

107,357,335 Shares of Class A Common Stock
8,325,000 Warrants to Purchase Shares of Class A Common Stock



This prospectus supplement is being filed to update and supplement the information contained in the prospectus dated December 16, 2021 (as supplemented from time to time, the "Prospectus") with the information contained in our Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 22, 2022 (the "Form 8-K") and to update information in the Selling Securityholder section of the Prospectus. Accordingly, we have attached the Form 8-K to this prospectus supplement.

The Prospectus relates to: (a) the offer and sale by us of: (i) 8,325,000 shares of our Class A common stock, par value \$0.0001 per share ("Class A Common Stock"), issuable upon the exercise of 8,325,000 private placement warrants that were held by Osprey Sponsor II, LLC (the "Sponsor") at the closing (the "Closing") of the merger by and among Osprey Technology Acquisition Corp.'s ("Osprey"), Osprey Technology Merger Sub, Inc. and BlackSky Holdings, Inc. ("Legacy BlackSky"), 4,162,500 of which are currently exercisable at a price of \$11.50 per share and 4,162,500 of which will not be exercisable unless and until the date that our Class A Common Stock shall reach a trading price of \$20.00 per share on the New York Stock Exchange ("NYSE") and are then exercisable at a price of \$20.00 per share (collectively, the "Private Placement Warrants"); (ii) 15,812,500 shares of Class A Common Stock issuable upon the exercise of 15,812,500 warrants, exercisable at a price of \$11.50 per share (the "Public Warrants"); and (iii) 5,725,772 shares of Class A Common Stock reserved for issuance upon the exercise of certain outstanding options and warrants to purchase Class A Common Stock and vesting of restricted stock units for Class A Common Stock; and (b) the resale from time to time by the selling securityholders named in the Prospectus or their permitted transferees of: (i) 62,938,725 shares of Class A Common Stock consisting of (1) 49,764,934 shares of Class A Common Stock beneficially owned by certain former stockholders of Legacy BlackSky, (2) 3,497,461 shares of Class A Common Stock issuable to certain former Legacy BlackSky stockholders upon the vesting of restricted stock units, (3) 1,770,080 shares of Class A Common Stock issuable to a former Legacy BlackSky stockholder upon the exercise of a warrant, (4) 1,843,500 shares of Class A Common Stock owned by JANA Capital LLC, and (5) 6,062,750 shares of Class A Common Stock issued to the Sponsor and certain affiliates of the Sponsor; (ii) 18,000,000 shares of Class A Common Stock purchased at Closing by a number of subscribers pursuant to separate PIPE subscription agreements; (iii) 800,000 shares of Class A Common Stock purchased by Palantir at Closing pursuant to the Palantir subscription agreement; (iv) 8,325,000 shares of Class A Common Stock issuable upon the exercise of 8,325,000 Private Placement Warrants; (v) 8,325,000 Private Placement Warrants purchased by the Sponsor in connection with Osprey's initial public offering and (vi) 1,481,110 shares of Class A Common Stock consisting of (1) 309,862 shares of Class A Common Stock issuable upon the exercise of 309,862 options at a weighted average exercise price of \$1.5282, (2) 148,369 shares of Class A Common Stock issuable upon the vesting of restricted stock units, (3) 64,797 shares of Class A Common Stock and (4) 958,082 shares of Class A Common Stock held by Legacy BlackSky's founders.

This prospectus supplement updates and supplements the information in the Prospectus and is not complete without, and may not be delivered or utilized except in combination with, the Prospectus, including any amendments or supplements thereto. This prospectus supplement should be read in conjunction with the Prospectus and if there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Our Class A Common Stock is listed on NYSE under the symbol “BKSY,” and the Public Warrants are listed on NYSE under the symbol “BKSY.W.” On February 18, 2022, the last quoted sale price for our Class A Common Stock as reported on NYSE was \$2.58 per share and the last quoted sale price for our Public Warrants as reported on NYSE was \$0.35 per warrant.

We are an “emerging growth company,” as defined under the federal securities laws, and, as such, may elect to comply with certain reduced public company reporting requirements for the Prospectus and for future filings.

Investing in our securities involves a high degree of risk. Before buying any securities, you should carefully read the discussion of the risks of investing in our securities in “Risk Factors” beginning on page 10 of the Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is February 22, 2022

SELLING SECURITYHOLDERS

This prospectus supplement includes selling securityholders who have acquired Class A Common Stock included for resale in this Prospectus from certain existing selling securityholders whose shares were previously registered for resale in the S-1. Where the name of a selling securityholder identified in the table below also appears in the table in the Prospectus (i.e., JANA Capital, LLC), the information set forth in the table below regarding that selling securityholder supersedes and replaces the information regarding such selling securityholder in the Prospectus. Information regarding the selling securityholders listed in the table below, including the number of shares of Class A Common Stock beneficially owned by them, is based on information provided by counsel to the Sponsor. The percentage of beneficial ownership after the offered shares of Class A Common Stock are sold is calculated based on 116,116,470 shares of Class A Common Stock outstanding as of November 12, 2021.

Information about the selling securityholders, including those listed below, may change over time. Since the effectiveness of the Registration Statement on Form S-1 of which the Prospectus is a part, certain securityholders may have sold or otherwise transferred their securities registered thereunder. This prospectus supplement does not provide any updates with respect to any sales or transfers, except for those expressly disclosed in the table below. As of February 22, 2022, the Selling Securityholders table included under the section "Selling Securityholders," which begins on page 150 of the Prospectus, is revised to amend the information solely with respect to the following selling securityholders:

Name of Selling Securityholder	BlackSky Class A Common Stock Beneficially Owned Prior to Offering	Warrants Beneficially Owned Prior to Offering	Number of BlackSky Class A Common Stock Being Offered	Number of Warrants Being Offered	BlackSky Class A Common Stock Beneficially Owned After the Offered Shares of BlackSky Class A Common Stock are Sold		Warrants Beneficially Owned After the Offered Warrants are Sold	
					Number	Percent	Number	Percent
Jeffrey Brotman	250,375	—	250,375	—	—	—	—	—
Edward Cohen	387,475	643,750	387,475	643,750	—	—	—	—
Jonathan Cohen	387,475	643,750	387,475	643,750	—	—	—	—
Hepco Family Trust dtd 4/28/11	1,359,800	—	1,359,800	—	—	—	—	—
JANA Capital, LLC ⁽¹⁾	2,868,500	—	2,868,500	—	—	—	—	—
William Fradin	353,375	—	353,375	—	—	—	—	—
Matt Zubrow	25,000	—	25,000	—	—	—	—	—
Jason Annacone	1,000	—	1,000	—	—	—	—	—
Corey Cannon	10,000	—	10,000	—	—	—	—	—
Amanda Eichner	2,000	—	2,000	—	—	—	—	—
John Hanna	40,000	—	40,000	—	—	—	—	—
David Jansky	8,000	—	8,000	—	—	—	—	—
Frederick Stoleru	25,000	50,000	25,000	50,000	—	—	—	—
Sue Taylor	2,000	—	2,000	—	—	—	—	—
Rick Reiss	40,000	—	40,000	—	—	—	—	—
Savneet Singh	40,000	—	40,000	—	—	—	—	—
Robert Tinker	40,000	—	40,000	—	—	—	—	—
John Mutch	80,000	100,000	80,000	100,000	—	—	—	—
Russ Fradin	50,000	—	50,000	—	—	—	—	—
BlackRock Credit Alpha Master Fund, LP	225,000	252,000	225,000	252,000	—	—	—	—
HC NCBF Fund	87,500	98,000	87,500	98,000	—	—	—	—
BSMA Limited	312,500	350,000	312,500	350,000	—	—	—	—
HCG Arbitrage Fund, LP	312,500	350,000	312,500	350,000	—	—	—	—
Polar Multi Strategy Fund	312,500	350,000	312,500	350,000	—	—	—	—
Scott Barrett	22,500	75,000	22,500	75,000	—	—	—	—
Barry L. Zubrow, Inc.	75,000	250,000	75,000	250,000	—	—	—	—
Brian Begley	15,000	50,000	15,000	50,000	—	—	—	—

Bart Blatstein	100,000	250,000	100,000	250,000	—	—	—	—
Jeff Blomstrom	15,000	50,000	15,000	50,000	—	—	—	—
Brotman, Jeffrey and Michele, TBE	45,000	150,000	45,000	150,000	—	—	—	—
Neil Crespi and Elissa Crespi JTWROS	15,000	50,000	15,000	50,000	—	—	—	—
David DiDomenico	193,125	643,750	193,125	643,750	—	—	—	—
Michael Downs	15,000	50,000	15,000	50,000	—	—	—	—
Thomas Elliott	15,000	50,000	15,000	50,000	—	—	—	—
Jennifer Fanjiang	20,000	50,000	20,000	50,000	—	—	—	—
Alan Feldman	22,500	75,000	22,500	75,000	—	—	—	—
Brian Frank and Lauren Frank	60,000	200,000	60,000	200,000	—	—	—	—
Gecco Capital LLC	150,000	500,000	150,000	500,000	—	—	—	—
Andrew Goldman	75,000	250,000	75,000	250,000	—	—	—	—
Martin Granoff	30,000	100,000	30,000	100,000	—	—	—	—
Robert Grusky	15,000	50,000	15,000	50,000	—	—	—	—
Henske Revocable Trust	70,000	100,000	70,000	100,000	—	—	—	—
JAAR LLC	193,125	643,750	193,125	643,750	—	—	—	—
Jacobs Family Trust	105,000	350,000	105,000	350,000	—	—	—	—
Steve Kessler	15,000	50,000	15,000	50,000	—	—	—	—
Rick Kleeman	30,000	100,000	30,000	100,000	—	—	—	—
Fred Kotek	60,000	200,000	60,000	200,000	—	—	—	—
Paul Lichtman	45,000	150,000	45,000	150,000	—	—	—	—
M2 Trust Cust. FBO David Jansky IRA	30,000	100,000	30,000	100,000	—	—	—	—
Diane Deitcher	30,000	100,000	30,000	100,000	—	—	—	—
Moreno Energy, Inc.	30,000	100,000	30,000	100,000	—	—	—	—
Scott Ostfeld	15,000	50,000	15,000	50,000	—	—	—	—
Reiss Capital Management LLC ⁽¹⁾	75,000	250,000	75,000	250,000	—	—	—	—
Robert Tinker Trust DTD 7/30/2012	22,500	75,000	22,500	75,000	—	—	—	—
Robert V. Hery & Mary K. Hery Trust	22,500	75,000	22,500	75,000	—	—	—	—
Scott Schaeffer	15,000	50,000	15,000	50,000	—	—	—	—
Lee Shilfer	15,000	50,000	15,000	50,000	—	—	—	—
SCP Series LLC	15,000	50,000	15,000	50,000	—	—	—	—
Jeff Slotterback	30,000	100,000	30,000	100,000	—	—	—	—
William Ulrich	15,000	50,000	15,000	50,000	—	—	—	—
Total Shares	8,936,250	8,325,000	8,936,250	8,325,000	—	—	—	—

- (1) JANA Capital LLC, an affiliate of JANA Partners LLC, co-sponsored Osprey Technology Acquisition Corp., now BlackSky. Barry Rosenstein is the Managing Partner of JANA. David DiDomenico is a partner of JANA and heads its SPAC initiative, and in such role serves as a director of BlackSky. The address of such entities is 1330 Avenue of the Americas, 31st Floor, NY, NY 10019.
- (2) Mr. Richard Reiss is Managing Director of Reiss Capital Management LLC. The mailing address for Reiss Capital Management LLC is 152 West 57th Street, 32nd Floor, New York, New York 10019.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 22, 2022

BlackSky Technology Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39113
(Commission
File Number)

47-1949578
(I.R.S. Employer
Identification Number)

13241 Woodland Park Road
Suite 300
Herndon, Virginia
(Address of principal executive offices)

20171
(Zip code)

(571) 267-1571

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.0001 per share	BKSY	The New York Stock Exchange
Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50	BKSY.W	The New York Stock Exchange

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition

On February 22, 2022, BlackSky Technology Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter and full year ended December 31, 2021. A copy of the Company’s press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02 (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated February 22, 2022

SIGNATURES

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

Dated: February 22, 2022

BLACKSKY TECHNOLOGY INC.

By: /s/ Johan Broekhuysen
Name: Johan Broekhuysen
Title: Chief Financial Officer



BLACKSKY REPORTS FOURTH QUARTER AND FULL YEAR 2021 RESULTS

**Achieves Record Q4 and Full Year Revenue, up 79% and 61% Respectively
Successfully Launches Six Satellites Within 20-Day Period
Company Provides Full Year 2022 Outlook**

Herndon, VA – February 22, 2022 – BlackSky Technology Inc. (“BlackSky” or the “Company”) (NYSE: BKSJ), a leading provider of real-time geospatial intelligence and global monitoring, today announced its results for the fourth quarter and full year ended December 31, 2021.

Fourth Quarter Financial Highlights:

- Revenue of \$11.5 million, up 79% from prior year period
- Operating loss of \$31.9 million (includes pre-merger stock-based compensation of \$12.8M and public company transaction costs of \$4.4M)
- Adjusted EBITDA (1) loss of \$14.4 million
- Cash balance at the end of December 2021 was \$168.1 million
- Capital expenditures of \$14.4 million

Full Year 2021 Financial Highlights:

- Revenue of \$34.1 million, up 61% from prior year
- Operating loss of \$120.1 million (includes pre-merger stock-based compensation of \$41.3M, satellite impairment costs of \$18.4M, and public company transaction costs of \$5.8M)
- Adjusted EBITDA (1) loss of \$44.4 million
- Capital expenditures of \$63.9 million

(1) Non-GAAP financial measure. See “Non-GAAP Financial Measures” below and reconciliation table at the end of this release.

“We’re pleased that our fourth quarter revenue improved significantly over the prior year period driven by increased customer demand for our platform,” said Brian E. O’Toole, Chief Executive Officer. “In the fourth quarter, we won multiple U.S. and international government contracts, established new commercial agreements with global 2000 companies, and expanded our global reseller network. We dramatically improved the revisit rate of our high-resolution satellite constellation after launching six additional satellites, bringing the current constellation to 12 satellites as of year-end, which we believe is more than sufficient capacity to achieve our company’s objectives for the foreseeable future. We also welcomed Amy Minnick onboard as our Chief Commercial Officer, who is leading the build out of our commercial business across a number of vertical markets. We achieved many milestones in 2021 and as we turn our focus to 2022, we believe BlackSky is well positioned to expand its customer base, capture incremental market share, and build a strong foundation for the years ahead.”

Financial Results

Revenues

Total revenue for the fourth quarter of 2021 was \$11.5 million, up \$5.1 million or 79% from the fourth quarter of 2020. Imagery and software analytical services revenue was \$7.4 million driven by new and extended government contracts and represented approximately two-thirds of total revenues. Also contributing to the increase in total revenues was higher engineering and systems integration revenue of \$4.1 million.

For the full year 2021, total revenue was \$34.1 million, up \$13.0 million or 61% from 2020. The year-over-year increase was primarily attributable to several new government contract awards.

Operating Expenses

Operating expenses for the fourth quarter of 2021 were \$33.2 million, which included \$12.1 million of non-cash stock-based compensation expense related to specific pre-merger equity awards to key employees as part of the business combination, and \$4.4 million of public company transaction costs. Excluding these non-recurring items, operating expenses in the fourth quarter of 2021 were \$16.7 million compared to \$11.0 million in the same period in 2020. The year-over-year increase was primarily due to investments in sales, software, and engineering hires, recurring public company operating costs including director's and officer's insurance, and higher depreciation expense.

For the full year 2021, operating expenses were \$119.5 million, which included \$38.4 million of non-cash stock-based compensation expense related to specific pre-merger equity awards to key employees as part of the business combination, \$18.4 million of satellite impairment charges taken in the second quarter, and \$5.8 million of public company transaction costs. Excluding these non-recurring items, operating expenses in 2021 were \$56.9 million compared to \$38.7 million in the prior year. The year-over-year increase was primarily due to investments in sales, software, and engineering hires, recurring public company operating costs including director's and officer's insurance, and higher depreciation expense.

Operating Loss

Operating loss for the fourth quarter of 2021 was \$31.9 million compared to an operating loss of \$8.7 million in the fourth quarter of 2020. The year-over-year increase in operating loss was primarily due to higher non-recurring operating expenses, investments in sales, software, and engineering hires, recurring public company operating costs, and higher depreciation expense.

For the full year 2021, operating loss was \$120.1 million compared to an operating loss of \$41.4 million. The increase in operating loss over the prior year was primarily due to higher non-recurring operating expenses, investments in sales, software, and engineering hires, recurring public company operating costs, and higher depreciation expense.

Adjusted EBITDA (1)

Adjusted EBITDA loss for the fourth quarter of 2021 was \$14.4 million compared to an adjusted EBITDA loss of \$5.1 million in the prior year period. The year-over-year decline was primarily due to investments in sales, software, and engineering hires, and public company costs. On a sequential basis, adjusted EBITDA improved from the \$16.3 million loss in the third quarter of 2021.

For the full year 2021, adjusted EBITDA loss was \$44.4 million compared to a loss of \$29.2 million in 2020 primarily due to the Company's investments made in sales, software, and engineering hires, as well as elevated compliance expenses associated with operating as a publicly traded company.

Balance Sheet & Capital Expenditures

As of December 31, 2021, cash and cash equivalents totaled \$168.1 million. Capital expenditures for the fourth quarter of 2021 were \$14.4 million and for the full year 2021 totaled \$63.9 million.

2021 Business Highlights

Throughout 2021, BlackSky achieved many significant milestones including:

- Successfully closed the business combination transaction becoming a new public company listed on the New York Stock Exchange
- Doubled the number of high-resolution imaging satellites in orbit, improving the imaging performance to an optimal peak rate of 15 revisits per day, while placing the new satellites into customer-ready production within 48 hours of launch
- Awarded both multi-year contract agreements and extensions including:
 - National Geospatial-Intelligence Agency (NGA) – to provide artificial intelligence enabled economic monitoring
 - National Reconnaissance Office (NRO) – to provide high-revisit imagery through an expanded existing agreement
 - Intelligence Advanced Research Projects Activity (IARPA) – to support the monitoring of global large-scale construction projects
 - National Aeronautics and Space Administration (NASA) – to provide satellite imagery in support of the agency's Earth observation research
 - Ministry of Defense (MOD) – to provide value added imagery products and services to several large international MODs
- Added significant capabilities to our SaaS platform, enhanced our customer-facing analytics, and improved AI-driven insights
- Established new commercial agreements with global 2000 companies
- Signed a partnership agreement with Palantir Technologies Inc. to make available BlackSky's satellite imagery and analytics through integration with Palantir's enterprise platform
- Strengthened BlackSky's leadership team by adding four new strategic members to its Board of Directors and five seasoned executives to its management
- Increased global reseller network expanding the Company's footprint to the U.K, Australia, Mexico, Central America, and Southeast Asia to name a few locations

2022 Outlook

Customer demand for BlackSky's geospatial intelligence and analytic platform continues to increase in both government and commercial markets. With increased customer demand anticipated throughout the year, the Company expects full year 2022 revenue to be between \$58 million and \$62 million, a 76% increase over 2021 at the mid-point of this range. In addition, the Company anticipates launching an additional four satellites in the first half of 2022, two of which will replace the first satellites launched years ago as these assets reach the end of their design life, bringing the total to 14 operating satellites. The

Company expects capital expenditures for the full year 2022 to be between \$52 million and \$56 million, a decrease compared to 2021 spend as the Company believes the capacity from the 14-satellite constellation will be more than sufficient to support increased customer demand. With prudent cost management and lower capital expenditures, the Company believes its cash position will remain strong with sufficient liquidity for the foreseeable future.

Investment Community Conference Call

BlackSky will host a conference call and webcast for the investment community this morning at 8:30 AM ET. Senior management will review the results, discuss BlackSky's business, and answer questions. To access the call, participants should dial 1-877-407-0789 (domestic) or 1-201-689-8562 (international) at least ten minutes prior to the start of the call. To hear a live web simulcast or to listen to the archived webcast following completion of the call, please click here or visit the Company's investor relations website at <http://ir.blacksky.com> and then select "News & Events" to access the link to the webcast. To listen to a replay of the conference call, please dial 1-844-512-2921 or 1-412-317-6671 using access code 13726961. The audio replay will be available from approximately 11:30 AM ET on February 22, 2022, through March 8, 2022.

About BlackSky Technology Inc.

BlackSky is a leading provider of real-time geospatial intelligence. Leveraging its own satellite constellation and harnessing the world's emerging sensor networks, the Company monitors activities and locations worldwide, identifying the critical changes that matter most to its customers. BlackSky's on-demand constellation of proprietary satellites, coupled with partner sensors, are capable of imaging targeted locations on Earth multiple times a day in a variety of conditions. The data collected from BlackSky's satellites and other sources populates BlackSky's proprietary data lake and fuels its Spectra AI platform. Cutting-edge computer techniques, including machine learning and artificial intelligence, allow BlackSky's customers to derive unique and commercially valuable insights, providing them with a first-to-know advantage. BlackSky's suite of real-time geospatial intelligence products can be integrated into a customer's system or made available through BlackSky's Spectra platform using a laptop and internet connection. The Company's variety of pricing and utilization options enables customers to customize their first-to-know experience. For more information, visit www.blacksky.com.

Non-GAAP Financial Measures

Adjusted EBITDA is defined as net income or loss attributable to BlackSky before interest expense, income taxes, depreciation and amortization, as well as significant non-cash and/or non-recurring expenses as management believes these items are not as useful in evaluating the Company's core operating performance. These items include, but are not limited to, realized loss on conversion of bridge notes, stock-based compensation expense, unrealized (gain)/loss on certain warrants/shares classified as derivatives, satellite impairment loss, (gain)/loss on debt extinguishment, (gain)/loss from discontinued operations, loss/(gain) on equity method investment, transaction related legal settlements, transaction costs associated with derivative liabilities, Spaceflight, Inc. employee retention bonuses, and Spaceflight, Inc. related shared services. Spaceflight, Inc. was a division of BlackSky divested in June 2020, and certain transition-related expenses and income was incurred during 2021 in connection with the transition of this divestiture.

Adjusted EBITDA is a non-GAAP financial performance measure. It should not be considered in isolation or as an alternative to measures determined in accordance with GAAP. Please refer to the schedule herein

and our SEC filings for a reconciliation of these non-GAAP financial performance measures to the most comparable measures reported in accordance with GAAP and for a discussion of the presentation, comparability, and use of such financial performance measures.

Forward-Looking Statements

This earnings release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or BlackSky's future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these words or other similar terms or expressions that concern our expectations, strategy, priorities, plans, or intentions. Forward-looking statements in this earnings release include, but are not limited to, statements regarding BlackSky's: future financial and operating performance, including our outlook, guidance, and revenue projections, all of which are dependent on a variety of factors including long sales cycles; ability to anticipate customer demand and grow our business; anticipated launch schedules, which are subject to many uncertainties; capital expenditure estimates and forecasting, including our ability to prudently manage expenses and capital expenditures; liquidity needs; and the appropriate constellation size that will support estimated customer demand. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties, including changes in our plans or assumptions, that could cause actual results to differ materially from those projected. These risks include the possibility that we: cannot adequately predict financial performance or customer demand; are unable to launch our satellites on the time frames currently anticipated; have a constellation size that is unable to keep up with customer demand; cannot manage costs and capital expenses as anticipated; and cannot accurately predict our sales cycle or pipeline for revenue growth and capture. The forward-looking statements contained in this earnings release are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission, including our amended S-1 registration statement filed on December 8, 2021, and our Annual Report on Form 10-K that will be filed after this earnings release. The forward-looking statements in this earnings release are based on information available to BlackSky as of the date hereof, and BlackSky disclaims any obligation to update any forward-looking statements, except as required by law.

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BlackSky Technology Inc.
Reconciliation of Net Loss to Adjusted EBITDA
(In thousands and unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net income (loss) ⁽²⁾	\$ 5,603	\$ (10,390)	\$ (245,435)	\$ (19,535)
Loss on issuance of Bridge Notes, including debt issuance costs expensed for debt carried at fair value	—	—	147,387	—
Stock-based compensation expense	13,306	290	42,571	1,982
(Gain)/loss on derivatives	(35,047)	140	(23,885)	558
Satellite impairment loss	—	—	18,407	—
Depreciation and amortization	4,502	3,355	14,306	9,803
Interest expense	1,502	1,158	5,165	5,201
(Gain) on debt extinguishment	(4,134)	—	(4,059)	(284)
Loss/(gain) from discontinued operations, before income tax	—	264	1,022	(28,185)
Loss/(gain) on equity method investment	186	75	(607)	953
Transaction related legal settlements	(301)	—	399	—
Transaction costs associated with derivative liabilities	—	—	291	—
Spaceflight, Inc. employee retention bonuses ⁽³⁾	—	—	—	983
Spaceflight, Inc. related shared services ⁽³⁾	—	—	—	(678)
Adjusted EBITDA	\$ (14,383)	\$ (5,108)	\$ (44,438)	\$ (29,202)

(2) This represents our current estimate of net income (loss) for the period ended December 31, 2021, which is subject to the completion of our financial closing procedures and adjustments that may result from the completion of the audit of our consolidated financial statements. As a result, this net income estimate may differ from the actual net income reported in our consolidated financial statements when they are completed and publicly disclosed in our Annual Report on Form 10-K.

(3) Spaceflight, Inc. was a division of BlackSky divested in June 2020, and certain transition-related expenses and income was incurred during 2021 in connection with the transition of this divestiture.