equals 365 or 366, as applicable, and (b) subtracting the amount of any annual cash performance bonus for the Company fiscal year in which the Date of Termination occurs actually paid to the Participant prior to the Date of Termination (if any).
- 1.20 "Qualifying Termination" means a termination of the Participant's employment with the Company or a Subsidiary thereof, as applicable, (a) by the Company or such Subsidiary, as applicable, without Cause or (b) by the Participant for Good Reason. Notwithstanding anything contained herein, in no event shall a Participant be deemed to have experienced a Qualifying Termination if, (a) such Participant is offered and/or accepts a comparable employment position with the Company or any Subsidiary, or (b) in connection with a Change in Control or any other corporate transaction or sale of assets involving the Company or any Subsidiary, such Participant is offered and accepts a comparable employment position with the successor or purchaser entity (or an affiliate thereof), as applicable. A Qualifying Termination shall not include a termination due to the Participant's death or Disability.
- 1.21 "Severance Benefits" means the CIC Severance Benefits or the Non-CIC Severance Benefits, as applicable.
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1.22 “Severance Classification” means, with respect to any Participant, the Participant’s designation as a Tier 1 Participant or a Tier 2 Participant.

1.23 “Severance Period” means, with respect to any Participant, the number of months determined in accordance with Exhibit A or Exhibit B, as applicable, attached hereto (based on the Participant’s Severance Classification).

1.24 “Subsidiary” has the meaning set forth in the Company’s 2021 Incentive Award Plan, as may be amended from time to time, or any successor equity incentive plan established by the Company.

1.25 “Target Bonus” means, with respect to any Participant, the Participant’s annual target cash performance bonus, if any, for the Company fiscal year in which the Date of Termination occurs. For clarity, with respect to any Participant who is not eligible to receive a cash performance bonus as part of the Participant’s compensation, such Participant’s Target Bonus shall equal zero.

1.26 “Tier 1 Participant” means a Participant who has been designated as a “Tier 1 Participant” by the Administrator in a Participation Notice.

1.27 “Tier 2 Participant” means a Participant who has been designated as a “Tier 2 Participant” by the Administrator in a Participation Notice.

2. **Effectiveness of the Plan; Notification.** The Plan shall become effective on the date on which it is adopted by the Board. The Administrator shall, pursuant to a Participation Notice, notify each Participant that such Participant has been selected to participate in the Plan and of such Participant’s Severance Classification.

3. **Administration.** Subject to Section 13.4 hereof, the Plan shall be interpreted, administered and operated by the Committee (the “Administrator”), which shall have complete authority, subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for the administration of the Plan. The Administrator may delegate any of its duties hereunder to a subcommittee, or to such person or persons from time to time as it may designate (other than to any Participant in the Plan). All decisions, interpretations and other actions of the Administrator (including with respect to whether a Qualifying Termination has occurred) shall be final, conclusive and binding on all parties who have an interest in the Plan.

4. **Severance Benefits.**

4.1 Eligibility. Each Employee who qualifies as a Participant and who experiences a Qualifying Termination is eligible to receive Severance Benefits under the Plan

4.2 Qualifying Termination Payment. In the event that a Participant experiences a Qualifying Termination (other than a CIC Termination), then, subject to Section 4.5 and Section 6.2 hereof and further subject to the Participant’s execution of a Release that becomes effective and irrevocable in accordance with Section 4.4 hereof, and subject to any additional requirements specified in the Plan, the Company shall pay or provide to the Participant the following payments and benefits (collectively, the “Non-CIC Severance Benefits”):

- (a) Cash Salary Severance. The Company shall pay to the Participant an amount in cash equal to a number of months of the Participant's Base Salary equal to the amount determined in accordance with Exhibit A attached hereto (based on the Participant's Severance Classification) (the "Non-CIC Cash Salary Severance"). The Non-CIC Cash Salary Severance shall be paid to the Participant in accordance with the Company's normal payroll practices during the period commencing on the Date of Termination and ending on the last day of the Participant's Severance Period (as set forth on Exhibit A based on the Participant's Severance Classification); *provided*, that no such payments shall be made prior to the date on which the Release becomes effective and irrevocable and, if the aggregate period during which the Participant is entitled to consider and/or revoke the Release spans two calendar years, no payments under this Section 4.2(a) shall be made prior to the beginning of the second (2nd) such calendar year (and any such payments otherwise payable prior thereto (if any) shall instead be paid on the first (1st) regularly scheduled Company payroll date in the second (2nd) such calendar year).
- (b) Pro-Rata Bonus. The Company shall pay to the Participant an amount equal to the Participant's Pro-Rata Bonus. The Pro-Rata Bonus shall be paid to the Participant in substantially equal installments in accordance with the Company's normal payroll practices commencing on the date on which the Company pays annual bonuses for the year in which the Date of Termination occurs to the Company's employees generally and ending on the last day of the Participant's Severance Period (as set forth on Exhibit A based on the Participant's Severance Classification); *provided*, that no such payments shall be made prior to the date on which the Release becomes effective and irrevocable and, if the aggregate period during which the Participant is entitled to consider and/or revoke the Release spans two calendar years, no payments under this Section 4.2(b) shall be made prior to the beginning of the second (2nd) such calendar year (and any such payments otherwise payable prior thereto (if any) shall instead be paid on the first (1st) regularly scheduled Company payroll date in the second (2nd) such calendar year).
- (c) COBRA Benefits. Subject to the Participant's valid election to continue health care coverage under Section 4980B of the Code, to the extent that the Participant is eligible to do so, then the Company shall reimburse the Participant for the Participant and the Participant's eligible dependents with coverage under its group health plans at the same levels and at the same cost to Participant as would have applied if the Participant's employment had not been terminated based on Participant's elections in effect on the Date of Termination until the earlier of the end of the month during which the Participant's Severance Period (as determined in accordance with Exhibit A attached hereto based on the Participant's Severance Classification) ends or the date the Participant becomes covered by a group health insurance program provided by a subsequent employer. Notwithstanding the foregoing, (i) if any plan pursuant to which such continued healthcare benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Code Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (ii) the Company is otherwise unable to continue to cover the Participant under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and
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Affordable Care Act), then, in either case, an amount equal to each remaining Company reimbursement shall thereafter be paid to the Participant in substantially equal monthly installments over the Participant's Severance Period (or the remaining portion thereof). The benefits described in this Section 4.2(c) are referred to herein as "COBRA Benefits".

4.3 CIC Termination Payment. In the event that a Participant experiences a CIC Termination, then, subject to Section 4.5 and Section 6.2 hereof and further subject to the Participant's execution of a Release that becomes effective and irrevocable in accordance with Section 4.4 hereof, and subject to any additional requirements specified in the Plan, then the Company shall pay or provide to the Participant, as applicable, the following payments and benefits (collectively, the "CIC Severance Benefits"):

- (a) Cash Salary Severance. The Company shall pay to the Participant an amount in cash equal to the amount determined in accordance with Exhibit B attached hereto (based on the Participant's Severance Classification) (the "CIC Cash Salary Severance"). The CIC Cash Salary Severance shall be paid to the Participant in a lump sum amount within seventy (70) days following the Date of Termination (or, if later, on the date on which the Change in Control occurs (but in no event later than March 15th of the calendar year following the calendar year in which the Date of Termination occurs)); *provided*, that if the aggregate period during which the Participant is entitled to consider and/or revoke the Release spans two calendar years, the CIC Cash Salary Severance shall be paid in the second (2nd) such calendar year; *provided further*, that in the event the CIC Termination occurs prior to a Change in Control, then the CIC Cash Salary Severance payable to the Participant shall equal the excess of the CIC Cash Salary Severance over any Non-CIC Cash Salary Severance paid to the Participant prior to the date of the Change in Control (and, for clarity, no further payments of the Non-CIC Cash Salary Severance shall be paid from and after the date of such Change in Control).
 - (b) Target Bonus. The Company shall pay to the Participant a lump sum amount in cash equal to a percentage of the Participant's Target Bonus determined in accordance with Exhibit B attached hereto (based on the Participant's Severance Classification) (the "CIC Target Bonus Payment") within seventy (70) days following the Date of Termination or, if later, on the date on which the Change in Control occurs (but in no event later than March 15th of the calendar year following the calendar year in which the Date of Termination occurs); *provided*, that if the aggregate period during which the Participant is entitled to consider and/or revoke the Release spans two calendar years, the CIC Target Bonus Payment shall be paid in the second (2nd) such calendar year.
 - (c) Pro-Rata Target Bonus. The Company shall pay to the Participant a lump sum amount in cash equal to the Participant's Pro-Rata Target Bonus within seventy (70) days following the Date of Termination or, if later, on the date on which the Change in Control occurs (but in no event later than March 15th of the calendar year following the calendar year in which the Date of Termination occurs); *provided*, that if the aggregate period during which the Participant is entitled to consider and/or revoke the Release spans two calendar years, the Pro-Rata Target Bonus shall be paid in the second (2nd) such calendar year.
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(d) COBRA Benefits. The Company shall provide to the Participant the COBRA Benefits set forth in Section 4.2(c) hereof; *provided, however*, that the Severance Period shall be determined in accordance with Exhibit B attached hereto (instead of in accordance with Exhibit A) based on the Participant's Severance Classification.

(e) Vesting Acceleration. Each outstanding and unvested Equity Award held by the Participant as of the Date of Termination shall vest (and, if applicable, become exercisable) in full on the date on which the Release becomes effective and, if applicable, irrevocable; *provided*, that any performance goals applicable to any Performance-Based Equity Award shall be treated in accordance with the applicable award agreement or applicable Company equity incentive plan governing the terms of such Performance-Based Equity Award; *provided further*, that in the event the CIC Termination occurs prior to a Change in Control, then upon the Participant's CIC Termination, each outstanding and unvested Equity Award held by the Participant as of the Date of Termination shall remain outstanding and eligible to vest in full in accordance with this Section 4.3(e) on the date on which the Release becomes effective and, if applicable, irrevocable or, if later, as of immediately prior to a Change in Control that is consummated within three (3) months following the Date of Termination and such Equity Award (to the extent then-unvested) shall be cancelled and forfeited without payment therefor upon the three (3)-month anniversary of the Date of Termination if a Change of Control is not consummated on or prior to such three (3)-month anniversary.

4.4 Release. Notwithstanding anything herein to the contrary, no Participant shall be eligible or entitled to receive or retain any Severance Benefits under the Plan unless the Participant executes a general release of claims in a form prescribed by the Company (the "Release") that becomes effective and, if applicable, irrevocable no more than sixty (60) days after the Date of Termination.

4.5 Non-U.S. Employees. Notwithstanding anything in the Plan to the contrary, any Participant that resides outside of the United States (each, a "Non-U.S. Participant") and is entitled to receive severance, notice or similar termination payments and/or benefits under the laws of the Participant's country of residence upon the Participant's termination of employment with the Company and its Subsidiaries (collectively, "Statutory Severance") and that becomes eligible to receive Severance Benefits under the Plan shall be entitled to receive either (i) the payments and benefits described in Section 4.2 or 4.3 above, as applicable, or (ii) such Non-U.S. Participant's Statutory Severance, whichever is greater.

5. **Limitations**. Notwithstanding any provision of the Plan to the contrary, if a Participant's status as an Employee is terminated for any reason other than due to a Qualifying Termination, the Participant shall not be entitled to receive any Severance Benefits under the Plan, and the Company shall not have any obligation to such Participant under the Plan.

6. **Section 409A.**

6.1 General. To the extent applicable, the Plan shall be interpreted and applied consistent and in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan to the contrary, to the extent that the Administrator determines that any payments or

benefits under the Plan may not be either compliant with or exempt from Code Section 409A and related Department of Treasury guidance, the Administrator may in its sole discretion adopt such amendments to the Plan or take such other actions that the Administrator determines are necessary or appropriate to (a) exempt the compensation and benefits payable under the Plan from Code Section 409A and/or preserve the intended tax treatment of such compensation and benefits, or (b) comply with the requirements of Code Section 409A and related Department of Treasury guidance; *provided, however*, that this Section 6.1 shall not create any obligation on the part of the Administrator to adopt any such amendment or take any other action, nor shall the Company have any liability for failing to do so.

- 6.2 Potential Six-Month Delay. Notwithstanding anything to the contrary in the Plan, no amounts shall be paid to any Participant under the Plan during the six (6)-month period following such Participant's "separation from service" (within the meaning of Code Section 409A(a)(2)(A)(i) and Treasury Regulation Section 1.409A-1(h)) to the extent that the Administrator determines that paying such amounts at the time or times indicated in the Plan would result in a prohibited distribution under Code Section 409A(a)(2)(B)(i). If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six (6)-month period (or such earlier date upon which such amount can be paid under Code Section 409A without resulting in a prohibited distribution, including as a result of the Participant's death), the Participant shall receive payment of a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Participant during such six (6)-month period without interest thereon.
- 6.3 Separation from Service. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment of any amounts or benefits that constitute "nonqualified deferred compensation" under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of the Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service".
- 6.4 Reimbursements. To the extent that any payments or reimbursements provided to a Participant under the Plan are deemed to constitute compensation to the Participant to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31st of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Participant's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.
- 6.5 Installments. For purposes of applying the provisions of Code Section 409A to the Plan, each separately identified amount to which a Participant is entitled under the Plan shall be treated as a separate payment. In addition, to the extent permissible under Code Section 409A, the right to receive any installment payments under the Plan shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii). Whenever a payment under the Plan specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.
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7. Limitation on Payments.

7.1 Best Pay Cap. Notwithstanding any other provision of the Plan, in the event that any payment or benefit received or to be received by a Participant (whether pursuant to the terms of the Plan or any other plan, arrangement or agreement) (all such payments and benefits, including the Severance Benefits, being hereinafter referred to as the “Total Payments”) would be subject (in whole or part), to the excise tax imposed under Code Section 4999 (the “Excise Tax”), then, after taking into account any reduction in the Total Payments provided by reason of Code Section 280G in any other plan, arrangement or agreement, the cash Severance Benefits under the Plan shall first be reduced, and any non-cash Severance Benefits hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (a) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (b) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Participant would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

7.2 Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (a) no portion of the Total Payments, the receipt or retention of which the Participant has waived at such time and in such manner so as not to constitute a “payment” within the meaning of Code Section 280G(b), will be taken into account; (b) no portion of the Total Payments will be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the “Independent Advisors”) selected by the Company, does not constitute a “parachute payment” within the meaning of Code Section 280G(b)(2) (including by reason of Code Section 280G(b)(4)(A)) and, in calculating the Excise Tax, no portion of such Total Payments will be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Code Section 280G(b)(4)(B), in excess of the “base amount” (as defined in Code Section 280G(b)(3)) allocable to such reasonable compensation; and (c) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Code Sections 280G(d)(3) and (4).

8. **No Mitigation.** No Participant shall be required to seek other employment or attempt in any way to reduce or mitigate any Severance Benefits payable under the Plan and the amount of any such Severance Benefits shall not be reduced by any other compensation paid or provided to any Participant following such Participant’s termination of service.

9. Successors.

9.1 Company Successors. The Plan shall inure to the benefit of and shall be binding upon the Company and its successors and assigns. Any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets shall assume and agree to perform the obligations of the Company under the Plan.

9.2 Participant Successors. The Plan shall inure to the benefit of and be enforceable by each Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees or other beneficiaries. If a Participant dies while any amount remains payable to such Participant hereunder, all such amounts shall be paid in accordance with the terms of the Plan to the executors, personal representatives or administrators of such Participant's estate.

10. **Notices.** All communications relating to matters arising under the Plan shall be in writing and shall be deemed to have been duly given when hand delivered, faxed, emailed or mailed by reputable overnight carrier or United States certified mail, return receipt requested, addressed, if to a Participant, to the address on file with the Company or to such other address as the Participant may have furnished to the Company in writing in accordance herewith and, if to the Company, to such address as may be specified from time to time by the Administrator, except that notice of change of address shall be effective only upon actual receipt.

11. **Claims Procedure; Arbitration.**

11.1 Claims. Generally, Participants are not required to present a formal claim in order to receive benefits under the Plan. If, however, any person (the "Claimant") believes that benefits are being denied improperly, that the Plan is not being operated properly, that fiduciaries of the Plan have breached their duties, or that the Claimant's legal rights are being violated with respect to the Plan, the Claimant must file a formal claim, in writing, with the Administrator. This requirement applies to all claims that any Claimant has with respect to the Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Administrator determines, in its sole discretion, that it does not have the power to grant all relief reasonably being sought by the Claimant. A formal claim must be filed within ninety (90) days after the date the Claimant first knew or should have known of the facts on which the claim is based, unless the Administrator consents otherwise in writing. The Administrator shall provide a Claimant, on request, with a copy of the claims procedures established under Section 11.2 hereof.

11.2 Claims Procedure. The Administrator has adopted procedures for considering claims (which are set forth in Exhibit C attached hereto), which it may amend or modify from time to time, as it sees fit. These procedures shall comply with all applicable legal requirements. These procedures may provide that final and binding arbitration shall be the ultimate means of contesting a denied claim (even if the Administrator or its delegates have failed to follow the prescribed procedures with respect to the claim). The right to receive benefits under the Plan is contingent on a Claimant using the prescribed claims and arbitration procedures to resolve any claim.

12. **Covenants.**

12.1 Restrictive Covenants. A Participant's right to receive and/or retain the Severance Benefits payable under this Plan is conditioned upon and subject to the Participant's continued compliance with any restrictive covenants (e.g., confidentiality, non-solicitation, non-competition, non-disparagement) contained in any other written agreement between the Participant and the Company and/or its Subsidiaries, as in effect on the date of the Participant's Qualifying Termination.

12.2 Return of Property. A Participant's right to receive and/or retain the Severance Benefits payable under the Plan is conditioned upon the Participant's return to the

Company of all Company documents (and all copies thereof) and other Company property (in each case, whether physical, electronic or otherwise) in the Participant's possession or control.

13. Miscellaneous.

- 13.1 Entire Plan; Relation to Other Agreements. The Plan, together with any Participation Notice issued in connection with the Plan, contains the entire understanding of the parties relating to the subject matter hereof and supersedes any prior agreement, arrangement and understanding between any Participant, on the one hand, and the Company and/or any Subsidiary, on the other hand, with respect to the subject matter hereof. Severance Benefits payable under the Plan are not intended to duplicate any other severance benefits payable to a Participant by the Company. By participating in the Plan and accepting the Severance Benefits hereunder, the Participant acknowledges and agrees that any prior agreement, arrangement and understanding between any Participant, on the one hand, and the Company and/or any Subsidiary, on the other hand, with respect to the subject matter hereof (including, for clarity, any offer letter or employment or similar agreement providing such Participant with severance payments and/or benefits upon termination of such Participant's employment with the Company or its Subsidiaries) is hereby revoked and ineffective with respect to the Participant and the Participant shall not be entitled to receive any severance payments or benefits pursuant to any such agreement, arrangement or understanding.
- 13.2 Participation Notices. The Administrator shall have the authority, in its sole discretion, to select Employees to participate in the Plan and to provide written notice to any such Employee that the Employee is a Participant in, and eligible to receive Severance Benefits under, the Plan (a "Participation Notice") at or any time prior to the Participant's termination of employment.
- 13.3 No Right to Continued Service. Nothing contained in the Plan shall (a) confer upon any Participant any right to continue as an employee of the Company or any Subsidiary, (b) constitute any contract of employment or agreement to continue employment for any particular period, or (c) interfere in any way with the right of the Company to terminate a service relationship with any Participant, with or without Cause.
- 13.4 Termination and Amendment of Plan. Prior to the consummation of a Change in Control, the Plan may be amended or terminated by the Administrator at any time and from time to time, in its sole discretion. For a period of twelve (12) months from and after the consummation of a Change in Control, the Plan may not be amended, modified, suspended or terminated except with the express written consent of each Participant who would be adversely affected by any such amendment, modification, suspension or termination. After the expiration of such twelve (12)-month period, and subject to Section 2 hereof, the Plan may again be amended or terminated by the Administrator at any time and from time to time, in its sole discretion (provided, that no such amendment or termination shall adversely affect the rights of any Participant who has experienced a Qualifying Termination on or prior to such amendment or termination).
- 13.5 Survival. Section 7 (Limitation on Payments), Section 11 (Claims Procedure; Arbitration) and Section 12 (Covenants) hereof shall survive the termination or expiration of the Plan and shall continue in effect.
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- 13.6 Severance Benefit Obligations. Notwithstanding anything contained herein, Severance Benefits paid or provided under the Plan may be paid or provided by the Company or any Subsidiary employer, as applicable.
- 13.7 Withholding. The Company and its Subsidiaries shall have the authority and the right to deduct and withhold an amount sufficient to satisfy federal, state, local and foreign taxes required by law to be withheld with respect to any Severance Benefits payable under the Plan.
- 13.8 Benefits Not Assignable. Except as otherwise provided herein or by law, no right or interest of any Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant. When a payment is due under the Plan to a Participant who is unable to care for the Participant's affairs, payment may be made directly to the Participant's legal guardian or personal representative.
- 13.9 Applicable Law. The Plan is intended to be an unfunded "top hat" pension plan within the meaning of U.S. Department of Labor Regulation Section 2520.104-23 and shall be interpreted, administered, and enforced as such in accordance with ERISA. To the extent that state law is applicable, the statutes and common law of the State of Delaware, excluding any that mandate the use of another jurisdiction's laws, will apply.
- 13.10 Validity. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.
- 13.11 Captions. The captions contained in the Plan are for convenience only and shall have no bearing on the meaning, construction or interpretation of the Plan's provisions.
- 13.12 Expenses. The expenses of administering the Plan shall be borne by the Company or its successor, as applicable.
- 13.13 Unfunded Plan. The Plan shall be maintained in a manner to be considered "unfunded" for purposes of ERISA. The Company shall be required to make payments only as benefits become due and payable. No person shall have any right, other than the right of an unsecured general creditor against the Company, with respect to the benefits payable hereunder, or which may be payable hereunder, to any Participant, surviving spouse or beneficiary hereunder. If the Company, acting in its sole discretion, establishes a reserve or other fund associated with the Plan, no person shall have any right to or interest in any specific amount or asset of such reserve or fund by reason of amounts which may be payable to such person under the Plan, nor shall such person have any right to receive any payment under the Plan except as and to the extent expressly provided in the Plan. The assets in any such reserve or fund shall be part of the general assets of the Company, subject to the control of the Company.

* * * * *

CALCULATION OF NON-CHANGE IN CONTROL SEVERANCE AMOUNTS

Severance Classification	Non-CIC Cash Salary Severance	Severance Period
Tier 1	12 months' Base Salary	12 months
Tier 2	9 months' Base Salary	9 months

Exhibit B**CALCULATION OF CHANGE IN CONTROL SEVERANCE AMOUNTS**

Severance Classification	CIC Cash Salary Severance	CIC Target Bonus Payment	Severance Period
Tier 1	18 months' Base Salary	150% Target Bonus	18 months
Tier 2	12 months' Base Salary	100% Target Bonus	12 months

EXHIBIT C**DETAILED CLAIMS PROCEDURES**

Section 1. Claim Procedure. Claims for benefits under the Plan shall be administered in accordance with Section 503 of ERISA and the Department of Labor Regulations thereunder. The Administrator shall have the right to delegate its duties under this Exhibit and all references to the Administrator shall be a reference to any such delegate, as well. The Administrator shall make all determinations as to the rights of any Participant, beneficiary, alternate payee or other person who makes a claim for benefits under the Plan (each, a "Claimant"). A Claimant may authorize a representative to act on the Claimant's behalf with respect to any claim under the Plan. A Claimant who asserts a right to any benefit under the Plan that the Claimant has not received, in whole or in part, must file a written claim with the Administrator. All written claims shall be submitted to Chief Legal Officer, 645 Harrison Street, Floor 4, San Francisco, CA 94107.

(a) Regular Claims Procedure. The claims procedure in this subsection (a) shall apply to all claims for Plan benefits.

(1) Timing of Denial. If the Administrator denies a claim in whole or in part (an "adverse benefit determination"), then the Administrator will provide notice of the decision to the Claimant within a reasonable period of time, not to exceed ninety (90) days after the Administrator receives the claim, unless the Administrator determines that any extension of time for processing is required. In the event that the Administrator determines that such an extension is required, written notice of the extension will be furnished to the Claimant before the end of the initial ninety (90) day review period. The extension will not exceed a period of ninety (90) days from the end of the initial ninety (90) day period, and the

extension notice will indicate the special circumstances requiring such extension of time and the date by which the Administrator expects to render the benefit decision.

(2) Denial Notice. The Administrator shall provide every Claimant who is denied a claim for benefits with a written or electronic notice of its decision. The notice will set forth, in a manner to be understood by the Claimant:

- i. the specific reason or reasons for the adverse benefit determination;
- ii. reference to the specific Plan provisions on which the determination is based;
- iii. a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation as to why such information is necessary; and
- iv. an explanation of the Plan's appeal procedure and the time limits applicable to such procedures, including a statement of the Claimant's right to bring an action under Section 502(a) of ERISA after receiving a final adverse benefit determination upon appeal.

(3) Appeal of Denial. The Claimant may appeal an initial adverse benefit determination by submitting a written appeal to the Administrator within sixty (60) days of receiving notice of the denial of the claim. The Claimant:

- i. may submit written comments, documents, records and other information relating to the claim for benefits;
- ii. will be provided, upon request and without charge, reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for benefits; and
- iii. will receive a review that takes into account all comments, documents, records and other information submitted by the Claimant relating to the appeal, without regard to whether such information was submitted or considered in the initial benefit determination.

(4) Decision on Appeal. The Administrator will conduct a full and fair review of the claim and the initial adverse benefit determination. The Administrator holds regularly scheduled meetings at least quarterly. The Administrator shall make a benefit determination no later than the date of the regularly scheduled meeting that immediately follows the Plan's receipt of an appeal request, unless the appeal request is filed within thirty (30) days preceding the date of such meeting. In such case, a benefit determination may be made by no later than the date of the second (2nd) regularly scheduled meeting following the Plan's receipt of the appeal request. If special circumstances require a further extension of time for processing, a benefit determination shall be rendered no later than the third (3rd) regularly scheduled meeting of the Administrator following the Plan's receipt of the appeal request. If such an extension of time for review is required, the Administrator shall provide the Claimant with written notice of the extension, describing the special circumstances and the date as of which the benefit determination will be made, prior to the commencement of the extension. The Administrator generally cannot extend the review period any further unless the Claimant voluntarily agrees to a longer extension. The Administrator shall notify the Claimant of the benefit determination as soon as possible but not later than five (5) days after it has been made.

(5) Notice of Determination on Appeal. The Administrator shall provide the Claimant with written or electronic notification of its benefit determination on review. In the case of an adverse benefit determination, the notice shall set forth, in a manner intended to be understood by the Claimant:

- i. the specific reason or reasons for the adverse benefit determination;
- ii. reference to the specific Plan provisions on which the adverse benefit determination is based;
- iii. a statement that the Claimant is entitled to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;
- iv. a statement describing any voluntary appeal procedures offered by the Plan and the Claimant's right to obtain the information about such procedures; and
- v. a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

(b) Exhaustion; Judicial Proceedings. No action at law or in equity shall be brought to recover benefits under the Plan until the claim and appeal rights described in the Plan have been exercised and the Plan benefits requested in such appeal have been denied in whole or in part. If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary claim, the evidence presented may be strictly limited to the evidence timely presented to the Administrator. Any such judicial proceeding must be filed by the earlier of: (x) one (1) year after the Administrator's final decision regarding the claim appeal and (y) one (1) year after the Participant or other Claimant commenced payment of the Plan benefits at issue in the judicial proceeding.

(c) Administrator's Decision is Binding. Benefits under the Plan shall be paid only if the Administrator decides in its sole discretion that a Claimant is entitled to them. In determining claims for benefits, the Administrator has the authority to interpret the Plan, to resolve ambiguities, to make factual determinations, and to resolve questions relating to eligibility for and amount of benefits. Subject to applicable law, any decision made in accordance with the above claims procedures is final and binding on all parties and shall be given the maximum possible deference allowed by law. A misstatement or other mistake of fact shall be corrected when it becomes known and the Administrator shall make such adjustment on account thereof as it considers equitable and practicable.

* * *

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Marshall, certify that:

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

Dated: December 8, 2023

By: /s/William Marshall
William Marshall
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ashley Johnson, certify that:

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

Dated: December 8, 2023

By: /s/Ashley Johnson

Ashley Johnson

Chief Financial and Operating Officer

(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q (the “Form 10-Q”) of Planet Labs PBC (the “Company”) for the period ended October 31, 2023, William Marshall, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. the Company’s Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 8, 2023

By: /s/William Marshall
William Marshall
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q (the “Form 10-Q”) of Planet Labs PBC (the “Company”) for the period ended October 31, 2023, Ashley Johnson, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

1. the Company’s Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 8, 2023

By: /s/ Ashley Johnson

Ashley Johnson

Chief Financial and Operating Officer

(Principal Financial Officer)