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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended March 31, 2025

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 001-39113

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**BLACKSKY TECHNOLOGY INC.**

(Exact name of registrant as specified in its charter)

Delaware	83-1833760
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2411 Dulles Corner Park	
Suite 300	20171
Herndon, Virginia	
(Address of Principal Executive Offices)	(Zip Code)
(571) 267-1571	
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	BKSY	The New York Stock Exchange
Warrants, exercisable for shares of Class A common stock at an exercise price of \$92.00 per share	BKSY.W	The 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 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.

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

As of May 5, 2025, there were 31,652,390 shares of the registrant's Class A common stock, at \$0.0001 par value, outstanding.

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### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains, and our officers and representatives may from time to time make, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements involve substantial risks and uncertainties. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “plan,” “intend,” “could,” “would,” “expect” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements included in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding:

- our ability to expand our services and offerings to customers both domestically and internationally;
- our ability to expand within our current customer base;
- our expectations about market trends and needs;
- the performance and capabilities of our next generation satellites (“Gen-3”) and related ground systems;
- our ability to add new satellites and sensors to our commercial operations;
- our ability to compete with legacy satellite imaging providers and other emergent geospatial intelligence providers;
- our ability to expand our product capabilities;
- our ability to effectively integrate LeoStella LLC’s operations into our business and improve control over the Gen-3 satellite supply chain and production operations;
- the performance of our BlackSky Spectra® software platform;
- our ability to invest in our software, research and development capabilities;
- our ability to integrate proprietary and third-party sensor data;
- our ability to continue delivering data in a cost-effective manner;
- our ability to comply with laws and regulations applicable to our business;
- our ability to maintain and protect our brand;
- our ability to retain or recruit key employees;
- our ability to maintain intellectual property protection for our products or avoid or defend claims of infringement;
- our anticipated capital expenditures, liquidity, and our estimates regarding our capital requirements;
- our estimates of market growth, future revenue, expenses, cash flows, capital requirements and additional financing;
- our ability to manage the timing of capital expenditures to allow for additional flexibility to optimize our long-term liquidity requirements;
- our ability to optimize our cash spend to meet short- and long-term operational needs;
- the volatility of the trading price of our common stock;
- the impact of local, regional, national and international economic conditions and events; and
- other factors including but not limited to those detailed under the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024 and filed by us with the Securities and Exchange Commission (the “SEC”).

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, whether written or oral, except as required by law.

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**BLACKSKY TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**  
**(in thousands, except par value)**

	March 31, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,748	\$ 13,056
Restricted cash	1,153	1,322
Short-term investments	55,076	39,406
Accounts receivable, net of allowance of \$60 and \$45, respectively	7,926	14,701
Contract assets	32,431	27,852
Inventories	—	6,043
Prepaid expenses and other current assets	4,005	4,356
Total current assets	121,339	106,736
Property and equipment - net	60,617	45,613
Operating lease right of use assets - net	3,873	4,029
Goodwill	10,303	10,260
Intangible assets - net	5,238	5,446
Satellite work in process	75,576	80,601
Other assets	7,919	1,461
Total assets	<u>\$ 284,865</u>	<u>\$ 254,146</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,042	\$ 20,419
Contract liabilities - current	12,573	2,183
Debt - current portion	3,750	1,927
Other current liabilities	2,639	1,493
Total current liabilities	32,004	26,022
Operating lease liabilities	7,877	8,048
Derivative liabilities	16,063	17,964
Deferred revenue - long-term	24,000	—
Long-term debt - net of current portion	111,598	105,736
Other liabilities	4,474	2,387
Total liabilities	196,016	160,157
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Class A common stock, \$0.0001 par value-authorized,300,000 shares; issued, 31,653 and 30,960 shares; outstanding, 31,356 shares and 30,663 shares as of March 31, 2025 and December 31, 2024, respectively.	3	3
Additional paid-in capital	757,847	750,174
Accumulated deficit	(669,001)	(656,188)
Total stockholders' equity	88,849	93,989
Total liabilities and stockholders' equity	<u>\$ 284,865</u>	<u>\$ 254,146</u>

See notes to unaudited condensed consolidated financial statements

**BLACKSKY TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(unaudited)**  
**(in thousands, except per share amounts)**

	Three Months Ended March 31,	
	2025	2024
Revenue		
Imagery & software analytical services	\$ 16,829	\$ 17,833
Professional & engineering services	12,715	6,403
Total revenue	29,544	24,236
Costs and expenses		
Imagery & software analytical service costs, excluding depreciation and amortization	3,818	3,445
Professional & engineering service costs, excluding depreciation and amortization	8,782	3,588
Selling, general and administrative	21,442	18,816
Research and development	245	456
Depreciation and amortization	7,236	11,184
Operating loss	(11,979)	(13,253)
Gain (loss) on derivatives	1,901	(254)
Interest income	573	400
Interest expense	(3,343)	(2,634)
Other income, net	65	1
Loss before income taxes	(12,783)	(15,740)
Income tax expense	(30)	(70)
Net loss	(12,813)	(15,810)
Other comprehensive income	—	—
Total comprehensive loss	\$ (12,813)	\$ (15,810)
Basic and diluted loss per share of common stock:		
Net loss per share of common stock	\$ (0.42)	\$ (0.88)

See notes to unaudited condensed consolidated financial statements

**BLACKSKY TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(unaudited)**  
**(in thousands)**

	Three Months Ended March 31, 2025				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
<b>Balance as of January 1, 2025</b>	30,663	\$ 3	\$ 750,174	\$ (656,188)	\$ 93,989
Stock-based compensation	—	—	3,054	—	3,054
Issuance of common stock upon exercise of stock options	3	—	—	—	—
Issuance of common stock upon vesting of restricted stock units	156	—	—	—	—
Issuance of common stock, net of equity issuance costs	592	—	5,111	—	5,111
Withholding of stock units to satisfy tax withholding obligations upon the vesting of restricted stock units and exercise of stock options	(58)	—	(492)	—	(492)
Net loss	—	—	—	(12,813)	(12,813)
<b>Balance as of March 31, 2025</b>	<u>31,356</u>	<u>\$ 3</u>	<u>\$ 757,847</u>	<u>\$ (669,001)</u>	<u>\$ 88,849</u>

	Three Months Ended March 31, 2024				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
<b>Balance as of January 1, 2024</b>	17,855	\$ 2	\$ 692,127	\$ (598,970)	\$ 93,159
Stock-based compensation	—	—	3,488	—	3,488
Issuance of common stock upon exercise of stock options	9	—	1	—	1
Issuance of common stock upon vesting of restricted stock awards	1	—	—	—	—
Issuance of common stock upon vesting of restricted stock units	107	—	—	—	—
Issuance of common stock, net of equity issuance costs	118	—	1,294	—	1,294
Withholding of stock units to satisfy tax withholding obligations upon the vesting of restricted stock units and exercise of stock options	(36)	—	(419)	—	(419)
Net loss	—	—	—	(15,810)	(15,810)
<b>Balance as of March 31, 2024</b>	<u>18,054</u>	<u>\$ 2</u>	<u>\$ 696,491</u>	<u>\$ (614,780)</u>	<u>\$ 81,713</u>

See notes to unaudited condensed consolidated financial statements

**BLACKSKY TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**  
**(in thousands)**

	Three Months Ended March 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net loss	\$ (12,813)	\$ (15,810)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	7,236	11,184
Operating lease right of use assets amortization	156	191
Bad debt expense	15	100
Stock-based compensation expense	2,897	3,363
Amortization of debt issuance costs and non-cash interest expense	2,419	2,121
(Gain) loss on derivatives	(1,901)	254
Non-cash interest income	(412)	(267)
Loss on disposal of assets	37	—
Changes in operating assets and liabilities:		
Accounts receivable	6,759	1,388
Contract assets - current and long-term	(11,049)	(3,328)
Inventories	5,997	—
Prepaid expenses and other current assets	351	(195)
Other assets	10	344
Accounts payable and accrued liabilities	(7,268)	(2,354)
Other current liabilities	567	447
Contract liabilities - current and long-term	34,256	(1,239)
Other liabilities	(12)	(9)
Net cash provided by (used in) operating activities	<u>27,245</u>	<u>(3,810)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(4,465)	(3,297)
Satellite work in process	(4,418)	(11,347)
Purchases of short-term investments	(28,259)	(9,464)
Proceeds from maturities of short-term investments	13,000	9,000
Net cash used in investing activities	<u>(24,142)</u>	<u>(15,108)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from equity issuances, net of equity issuance costs	5,118	1,298
Proceeds from options exercised	—	1
Withholding tax payments on vesting of restricted stock units	(492)	(419)
Payments for debt issuance costs	(175)	—
Payments for deferred financing costs	—	(18)
Payments for deferred offering costs	(31)	—
Net cash provided by financing activities	<u>4,420</u>	<u>862</u>
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<u>7,523</u>	<u>(18,056)</u>
<b>Cash, cash equivalents, and restricted cash – beginning of year</b>	<u>14,378</u>	<u>33,434</u>
<b>Cash, cash equivalents, and restricted cash – end of period</b>	<u>\$ 21,901</u>	<u>\$ 15,378</u>

See notes to unaudited condensed consolidated financial statements



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The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the unaudited condensed consolidated balance sheets that sum to the total of the same such amounts shown in the unaudited condensed consolidated statements of cash flows:

	March 31,	
	2025	2024
Cash and cash equivalents	\$ 20,748	\$ 14,965
Restricted cash	1,153	413
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 21,901</b>	<b>\$ 15,378</b>

  

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 199	\$ —
Cash paid for income taxes	—	—
<b>Supplemental disclosures of non-cash financing and investing information:</b>		
Vendor financed satellite launch costs	7,500	1,500
Additions of equipment and other satellite procurement costs accrued but not yet paid	1,719	3,506
Accretion of short-term investments' discounts and premiums	412	267
Capitalized depreciation expense	297	—
Capitalized stock-based compensation	157	125
Equity issuance costs accrued but not yet paid	53	17
Deferred offering costs accrued but not yet paid	20	—
Adjustments to goodwill for changes in the preliminary purchase price allocation	43	—
Credits from LeoStella applied to satellite procurement costs	—	966
Leasehold improvements funded by tenant improvement allowance	—	586
Deferred financing costs accrued but not yet paid	—	97

See notes to unaudited condensed consolidated financial statements

**BLACKSKY TECHNOLOGY INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2025**

**1. Organization and Business**

BlackSky Technology Inc. (“BlackSky” or the “Company”), headquartered in Herndon, Virginia, is a space-based intelligence company that delivers real-time imagery, analytics and high-frequency monitoring. The Company owns and operates an advanced purpose-built commercial, real-time intelligence system that combines the power of the BlackSky Spectra tasking and analytics software platform and the Company’s proprietary high-resolution low earth orbit (“LEO”) small satellite constellation. The constellation is optimized to cost-efficiently capture imagery at high revisit rates where and when customers need it. The BlackSky Spectra software platform processes millions of observations a day by integrating data from the Company’s proprietary satellite constellation and from other third-party sensors such as synthetic aperture radar and radio frequency satellites, millions of GPS-enabled terrestrial data sources and Internet of Things (“IoT”) connected devices. BlackSky Spectra applies advanced, proprietary artificial intelligence (“AI”) and machine learning (“ML”) techniques to process, analyze, and transform these raw feeds into actionable intelligence via alerts, information, and insights. Customers can access BlackSky Spectra’s data and analytics through easy-to-use web services or through platform application programming interfaces.

BlackSky has two primary operating subsidiaries, BlackSky Global LLC and BlackSky Geospatial Solutions, LLC. In November 2024, the Company acquired the remaining 50% of the common units of LeoStella LLC (“LeoStella”). LeoStella was previously a joint venture with Thales Alenia Space US Investment LLC (“Thales”) and the Company accounted for LeoStella as an equity method investment. On the acquisition date, LeoStella became a wholly-owned subsidiary of the Company. LeoStella is a vertically-integrated small satellite design and manufacturer based in Tukwila, Washington and it is expected that this acquisition will allow the Company to improve its control over the Gen-3 supply chain and production operations. See Note 7 - “Business Acquisition”- for further detail.

In September 2024, the Company effected a one-for-eight reverse stock split (the “Reverse Stock Split”) of its issued Class A common stock. As a result, every eight shares of its issued common stock were combined into one share of common stock. No fractional shares of the Company’s common stock were issued as a result of the Reverse Stock Split. Each stockholder who would otherwise have been entitled to receive a fractional share as a result of the Reverse Stock Split received a cash payment equal to the product obtained by multiplying the number of shares of common stock held by such stockholder before the Reverse Stock Split that would otherwise have been exchanged for such fractional share interest by the closing price per share of the common stock as reported on the New York Stock Exchange (“NYSE”) on September 6, 2024, the date of the effective time of the Reverse Stock Split. As a result of the Reverse Stock Split, proportionate adjustments were made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding warrants to purchase shares of the Company’s common stock. These notes to the unaudited condensed consolidated financial statements and the accompanying unaudited condensed consolidated financial statements give retroactive effect to the Reverse Stock Split for all periods presented. The shares of common stock retained a par value of \$0.0001 per share.

The Company’s equity issuances during the three months ended March 31, 2025 included a public offering of shares and shares sold as part of the Company’s at-the-market (“ATM”) offering program. The Company sold 0.6 million shares from the ATM offering program at an average purchase price per share of \$9.12, resulting in gross proceeds of \$5.4 million during the three months ended March 31, 2025. The transaction costs of \$0.3 million for the equity issuances incurred during the three months ended March 31, 2025, which primarily consisted of commissions, have been recorded as a reduction to additional paid-in capital in the unaudited condensed consolidated statements of changes in stockholders’ equity and consolidated balance sheets.

## 2. Basis of Presentation and Summary of Significant Accounting Policies

### *Basis of Preparation*

The Company has prepared its unaudited condensed consolidated financial statements in accordance with Generally Accepted Accounting Principles in the United States of America (“GAAP”) and the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission (the “SEC”). The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. As noted in Note 1 and Note 7, on November 6, 2024, the Company acquired the remaining 50% of the common units of LeoStella and LeoStella became a wholly-owned subsidiary of BlackSky. Prior to the acquisition, the unaudited condensed consolidated financial statements included the Company’s proportionate share of the earnings or losses of its equity method investments and a corresponding increase or decrease to its investments, with recorded losses limited to the carrying value of the Company’s investments. All intercompany transactions and balances have been eliminated upon consolidation.

The Company’s unaudited condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, including derivative financial instruments, which are stated at fair value. Unless otherwise indicated, amounts presented in the Notes pertain to the Company’s continuing operations.

### *Use of Estimates*

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the reporting date, and the reported amounts of revenue and expenses during the reporting period. These estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. Actual results could materially differ from these estimates. Significant estimates made by the Company include, but are not limited to, revenue and associated cost recognition, the collectability of accounts receivable, the recoverability and useful lives of property and equipment, the valuation of equity warrants and warrant liabilities, fair value estimates, the recoverability of goodwill and intangible assets, the provision for income taxes, the incremental borrowing rate to measure the operating lease right of use assets, the effective interest rate of the vendor financing agreement, the fair value of assets acquired and liabilities assumed of a business combination, and stock-based compensation.

### *Investments*

The Company invests in short-term investments, which generally consist of A-1, or higher, rated corporate debt and governmental securities. The investments are classified as held-to-maturity and have a stated maturity date of one year or less from the balance sheet date. Any investments with original maturities less than three months are considered cash equivalents.

As of March 31, 2025 and December 31, 2024, the Company’s short-term investments had a carrying value of \$5.1 million and \$39.4 million, respectively, which represents amortized cost, and an aggregate fair value of \$55.1 million and \$39.4 million, respectively, which represents a Level 1 measurement based off of the fair value hierarchy.

### *Fair Value of Financial Instruments*

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The process for analyzing the fair value measurement of certain financial instruments on a recurring, or non-recurring, basis includes significant judgment and estimates of inputs including, but not limited to, share

price, volatility, discount for lack of marketability, application of an appropriate discount rate, and probability of liquidating events. The Company utilizes the market valuation methodology and specific option pricing methodology, such as the Monte Carlo simulation, to value the more complex financial instruments and the Black-Scholes option-pricing model to value standard common stock warrants and common stock options.

The framework for measuring fair value specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

*Level 1 Inputs.* Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

*Level 2 Inputs.* Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

*Level 3 Inputs.* Inputs are unobservable inputs which reflect the Company's own assumptions on what assumptions market participants would use in pricing the asset or liability based on the best available information.

### **Revenue Recognition**

The Company generates revenue from the sale of imagery and software analytical services and professional and engineering services. Imagery and software analytical services revenue, which is mostly from contracts from domestic and international government agencies, includes imagery, data, software, and analytics. This revenue is primarily recognized from services rendered under non-cancellable subscription order agreements or, in limited circumstances, variable not-to-exceed purchase orders. Professional and engineering services revenue is generated from time and materials basis, firm fixed price service solutions, and firm fixed price long-term engineering and construction contracts.

In accordance with Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("Accounting Standards Codification ("ASC") 606"), the Company uses the five-step model of identifying the contract with a customer, identifying the performance obligations contained in a contract, determining the transaction price, allocating the transaction price, and determining when performance obligations are satisfied, which can require the application of significant judgment, as further discussed below.

Revenue is measured at the fair value of consideration received or receivable and net of discounts. The Company applies a policy election to exclude transaction taxes collected from customer sales when the tax is both imposed on and concurrent with a specific revenue-producing transaction. The Company estimates any variable consideration, and whether the transaction price is constrained, upon execution of each contract. The Company has a contract with significant variable consideration as of March 31, 2025. Variable consideration is estimated as the most likely amount that is dependent upon the occurrence or non-occurrence of a binary future event.

### **Imagery & Software Analytical Services Revenue**

#### ***Imagery***

Imagery services include imagery delivered from the Company's proprietary satellite constellation and Spectra software platform and in limited cases directly uploaded to certain customers. Customers can directly task the Company's proprietary satellite constellation to collect and deliver imagery over specific locations, sites and regions that are critical to their operations. The Company offers customers several service level subscription options that include on-demand tasking or multi-year assured access programs, where customers can secure

priority access and imaging capacity at a premium over a region of interest on a take or pay basis. Imagery revenue is recognized ratably over the subscription period based on the promise to continuously provide contractual satellite capacity for tasked imagery or analytics at the discretion of the customer.

#### Data, Software, and Analytics

The Company leverages proprietary AI and ML algorithms to analyze data coming from both the Company's proprietary sensor network and third-party space and terrestrial sources to provide hard-to-get data, insights, and analytics for customers. The Company continues to integrate and enhance its offerings by performing contract development, while retaining the intellectual property rights. The Company also offers services related to object, change and anomaly detection, site monitoring, and enhanced analytics, through which the Company can detect key pattern of life changes in critical locations such as ports, airports, and construction sites; retail activity; commodities stockpiles; and other sites that contain critical commodities and supply chain inventory.

The Company's analytics services are also offered on a similar subscription basis and provide customers with access to the Company's site monitoring, event monitoring and global data services. Analogous with the recognition of revenue for imagery, software analytical services revenue is recognized ratably over the subscription period.

#### **Professional and Engineering Services Revenue**

The Company performs various professional services, that are highly-interrelated, including providing technology enabled professional service solutions to support customer-specific software development requests, integration, testing, and training. The Company also provides engineering services, which include developing and delivering advanced satellite and payload systems for a limited number of customers that leverage the Company's capabilities in mission systems engineering and operations, ground station operations, and software and systems development. These services, based on the context of the contract, are capable of being distinct performance obligations.

For firm fixed price professional and engineering service contracts, the Company recognizes revenue over time using the cost-to-complete method to measure progress to complete the performance obligation ("Estimate at Completion" or "EAC"). A performance obligation's EAC includes all direct costs such as labor, fringe, materials, subcontract costs and overhead. Significant judgment is used to estimate total costs at completion on a contract by contract basis including, but not limited to, labor productivity, program schedule, technical risk analysis, complexity, scope of the work to be performed and other identified risks. Due to the continuous nature of the work, as well as when a change in circumstances warrants a modification, the EAC is reviewed and may result in cumulative changes to the contract profit. The Company recognizes changes in estimated contract sales or costs and the resulting changes in contract profit on a cumulative basis in the period in which the change is identified. If, at any time, the estimate of contract profitability indicates a probable anticipated loss on the contract, the Company recognizes the total loss as and when known. The following table presents the effect of aggregate net EAC adjustments on the Company's professional and engineering services contracts:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
Revenue	\$ (206)	\$ (261)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)

For contracts structured as cost-plus-fixed-fee or on a time and materials basis, the Company recognizes revenue based on the right-to-invoice when practically expedient, as the Company is contractually able to invoice the customer based on the control transferred to the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

***Imagery and Software Analytical Service and Professional and Engineering Service Costs***

Imagery and software analytical service costs primarily include internal labor to support the ground station network and space operations, third-party data and imagery, and cloud computing and hosting services. The Company recognizes stock-based compensation expense for those employees whose work supports the imagery and software analytical service costs it provides to customers, under imagery and software analytical service costs, excluding depreciation and amortization. For those employees who provide these services to support customer-based programs, the stock-based compensation expense is classified under imagery and software analytical services costs.

Professional and engineering service costs primarily include the cost of internal labor for design and engineering in support of long-term development contracts for satellites and payload systems, as well as subcontract direct materials and external labor costs to build and test specific components, such as the communications system, payload demands, and sensor integration. In addition, the Company also recognizes internal labor costs and external subcontract labor costs for its customer-centric software service solutions. The Company recognizes stock-based compensation expense for those employees who provide professional and engineering services support to customers, under professional and engineering service costs, excluding depreciation and amortization.

***Sponsor Shares***

On September 9, 2021, BlackSky's predecessor company, Osprey Technology Acquisition Corp. ("Osprey"), completed its merger (the "Merger") with Osprey Technology Merger Sub, Inc., a wholly owned subsidiary of Osprey, and BlackSky Holdings, Inc. Osprey pre-Merger Class B common shares were exchanged for shares of the Company's Class A common stock (the "Sponsor Shares") upon completion of the Merger. The Company accounted for the Sponsor Shares in accordance with the guidance contained in ASC 815-40, under which the Sponsor Shares did not meet the criteria for equity treatment and were recorded as derivative liabilities in the Company's unaudited condensed consolidated balance sheets as of March 31, 2025. The Sponsor Shares are adjusted to fair value at each reporting period and the change in fair value is recognized in gain (loss) on derivatives in the Company's unaudited condensed consolidated statements of operations and comprehensive loss.

***Stock-Based Compensation***

***Restricted Stock Units***

The Company grants restricted stock units ("RSUs") to certain employees, for which the grant date fair value is equal to the fair value of the Class A common stock on the date of grant. In order to determine the fair value of its Class A common stock on the date of grant prior to the Merger, the Company historically performed a valuation analysis using a combination of market and income approaches. Subsequent to the Merger, the Company uses the New York Stock Exchange ("NYSE") trading price as the fair value of the Class A common stock for valuation purposes. For all awards for which vesting is only subject to a service condition, including those subject to graded vesting, the Company has elected to use the straight-line method to recognize the fair value as compensation cost over the requisite service period.

Certain of the Company's outstanding RSUs had performance vesting conditions that were triggered upon the consummation of the Merger. Therefore, since the performance conditions attributable to these RSUs had been met, the Company commenced recording the associated compensation expense, inclusive of a catch-up amount for the service period between their grant date and satisfaction of the performance condition, as of the closing of the Merger. The fair value of the RSUs that include a performance condition is recognized as compensation expense over the requisite service period using the accelerated attribution method, which accounts for RSUs with discrete vesting dates as if they were separate awards. Expense related to stock-based payments is classified in the unaudited condensed consolidated statements of operations and comprehensive loss based upon the classification of each employee's cash compensation. As of March 31, 2025, 2 thousand RSUs

with performance vesting conditions were outstanding and the associated remaining expense of \$9 thousand will be recognized through September 30, 2025.

Stock Options

The Company uses the Black-Scholes option pricing model to value all options, including stock options and options under the 2021 Employee Stock Purchase Plan ("ESPP"), and the straight-line method to recognize the fair value as compensation cost over the requisite service period. The fair value of each option granted was estimated as of the date of grant. The Company granted stock options during the three months ended March 31, 2025 and used the following inputs when applying the Black-Scholes option pricing model:

*Expected Dividend Yield.* The Black-Scholes valuation model requires an expected dividend yield as an input. The dividend yield is based on historical experience and expected future changes. The Company has not historically paid and currently has no plans to pay dividends on its Class A common stock.

*Expected Volatility.* The Company does not have sufficient historical share price history; therefore, the expected volatility was estimated based upon the historical share price volatility of guideline comparable companies.

*Risk-free Interest Rate.* The yield on actively traded non-inflation indexed U.S. Treasury notes was used to extrapolate an average risk-free interest rate based on the expected term of the underlying grants.

*Expected Term.* For options granted since 2021, as there is not a significant history of option exercises as a public company, the Company considered the stock option vesting terms and contractual period, as well as the demographics of the holders, in estimating the expected term. For stock options granted prior to 2021 when we were a private company, the expected term was the estimated duration to a liquidation event based on a weighted average consideration of the most likely exit prospects for that stage of development. The Company will review its estimate in the future and adjust it, if necessary, due to changes in the Company's historical exercises.

The most significant assumption used to determine the fair value of the Legacy BlackSky equity-based awards was the estimated fair value of the Legacy BlackSky Class A common stock on the grant date. In order to determine the fair value of its Class A common stock on the date of grant prior to the Merger, Legacy BlackSky historically relied on a valuation analysis performed using a combination of market and income approaches. Subsequent to the Merger, the Company uses the NYSE trading price as the fair value of the Company's Class A common stock for valuation purposes.

Legacy BlackSky historically adjusted the exercise price of certain outstanding stock options. For each award with an adjusted exercise price, Legacy BlackSky calculated the incremental fair value, which was the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. The incremental fair value was recognized as stock-based compensation expense immediately to the extent that the modified stock option already had vested, and for stock options that were not yet vested, the incremental fair value has been recognized as stock-based compensation expense over the remaining vesting period.

### 3. Accounting Standards Updates (“ASU”)

#### *Accounting Standards Recently Adopted*

In December 2023, the FASB issued ASU No. 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires companies to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires companies to disclose additional information about income taxes paid. ASU 2023-09 is effective for annual periods beginning January 1, 2025 and will be applied on a prospective basis with the option to apply the standard retrospectively. The Company is currently evaluating the impacts of this update and will be adopting these amendments using the prospective approach for annual disclosures in 2025.

#### *Accounting Standards Recently Issued But Not Yet Adopted*

In November 2024, the FASB issued ASU No. 2024-03 Disaggregation of Income Statement Expenses. ASU 2024-03 requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 will be effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027 and will be applied on a prospective basis with the option to apply the standard retrospectively. The Company is evaluating the disclosure impact of ASU 2024-03; however, it is not expected that the standard will have a material impact on the Company’s consolidated financial position, results of operations and/or cash flows.

### 4. Segment Information

The Company’s Chief Operating Decision Maker (“CODM”) as defined under GAAP, who is the Company’s Chief Executive Officer, has determined the allocation of resources and assessed performance based upon the unaudited condensed consolidated results of the Company. The CODM uses consolidated net loss to assess financial performance and allocate resources. Accordingly, the Company is currently deemed to be comprised of only one operating segment and one reportable segment. This segment, which comprises the continuing operations of the Company’s single operating and reportable segment, provides geospatial intelligence, imagery and related data analytic products and services, of which the Company incurs costs and recognizes revenue on professional and engineering services including but not limited to, the development, integration, and operation of satellites and software platforms, as well as ground systems, that support the Company’s primary imagery service subscriptions. The following table presents selected financial information with respect to the Company’s single reportable segment for the three months ended March 31, 2025 and 2024:



	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue</b>		
Imagery & software analytical services	\$ 16,829	\$ 17,833
Professional & engineering services	12,715	6,403
<b>Total revenue</b>	<b>29,544</b>	<b>24,236</b>
<b>Costs and Expenses</b>		
Imagery & software analytical direct labor costs	552	693
Imagery & software analytical direct materials costs	3,266	2,752
Professional & engineering direct labor costs	2,166	3,023
Professional & engineering direct materials costs	6,616	565
Salaries and benefit costs	11,703	10,656
Stock-based compensation expense <sup>(1)</sup>	2,757	3,148
Other segment items <sup>(2)</sup>	7,227	5,468
Depreciation and amortization	7,236	11,184
(Gain) loss on derivatives	(1,901)	254
Interest income	(573)	(400)
Interest expense	3,343	2,634
Other income, net	(65)	(1)
Income tax expense	30	70
<b>Net loss</b>	<b>\$ (12,813)</b>	<b>\$ (15,810)</b>

<sup>(1)</sup> Relates to stock-based compensation within selling, general, and administrative costs.

<sup>(2)</sup> Other segment items included in net loss primarily includes selling, general, and administrative costs and research and development costs.

As of March 31, 2025 and December 31, 2024, the Company's segment assets, which are equal to the Company's consolidated assets on the unaudited condensed consolidated balance sheets, are owned and operated by United States entities and are classified within the United States. See Note 5—"Revenue" for additional information about revenue by geographic region.

## 5. Revenue

### *Disaggregation of Revenue*

The Company earns revenue through the sale of imagery and software analytical services and professional and engineering services. The Company's management primarily disaggregates revenue as follows: (i) imagery; (ii) data, software and analytics; (iii) professional services; and (iv) engineering services. This disaggregation allows the Company to evaluate market trends in certain imagery and software analytical services and professional and engineering services.

The following table disaggregates revenue by type for the three months ended March 31, 2025 and 2024:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
Imagery	\$ 15,364	\$ 15,895
Data, software, and analytics	1,465	1,938
Professional services	2,872	4,087
Engineering services <sup>(1)</sup>	9,843	2,316
<b>Total revenue</b>	<b>\$ 29,544</b>	<b>\$ 24,236</b>

<sup>(1)</sup> Engineering services includes \$ 9.7 million and \$ 2.0 million of product revenue for the three months ended March 31, 2025 and 2024, respectively.

The approximate revenue based on geographic location of end customers was as follows for the three months ended March 31, 2025 and 2024:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
North America	\$ 12,003	\$ 15,192
Middle East <sup>(1)</sup>	2,513	2,494
Asia Pacific <sup>(2)</sup>	14,749	6,248
Other	279	302
<b>Total revenue</b>	<b>\$ 29,544</b>	<b>\$ 24,236</b>

<sup>(1)</sup> For the three months ended March 31, 2024, Middle East revenue included \$ 2.5 million of revenue from Country A; the amount of revenue from Country A for the three months ended March 31, 2025 was not individually significant to the Company. The remaining Middle East countries were not individually significant to the Company.

<sup>(2)</sup> For the three months ended March 31, 2025, Asia Pacific revenue included \$ 9.0 million of revenue from Country B; the amount of revenue from Country B for the three months ended March 31, 2024 was not individually significant to the Company. For the three months ended March 31, 2025 and 2024, Asia Pacific revenue included \$ 4.5 million and \$ 3.9 million, respectively, of revenue from Country C. The remaining Asia Pacific countries were not individually significant to the Company.

Revenue from categories of end customers for the three months ended March 31, 2025 and 2024 was as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
U.S. federal government and agencies	\$ 11,687	\$ 14,757
International governments	17,126	9,019
Commercial and other	731	460
<b>Total revenue</b>	<b>\$ 29,544</b>	<b>\$ 24,236</b>

**Backlog**

Backlog represents the future sales the Company expects to recognize on firm orders it receives and is equivalent to the Company's remaining performance obligations at the end of each period. It comprises both funded backlog (firm orders for which funding is authorized and appropriated) and unfunded backlog. The

Company's backlog excludes unexercised contract options. As of March 31, 2025, the Company had \$366.1 million of backlog, which represents the transaction price of executed contracts less inception to date revenue recognized. The Company expects to recognize revenue relating to its backlog, of which a portion is recorded in deferred revenue in the unaudited condensed consolidated balance sheets, of \$61.1 million, \$63.9 million, and \$241.1 million in the nine months ended December 31, 2025, fiscal year 2026, and thereafter, respectively.

## 6. Contract Assets and Liabilities

The components of contract assets and contract liabilities consisted of the following:

	March 31, 2025	December 31, 2024
(in thousands)		
<b>Contract assets - current:</b>		
Unbilled revenue	\$ 32,431	\$ 27,852
<b>Total contract assets - current</b>	<b>\$ 32,431</b>	<b>\$ 27,852</b>
<b>Contract assets - long-term:</b>		
Unbilled revenue - long-term	\$ 6,755	\$ 173
Other contract assets - long-term	825	937
<b>Total contract assets - long-term<sup>(1)</sup></b>	<b>\$ 7,580</b>	<b>\$ 1,110</b>
<b>Contract liabilities - current:</b>		
Deferred revenue - current	\$ 12,573	\$ 2,160
Other contract liabilities - current	—	23
<b>Total contract liabilities - current</b>	<b>\$ 12,573</b>	<b>\$ 2,183</b>
<b>Contract liabilities - long-term:</b>		
Deferred revenue - long-term	\$ 24,000	\$ —
Other contract liabilities - long-term <sup>(2)</sup>	544	678
<b>Total contract liabilities - long-term</b>	<b>\$ 24,544</b>	<b>\$ 678</b>

(1) Total contract assets - long term is included in other assets in the unaudited condensed consolidated balance sheets.

(2) Other contract liabilities - long term is included in other liabilities in the unaudited condensed consolidated balance sheets.

Contract liabilities include payments received and billings made in advance of the satisfaction of performance obligations under the contract and are realized when the associated revenue is recognized under the contract. Contract assets include (i) unbilled revenue, which is the amount of revenue recognized in excess of the amount billed to customers, where the rights to payment are not just subject to the passage of time; and (ii) costs incurred incremental to the contract and to fulfill contract obligations. Other contract assets and other contract liabilities primarily relate to contract commissions on customer contracts.

Changes in short-term and long-term contract assets and contract liabilities for the three months ended March 31, 2025 were as follows:

	<b>Contract Assets</b>	<b>Contract Liabilities</b>
	<b>(in thousands)</b>	
Balance as of January 1, 2025	\$ 28,962	\$ 2,861
Billings or revenue recognized that was included in the beginning balance	(1,143)	(1,237)
Changes in contract assets or contract liabilities, net of reclassification to receivables	12,505	35,645
Cumulative catch-up adjustment arising from changes in estimates to complete during the year	(201)	5
Changes in costs to fulfill and amortization of commission costs	(112)	—
Changes in contract commission costs	—	(157)
Balance as of March 31, 2025	<u>\$ 40,011</u>	<u>\$ 37,117</u>

## 7. Business Acquisition

In November 2024, the Company acquired the remaining 50% of the common units of LeoStella, and LeoStella became a wholly-owned subsidiary of the Company. Purchase consideration of \$0.8 million consisted of the value of the Company's 50% ownership in LeoStella at the time of the business combination. The following table presents the preliminary purchase price allocation as of March 31, 2025, which summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. The purchase price allocation is preliminary and is subject to change during the measurement period, which is generally one year from the acquisition date.

	<b>(in thousands)</b>
<b>Assets</b>	
Current assets, including cash acquired of \$541	\$ 1,561
Property and equipment	4,963
Intangible assets:	
In-process research and development	3,500
Trade names and trademarks	1,200
Total intangible assets	<u>4,700</u>
Other assets	1,525
Total assets	<u>\$ 12,749</u>
<b>Liabilities</b>	
Current liabilities	\$ 11,709
Other liabilities	970
Total liabilities	<u>\$ 12,679</u>

Goodwill of \$0.9 million from the business acquisition was primarily attributed to the value expected from the workforce acquired from the acquisition. In addition, \$0.5 million of the goodwill recognized is expected to be deductible for income tax purposes.

The acquisition-date fair value was determined using a combination of cost approaches and discounted cash flow methods. With respect to intangible assets, the estimated fair values were determined based on relief from royalty and multi-period excess earnings methods. These models used primarily Level 3 inputs, including estimates of projected revenue growth rates, projected EBITDA margins, and an estimated discount rate.

**Unaudited Pro Forma Financial Information**

The following unaudited pro forma financial information summarizes the combined results of the Company and LeoStella as if the acquisition had occurred on January 1, 2024. The pro forma results have been prepared for comparative purposes only, and do not necessarily represent what the results of operations would have been had the acquisition been completed on January 1, 2024. In addition, these pro forma results are not intended to be a projection of future operating results and do not reflect synergies that might be achieved.

The unaudited pro forma financial information includes adjustments for the pro forma impact of the Company's preliminary purchase price allocation, including the amortization of newly acquired intangible assets; the impact of transaction costs; and the alignment of accounting policies.

	<b>Three Months Ended March 31, 2024</b>
	<b>(in thousands)</b>
Pro forma revenue	24,878
Pro forma net loss	(19,647)

**8. Property and Equipment - net**

The following summarizes property and equipment - net as of:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
	<b>(in thousands)</b>	
Satellites	\$ 113,677	\$ 107,004
Software	35,689	32,587
Office furniture and fixtures	9,171	9,171
Production and engineering equipment	2,700	2,986
Software development in process	4,097	3,656
Site equipment	2,502	2,502
Computer equipment	1,578	1,578
Other equipment	811	812
	<u>170,225</u>	<u>160,296</u>
Less: accumulated depreciation	(110,062)	(114,683)
Property and equipment not yet placed in service	454	—
Property and equipment — net	<u>\$ 60,617</u>	<u>\$ 45,613</u>

## 9. Debt and Other Financing

The carrying value of the Company's outstanding debt consisted of the following amounts:

	March 31, 2025	December 31, 2024
	(in thousands)	
Current portion of long-term debt	\$ 3,812	\$ 2,000
Non-current portion of long-term debt	112,722	107,034
Total long-term debt	116,534	109,034
Unamortized debt issuance costs	(1,186)	(1,371)
Outstanding balance	\$ 115,348	\$ 107,663

Name of Loan	Effective Interest Rate	March 31, 2025	December 31, 2024
		(in thousands)	
Loans from related parties	12.23% - 12.57%	\$ 93,034	\$ 93,034
Satellite launch vendor financing	9.88% - 10.80%	13,500	6,000
Commercial bank line	10.98%	10,000	10,000
Total		\$ 116,534	\$ 109,034

### Loans from Related Parties

On May 9, 2023, BlackSky and its subsidiaries entered into an Amendment to its Amended and Restated Loan and Security Agreement with Intelsat and Seahawk, dated October 31, 2019 and previously amended on September 9, 2021. The Amendment amended the secured loan facility to, among other things: (i) extend the maturity date of the loan from October 31, 2024 to October 31, 2026, (ii) roll the cash interest payment due on May 1, 2023 into the outstanding principal to be paid on the maturity date, (iii) increase the interest rate on the loan as of the Amendment date from 9% to 12%, of which (x) 9.6% will be paid in kind as principal due on the maturity date, with the remainder paid as cash interest on a semi-annual basis, until May 1, 2025 and (y) after May 1, 2025, up to 4% can be paid in kind as principal due on the maturity date, with the remainder to be paid as cash interest on a semi-annual basis, and (iv) add certain financial covenants. This facility is secured by substantially all of the Company's assets, is guaranteed by the Company's subsidiaries, and contains customary covenants and events of default.

### Satellite Launch Vendor Financing

In November 2023, the Company entered into a vendor financing agreement for multiple satellite launches providing for \$7.0 million, of which a portion can be drawn down equally per satellite launch and will be repaid quarterly on a pro-rata basis across a three-year period after each successful launch milestone. Payments will accrue interest at 12.6% per annum, beginning on each launch date. The Company may prepay at any time until the maturity date without premium or penalty. During the three months ended March 31, 2025, the Company incurred \$7.5 million of additional debt related to the satellite launch vendor financing agreement.

### Commercial Bank Line

In April 2024, the Company, and certain subsidiaries of the Company, as co-borrowers, entered into a commercial bank line with Stifel Bank. The commercial bank line provides for a \$20.0 million revolving credit facility, including a \$0.5 million sub-facility for the issuance of letters of credit and other ancillary banking services. As of March 31, 2025, there was \$10.0 million outstanding under the revolving credit facility. The commercial bank line matures on June 30, 2026.

The commercial bank line accrues interest at a rate equal to the greater of (A) the prime rate or (B)6%. Interest on the loan is payable quarterly in arrears. The Company is required to pay an unused line fee of 0.25% per annum, payable quarterly in arrears. The Company may borrow, prepay and re-borrow revolving loans, without premium or penalty. The principal amount of outstanding loans, together with accrued and unpaid interest, is due on the loan maturity date. The Company is also obligated to pay a fee to the lender upon the occurrence of certain change of control events or the refinancing, repayment, or termination of the commercial bank line, along with other customary fees for a loan facility of this size and type.

The Company's obligations under the commercial bank line are secured by substantially all of the Company's assets, including intellectual property. Pursuant to a subordination arrangement, the security interest granted to Stifel Bank is senior to the security interest the Company granted to Intelsat Jackson Holdings SA pursuant to that certain Amended and Restated Loan and Security Agreement, dated as of October 31, 2019, as amended.

#### ***Debt Maturities***

Under the Company's loan agreements, minimum required maturities are as follows:

<b>For the years ending December 31,</b>	<b>(in thousands)</b>
2025	\$ 2,688
2026	107,534
2027	4,500
2028	1,812
<b>Total outstanding</b>	<b>\$ 116,534</b>

#### ***Fair Value of Debt***

The estimated fair value of the Company's outstanding long-term debt was \$129.0 million and \$120.3 million as of March 31, 2025 and December 31, 2024, respectively, which is different than the historical cost of the long-term debt as reflected in the Company's unaudited condensed consolidated balance sheets. The fair value of the long-term debt was estimated using Level 3 inputs, based on interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements and credit rating.

#### ***Compliance with Debt Covenants***

The Company is required to maintain the following financial covenants:

- \$10.0 million of minimum cash and cash equivalents balance, measured quarterly as of the last day of each fiscal quarter.
- Adjusted EBITDA, measured quarterly as of the last day of each fiscal quarter, of not less than:
  - \$5.0 million for the trailing four quarter period ending as of December 31, 2024 through September 30, 2025 and
  - \$10.0 million for the trailing four quarter period ending as of December 31, 2025 and as of the end of each fiscal quarter thereafter.
- Quarterly minimum revenue targets agreed upon by the Company and the bank at the beginning of each year.
- Unrestricted and unencumbered cash and cash equivalents in an amount equal to at least one hundred percent of the outstanding commercial bank line at all times.

In addition, the commercial bank line contains customary affirmative and negative covenants, including covenants limiting the Company's ability to, among other things, incur debt, grant liens, pay dividends and distributions on its capital stock, make investments and acquisitions, and make capital expenditures, in each

case subject to customary exceptions for a loan facility of this size and type. If the Company fails to meet the minimum cash covenant, the commercial bank line provides the Company with the ability to cure the breach with the deposit of proceeds from the issuance of capital stock or subordinated debt.

As of March 31, 2025, all debt instruments contained customary covenants and events of default. The Company was in compliance with all financial and non-financial covenants as of March 31, 2025.

## 10. Equity Warrants Classified as Derivative Liabilities

### *Warrant Valuation*

Equity warrants that are classified as derivative liabilities must be measured at fair value upon issuance and re-valued at the end of each reporting period through expiration and are included in derivative liabilities in the Company's unaudited condensed consolidated balance sheets. Any change in fair value between the respective reporting dates is recognized as an unrealized gain or loss in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss (see Note 14). The Company's derivative liabilities were made up of only equity warrants and the Sponsor Shares as of March 31, 2025 and 2024.

The following table is a summary of the number of shares of the Company's Class A common stock issuable upon exercise of warrants at March 31, 2025:

	Number of Shares	Exercise Price	Redemption Price	Expiration Date	Classification	Gain (Loss) in Value for the Three months ended March 31, 2025	Fair Value as of March 31, 2025
	(in thousands)					(in thousands)	
Public Warrants	1,977	\$ 92.00	\$ 144.00	9/9/2026	Liability	\$ 263	\$ 1,991
Private Placement Warrants - Issued October 2019	520	92.00	144.00	9/9/2026	Liability	99	583
Private Placement Warrants - Issued October 2019	520	160.00	144.00	9/9/2026	Liability	114	343
Private Placement Warrants - Issued March 2023	2,050	17.61	N/A	9/8/2028	Liability	(2,276)	11,544

In addition, the Company has 221 thousand Class A common stock warrants outstanding which have an exercise price of \$0.88 and expiration dates from June 27, 2028 to October 31, 2029. These warrants are equity classified and were included in additional paid-in capital in the Company's unaudited condensed consolidated balance sheets.



## 11. Net Loss Per Share of Class A Common Stock

The following table includes the calculation of basic and diluted net loss per share:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands except per share information)</b>	
Net loss available to common stockholders - basic and diluted	\$ (12,813)	\$ (15,810)
Basic and diluted net loss per share	\$ (0.42)	\$ (0.88)
Shares used in the computation of basic and diluted net loss per share	30,814	17,904

The potentially dilutive securities listed below were not included in the calculation of diluted weighted average common shares outstanding, as their effect would have been anti-dilutive during the three months ended March 31, 2025 and 2024.

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
Restricted Class A common stock	—	2
Class A common stock warrants	221	221
Stock options	1,866	891
Restricted stock units	2,792	1,931
Public Warrants (exercisable for Class A common stock) treated as liability	1,977	1,977
Private Placement Warrants (exercisable for Class A common stock) treated as liability	3,091	3,091
Sponsor Shares	296	296

## 12. Stock-Based Compensation

The stock-based compensation expense attributable to continuing operations is included in the unaudited condensed consolidated statements of operations and comprehensive loss as indicated in the table below:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
Imagery & software analytical service costs, excluding depreciation and amortization	\$ 33	\$ 66
Professional & engineering service costs, excluding depreciation and amortization	107	149
Selling, general and administrative	2,757	3,148
Total stock-based compensation expense	<u>\$ 2,897</u>	<u>\$ 3,363</u>

The Company recorded stock-based compensation related to capitalized internal labor for software development activities and satellite work in process of \$0.2 million and \$0.1 million during the three months ended March 31, 2025 and 2024, respectively. These amounts were included in property, plant, and equipment - net and satellite work in process in the unaudited condensed consolidated balance sheets.

### 13. Related Party Transactions

A summary of the Company's related party transactions during the three months ended March 31, 2025 and 2024 is presented below:

Name	Nature of Relationship	Description of the Transactions	Amount Due to Related Party as of			
			Total Payments in the Three Months Ended March 31,		March 31,	December 31,
			2025	2024	2025	2024
(in thousands)						
LeoStella	Former Joint Venture with Thales Alenia Space	The Company owned 50% of LeoStella, its joint venture with Thales. The Company contracted with LeoStella for the design, development and manufacture of satellites to operate its business. In November 2024, the Company acquired the remaining 50% of common units of LeoStella and LeoStella became a wholly-owned subsidiary of BlackSky.	N/A	\$ 11,893	N/A	N/A
Ursa Space Systems	Strategic Partner	The chairman of the Company's board of directors, Will Porteous, is also an investor and member of the board of directors of Ursa Space Systems. The Company has a non-cancelable operational commitment with Ursa Space Systems.	\$ 125	125	—	42
Thales Alenia Space	Shareholder and Parent of Wholly-owned Subsidiary, Seahawk (Debt Issuer)	Design, development and manufacture of telescopes.	—	750	722	—
Seahawk	Debt Issuer and subsidiary of Thales Alenia Space	In 2019, the Company raised and converted \$8.4 million from prior debt into new, outstanding debt and issued 13.5 million warrants to purchase Legacy BlackSky common stock.	—	—	25,072	25,072
Intelsat	Debt Issuer	In 2019, the Company entered into a term loan facility for \$50.0 million and issued 20.2 million warrants to purchase Legacy BlackSky common stock.	220	—	67,962	67,962

The Company recorded revenue from related parties of \$9.7 million and \$2.0 million for the three months ended March 31, 2025 and 2024, respectively. As of March 31, 2025 and December 31, 2024, the amounts due from related parties were not significant.

Interest on the term loan facility is accrued and is due semi-annually. The Company did not make any interest payments during the three months ended March 31, 2025 or 2024. As of March 31, 2025, the Company had interest due to related parties of \$4.7 million, of which \$1.0 million is to be paid as cash interest on a semi-annual basis and was included in other current liabilities and \$3.7 million is paid in kind as principal due on the maturity date and was included in other liabilities. As of December 31, 2024, the Company had interest due to related parties of \$1.9 million, of which \$0.4 million was included in other current liabilities and \$1.5 million was included in other liabilities.

#### 14. Fair Value of Financial Instruments

The following tables present information about the Company's liabilities that are measured at fair value on a recurring basis as of March 31, 2025 and December 31, 2024 and indicate the fair value hierarchy level of the valuation techniques and inputs that the Company utilized to determine such fair value:

March 31, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Input (Level 2)	Significant Other Unobservable Inputs (Level 3)
(in thousands)			
<b>Liabilities</b>			
Public Warrants	\$ 1,991	\$ —	\$ —
Private Placement Warrants - Issued October 2019	—	—	926
Private Placement Warrants - Issued March 2023	—	—	11,544
Sponsor Shares	—	—	1,602
	\$ 1,991	\$ —	\$ 14,072

December 31, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Input (Level 2)	Significant Other Unobservable Inputs (Level 3)
(in thousands)			
<b>Liabilities</b>			
Public Warrants	\$ 1,728	\$ —	\$ —
Private Placement Warrants - Issued October 2019	—	—	713
Private Placement Warrants - Issued March 2023	—	—	13,820
Sponsor Shares	—	—	1,703
	\$ 1,728	\$ —	\$ 16,236

The carrying values of the following financial instruments approximated their fair values as of March 31, 2025 and December 31, 2024 based on their short-term maturities: cash and cash equivalents, restricted cash, short-term investments, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities, short-term debt, and other current liabilities. See Note 7—"Business Acquisition" for additional information on the fair value of assets acquired via business acquisition.

There were no transfers into or out of any of the levels of the fair value hierarchy during the three months ended March 31, 2025 or 2024.

The following is a summary of changes in the fair value of the Level 3 liabilities during the three months ended March 31, 2025 and 2024:

	Sponsor Shares	Private Placement Warrants - Issued October 2019	Private Placement Warrants - Issued March 2023
(in thousands)			
Balance as of January 1, 2025	\$ 1,703	\$ 713	\$ 13,820
(Gain) loss from changes in fair value	(101)	213	(2,276)
Balance as of March 31, 2025	\$ 1,602	\$ 926	\$ 11,544

	Sponsor Shares	Private Placement Warrants - Issued October 2019	Private Placement Warrants - Issued March 2023
	(in thousands)		
Balance as of January 1, 2024	\$ 1,304	\$ 583	\$ 12,467
Loss (gain) from changes in fair value	12	—	(164)
Balance as of March 31, 2024	\$ 1,316	\$ 583	\$ 12,303

## 15. Commitments and Contingencies

### Legal Proceedings

From time to time, the Company may become involved in various claims and legal proceedings arising in the ordinary course of business, which, by their nature, are inherently unpredictable. Regardless of outcome, litigation and other legal proceedings can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

On May 7, 2024, a putative class action relating to the Merger of Legacy BlackSky on September 9, 2021 with a wholly-owned subsidiary of Osprey was filed in the Delaware Court of Chancery. The action is captioned *Drulias v. Osprey Sponsor II, LLC, et al.* (“Drulias”) (Del. Ch. 2024). The Drulias complaint asserts breach of fiduciary duty and unjust enrichment claims against the former directors of Osprey (the “Osprey Board”); the former officers of Osprey; and Osprey Sponsor II, LLC (the “Sponsor”); and aiding and abetting breach of fiduciary duty claims against HEPCO Capital Management, LLC; JANA Partners LLC; and a director of Legacy BlackSky. The Drulias complaint seeks, among other things, damages and attorneys’ fees and costs. The terms of the Merger required the Company to indemnify the directors of Osprey.

On May 8, 2024, a putative class action relating to the Merger was filed in the Delaware Court of Chancery. The action is captioned *Cheriyala v. Osprey Sponsor II, LLC* (“Cheriyala”) (Del. Ch. 2024). The *Cheriyala* complaint asserts breach of fiduciary duty claims against the former directors of the Osprey Board, the former officers of Osprey, and the Sponsor; aiding and abetting breach of fiduciary duty claims against BlackSky Holdings, Inc. and certain directors and officers of Legacy BlackSky; and unjust enrichment claims against an Osprey director. The *Cheriyala* complaint seeks, among other things, damages and attorneys’ fees and costs.

The Court of Chancery granted Drulias’ motion to (i) consolidate the Drulias and Cheriyala actions, and (ii) appoint Drulias as lead plaintiff, and Drulias’ counsel as lead counsel, in the consolidated action.

Though BlackSky Technology Inc. is not named in either suit, the Company expects to have certain indemnification requirements of directors, officers and former directors and officers.

### Other Commitments

The Company entered into various operational commitments for the next several years totaling \$0.5 million during the three months ended March 31, 2025.

## 16. Concentrations, Risks, and Uncertainties

The Company has a concentration of contractual revenue arrangements with the U.S. federal government and agencies as well as with international governments. Accounts receivable related to U.S. federal government and agencies was \$3.6 million and \$11.2 million as of March 31, 2025 and December 31, 2024, respectively. The Company had the following customers whose revenue and accounts receivable balances individually represented 10% or more of the Company’s total revenue:

	Revenue	
	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
U.S. federal government and agencies	40%	61%
Customer B	33%	*
Customer C	15%	16%
Customer D	*	10%

	Accounts Receivable	
	As of March 31, 2025	As of December 31, 2024
	(in thousands)	
U.S. federal government and agencies	45%	76%
Customer B	*	*
Customer C	18%	*
Customer D	*	*

\* Revenue and/or accounts receivable from these customers were less than 10% of total revenue and/or accounts receivable during the period.

The Company generally extends credit on account, without collateral. Outstanding accounts receivable balances are evaluated by management, and accounts are reserved when it is determined collection is not probable. As of March 31, 2025 and December 31, 2024, the Company evaluated the realizability of the aged accounts receivable, giving consideration to each customer's financial history and liquidity position, credit rating and the facts and circumstances of collectability on each outstanding account, and did not have a significant reserve for uncollectible accounts.

#### 17. Subsequent Events

The Company evaluated subsequent events through May 8, 2025 and determined that there have been no events that have occurred that would require adjustments to its disclosures or the consolidated financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. As discussed in the section titled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in the section titled "Risk Factors" under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 and filed with the Securities and Exchange Commission (the "SEC"). Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "BlackSky," "the Company," "we," "us" and "our" refer to the business and operations of BlackSky Holdings, Inc. ("Legacy BlackSky") and its consolidated subsidiaries prior to the completion of its merger on September 9, 2021 with a wholly-owned subsidiary of Osprey Technology Acquisition Corp. (the "Merger") and of BlackSky Technology Inc. and its consolidated subsidiaries, following the closing of the Merger.*

### Company Overview

BlackSky is a space-based intelligence company that delivers real-time imagery, analytics and high-frequency monitoring of the world's most critical and strategic locations, economic assets, and events. BlackSky is trusted by many of the most demanding U.S. and international government agencies and commercial businesses around the world. We are defining a new category of space-based intelligence products and services with real-time imagery and automated analytics, delivered through an easy-to-use interface coupled with our high-revisit and low latency satellite constellation, which are designed to help customers see, understand and anticipate change for a decisive strategic advantage.

We own and operate one of the industry's leading high-performance low earth orbit ("LEO") small satellite constellations. Our constellation is optimized to cost-efficiently capture imagery at high revisit rates where and when our customers need it. Because of its orbital configuration, our constellation is able to image certain locations on average in under 90 minutes, from dawn-to-dusk, providing our customers with insights and situational awareness over specific locations of interest throughout the day. The constellation is optimized for agility and capacity and delivers high revisit imaging and analytic products without a dependency on an individual satellite. This approach enables us to strategically deploy capacity to meet customer needs and tailor the capability over time to meet market demand. We believe that our focus on critical strategic and economic infrastructure and our proprietary artificial intelligence ("AI")-enabled tasking methodology differentiates us from many of our competitors, who are primarily dedicated to mapping the entirety of the Earth on a routine basis. Our differentiated approach to space enables us to deliver highly targeted and valuable intelligence with a smaller constellation fleet that has the added benefit of greater operating and capital efficiencies.

BlackSky's constellation provides unique value with the ability to collect imagery and analytics from dawn-to-dusk at a higher cadence and at lower cost than traditional providers. U.S. and allied militaries rely on our services for high-revisit monitoring of airfields, vehicle depots, troop movements, and other high-value locations to detect changes in pattern-of-life. BlackSky can distinguish landscape features such as roads and buildings, and gauge commercial activities and patterns in ship or aircraft movements, progress at construction sites, and changes in production by estimating the number of cars in a parking lot.

Our proprietary constellation can produce high and very-high resolution electro-optical imagery resolution and short-wave infrared imagery for expanded imaging capabilities in low-light or nighttime. The constellation also has advanced data communications capabilities that significantly increase the end-to-end delivery speed of intelligence products. We believe these advanced features improve our analytics and increase the value we can deliver to our customers.

Our BlackSky Spectra software platform can, among other things, process millions of observations a day from our proprietary satellite constellation and from multiple external data sources including imaging, radar and radio

frequency satellites, environmental sensors, asset tracking sensors, Internet-of-Things connected devices, internet-enabled narrative sources, and a variety of geotemporal data feeds. BlackSky Spectra employs advanced, proprietary AI and machine learning (“ML”) techniques to process, analyze, and transform these data feeds into alerts, information, and insights that our customers receive, all fully automated. Customers can access BlackSky Spectra’s data and analytics through easy-to-use web services or through platform APIs. The combination of our high-revisit, small satellite constellation, our BlackSky Spectra platform, and low constellation cost is transforming the market for real-time, space-based imagery and analytics.

Our operating strategy is to continue to enhance the capabilities of our satellite constellation, to increase the data processed by our BlackSky Spectra platform, and to expand our analytics offerings in order to increase the value we deliver to our customers. Our two strategic assets—our satellite constellation and our BlackSky Spectra platform—are mutually reinforcing: as we capture more information about the world’s most important strategic and economic assets and locations, our proprietary database expands and increases its utility, enabling us to better detect, understand, and predict changes that matter most to our customers. As such, we believe that our business will benefit from a natural and powerful “flywheel” effect: the more data we collect and analyze, the more valuable the insights we can deliver to our customers.

Our current customer base and end market mix are weighted towards U.S. and international defense and intelligence customers and markets. We believe there are significant opportunities to expand our imagery and software analytical services, as well as our professional and engineering service offerings, to a broad set of customers both domestically and internationally. In addition, our services and products can benefit customers in a variety of commercial markets including, but not limited to, energy and utilities, insurance, commodities, mining, manufacturing, logistics, supply chain management, agriculture, environmental monitoring, disaster and risk management, engineering and construction, and retail and consumer behavior.

We generate revenue by selling subscription-based On-Demand and Assured product and service offerings that support national security, supply chain intelligence, crisis management, critical infrastructure monitoring, economic intelligence, and others. These offerings include a variety of pricing options accessible via our subscription plan through our BlackSky Spectra software platform, plus professional and engineering services provided to customers on a project-by-project basis. We offer a range of pricing tiers that enables the customer to manage collection priorities, when during critical events they can pay a premium to prioritize their monitoring and collection requirements. At other times, customers can select lower priority collections to allow for more economical utilization. Variable and fixed price plans allow our customers to choose what matters most to them—platform licensing-levels, priority for imagery tasking, and whether to apply analytics or monitoring capabilities overtop the imaging service.

In November 2024, we acquired the remaining 50% of common units of LeoStella LLC (“LeoStella”) and LeoStella became a wholly-owned subsidiary of BlackSky. The acquisition allows us to improve control over the Gen-3 satellite supply chain and production operations. This vertical integration enables us to control our satellites through the entire design, manufacturing, and operation process and optimize performance per unit cost. LeoStella’s financial results have been included in our operating results for the period following the acquisition date.

## Components of Operating Results

### Revenue

Our revenue is generated by selling imagery and software analytics services through our BlackSky Spectra platform and by providing professional and engineering services to strategic customers on a project basis.

- **Imagery and Software Analytical Services Revenue**

- **Imagery:** We offer our customers high-revisit, on-demand high resolution electro optical satellite imaging services. Through our BlackSky Spectra software platform, customers can directly task our proprietary satellite constellation to collect and deliver imagery over specific locations, sites, and regions that are critical to their operations. We offer customers several service level options that include annual plans for access to capacity subscriptions for on-demand tasking or multi-year assured access programs, where customers can secure priority access and imaging capacity at a premium over a region of interest on a take or pay basis.
- **Data, Software, and Analytics:** Our analytics services are also offered on a subscription basis and provide customers with access to our site monitoring, event monitoring and global data services. We leverage our proprietary AI and ML algorithms to analyze data coming from both our proprietary sensor network and third-party space sources in real-time to provide data, insights, and analytics for our customers. We provide services related to object, change and anomaly detection, site monitoring, and enhanced analytics through which we can detect key pattern of life changes in critical locations. These critical locations can include strategic locations and infrastructure such as ports, airports, and construction sites; retail activity; commodities stockpiles; and other sites that contain critical commodities and supply chain inventory.

We expect continued revenue growth in our offerings year over year as a result of increases in our sales orders with new customers and incremental sales orders driven by stronger customer demand with existing customers.

- **Professional and Engineering Services Revenue**—We develop and deliver advanced satellites and payload systems for specific strategic customers that desire to leverage our capabilities in mission systems engineering and operations, ground station operations, software, analytics and systems development. These systems are sold to government customers under fixed price contracts and are often sold with operating and imagery service subscriptions. We retain rights to intellectual property for developed technology of certain systems.

We also provide technology enabled professional service solutions, which are highly interrelated, to support customer-specific feature requests and to support the integration, testing, and training of our imagery and software analytical services into the customer's organizational processes and workflows. We also provide software systems engineering development services to support the integration of high volume and mass quantities of data in their operating platforms.

We expect continued meaningful contribution from our professional and engineering services revenue, which we expect will be primarily from contracts with existing U.S. and international defense and intelligence customers with whom we have contracted to perform development work prior to the implementation of their subscription service contracts.

### Costs and Expenses

Our costs and expenses are incurred from the following categories:

- Imagery and software analytical services costs primarily include third-party data and imagery, ground station service payments, internal labor to support the ground stations and space operations, and compute/storage costs to facilitate our expanding AI/ML functionality. Costs are expensed as incurred except for incremental costs to obtain a contract, which are primarily sales commissions on contracts greater than one year and are capitalized and amortized to selling, general, and administrative expenses on a systematic basis consistent with the transfer of goods and services and directly identifiable costs to fulfill a contract. Expense related to stock-based payments is classified in the unaudited condensed consolidated statements



of operations and comprehensive loss based upon the classification of each employee's cash compensation. We recognize stock-based compensation expense for those employees whose work supports the imagery and software analytical services costs we provide to customers, under imagery and software analytical service costs, excluding depreciation and amortization.

- Professional and engineering service costs primarily include the cost of internal labor for design and engineering in support of long-term development contracts for customer satellites and payload systems as well as subcontract direct materials and external labor costs to build and test specific components, such as the communications system, payload demands, and sensor integration. In addition, we recognize internal labor costs and external subcontract labor costs for our customer-centric software service solutions. We also recognize stock-based compensation expense for those employees who provide professional and engineering services support to customers, under professional and engineering service costs, excluding depreciation and amortization.

### **Operating Expenses**

Our operating expenses are incurred from the following categories:

- Selling, general, and administrative expense consists of salaries and benefit costs, development costs, professional fees, and other expenses which include other personnel-related costs, stock-based compensation expenses for those employees who generally support our business and operations, and occupancy costs.
- Research and development expense consists of employees' salaries, taxes, and benefits costs incurred while researching next generation space and ground architectures in support of our long-term strategy. With our acquisition of LeoStella in November 2024, research and development expense also includes our investments in satellite design and functionality. Additionally, we employ and classify third-party vendors who fulfill our strategic projects as research and development expense. We intend to continue to invest appropriate resources in research and development efforts, as we believe that investment is critical to maintaining our competitive position.
- Depreciation expense is related to property and equipment, which mainly consist of operational satellites. Amortization expense is related to intangible assets, which mainly consist of customer relationships.

## Results of Operations for the Three Months Ended March 31, 2025 and 2024

The following table provides the components of results of operations for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
(dollars in thousands)				
<b>Revenue</b>				
Imagery & software analytical services	\$ 16,829	\$ 17,833	\$ (1,004)	(5.6)%
Professional & engineering services	12,715	6,403	6,312	98.6%
Total revenue	29,544	24,236	5,308	21.9%
<b>Costs and expenses</b>				
Imagery & software analytical service costs, excluding depreciation and amortization	3,818	3,445	373	10.8%
Professional & engineering service costs, excluding depreciation and amortization	8,782	3,588	5,194	144.8%
Selling, general and administrative	21,442	18,816	2,626	14.0%
Research and development	245	456	(211)	(46.3)%
Depreciation and amortization	7,236	11,184	(3,948)	(35.3)%
Operating loss	(11,979)	(13,253)	1,274	9.6%
Gain (loss) on derivatives	1,901	(254)	2,155	848.4%
Interest income	573	400	173	43.3%
Interest expense	(3,343)	(2,634)	(709)	(26.9)%
Other income, net	65	1	64	NM
Loss before income taxes	(12,783)	(15,740)	2,957	18.8%
Income tax expense	(30)	(70)	40	57.1%
Net loss	\$ (12,813)	\$ (15,810)	\$ 2,997	19.0%

## Revenue

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
(dollars in thousands)				
Imagery & software analytical revenue	\$ 16,829	\$ 17,833	\$ (1,004)	(5.6)%
% of total revenue	57.0%	73.6%		
Professional & engineering services revenue	12,715	6,403	6,312	98.6%
% of total revenue	43.0%	26.4%		
Total revenue	\$ 29,544	\$ 24,236	\$ 5,308	21.9%

### Imagery and Software Analytical Services Revenue

Imagery and software analytical services revenue decreased for the three months ended March 31, 2025 as compared to the same period in 2024, driven by the expiration of delivery orders from an existing customer.

### Professional and Engineering Services Revenue

Professional and engineering services revenue increased for the three months ended March 31, 2025, as compared to the same period in 2024, primarily due to a new contract for the delivery of one Earth observation satellite. The increase was partially offset by a decrease in revenue in two existing contracts caused by differences in

the progress of revenue recognition as these long-term contracts are in various stages of completion. Professional and engineering services revenue contains estimates that can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in a prior period. For the impacts of changes in estimates on our contracts, see Note 2—“Basis of Presentation and Summary of Significant Accounting Policies” of the notes to the consolidated financial statements contained within this Quarterly Report on Form 10-Q.

### Costs and Expenses

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Imagery & software analytical service costs, excluding depreciation and amortization	\$ 3,818	\$ 3,445	\$ 373	10.8 %
Professional & engineering service costs, excluding depreciation and amortization	8,782	3,588	5,194	144.8 %
Total costs	<u>\$ 12,600</u>	<u>\$ 7,033</u>	<u>\$ 5,567</u>	79.2 %

#### *Imagery and Software Analytical Service Costs*

Imagery & software analytical service costs, excluding depreciation and amortization, increased for the three months ended March 31, 2025, as compared to the same period in 2024, due to an increase in vendor costs to fulfill revenue obligations and planned Gen-3 constellation optimization.

#### *Professional and Engineering Service Costs*

Professional & engineering service costs, excluding depreciation and amortization, increased for the three months ended March 31, 2025 as compared to the same period in 2024, primarily due to a one-time impact of incurred work in process costs under a satellite procurement contract that began in the first quarter of 2025.

### Selling, General, and Administrative

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Salaries and benefit costs	\$ 11,703	\$ 10,656	\$ 1,047	9.8 %
Stock-based compensation expense	2,757	3,148	(391)	(12.4)%
Information technology and other administrative expenses	2,648	1,983	665	33.5 %
Selling and marketing	920	666	254	38.1 %
Professional fees	1,995	1,124	871	77.5 %
Insurance	511	472	39	8.3 %
Rent expense	564	498	66	13.3 %
Development costs	344	269	75	27.9 %
Selling, general and administrative	<u>\$ 21,442</u>	<u>\$ 18,816</u>	<u>\$ 2,626</u>	14.0 %

Selling, general, and administrative expenses increased during the three months ended March 31, 2025 as compared to the same period in 2024. Salaries and benefit costs increased primarily due to workforce acquired in our acquisition of LeoStella in the fourth quarter of 2024. Professional fees increased as a result of transaction costs

associated with finalizing the business acquisition in late 2024. Information technology and other administrative expenses increased primarily due to investments to optimize corporate business and operational systems. These increases were partially offset by a decrease in stock-based compensation that was due to the acceleration of expense for stock options that were voluntarily forfeited during the first quarter of 2024. We expect for selling, general, and administrative expenses to continue to trend higher in 2025 as compared to what was incurred in 2024 as a result of headcount increases and the ongoing integration of LeoStella into our operations.

The following is our forecast for total RSU expense as of March 31, 2025, which, in addition to the amounts recognized in selling, general, and administrative expenses, includes the portion that will be capitalized or classified in imagery and software analytical service costs and professional and engineering service costs:

	(in thousands)
For the years ending December 31,	
2025	7,876
2026	7,946
2027	4,910
2028	2,572
2029	227
	<u>\$ 23,531</u>

### Research and Development

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Research and development	\$ 245	\$ 456	\$ (211)	(46.3)%

Research and development expense decreased for the three months ended March 31, 2025, as compared to the same period in 2024. The fluctuations were driven by the timing of contracts from third-party vendors who fulfill our strategic projects, the costs of which were included in research and development expense. We have continued to invest in our research and development initiatives to significantly expand our product capabilities in the future.

### Depreciation and Amortization

	Three Months Ended March 31,		\$ Change	% Change
	2025	2024		
	(dollars in thousands)			
Depreciation of satellites	\$ 3,628	\$ 8,856	\$ (5,228)	(59.0)%
Depreciation of all other property and equipment	3,401	2,188	1,213	55.4 %
Amortization	207	140	67	47.9 %
Depreciation and amortization	<u>\$ 7,236</u>	<u>\$ 11,184</u>	<u>\$ (3,948)</u>	(35.3)%

Depreciation expense from satellites decreased for the three months ended March 31, 2025 as compared to the same period in 2024 as satellites launched in 2021 became fully depreciated. We expect for depreciation expense to begin to increase in the remainder of 2025 as additional Gen-3 satellites are launched and placed into service.

Depreciation expense from all other property and equipment increased for the three months ended March 31, 2025 as compared to the same period in 2024, primarily driven by the depreciation of increased asset balances for internal-use software.

Amortization expense increased for the three months ended March 31, 2025 as compared to the same period in 2024 as a result of intangible assets acquired by the Company in the fourth quarter of 2024.

#### Non-Operating Expenses

	<b>Three Months Ended March 31,</b>		<b>\$</b>	<b>%</b>
	<b>2025</b>	<b>2024</b>	<b>Change</b>	<b>Change</b>
	<b>(dollars in thousands)</b>			
Gain (loss) on derivatives	\$ 1,901	\$ (254)	\$ 2,155	848.4 %
Interest income	573	400	173	43.3 %
Interest expense	(3,343)	(2,634)	(709)	(26.9)%
Other income, net	65	1	64	NM

#### *Gain (loss) on derivatives*

Fluctuations in our equity warrants and other equity instruments that we classify as derivative liabilities in the unaudited condensed consolidated balance sheets and measure at fair value are significantly driven by our common stock price. Fluctuations to these instruments are inversely related to changes in our common stock price, the volatility of the markets, and the duration of the equity warrants. The gains or losses recognized in the period are non-cash fair value adjustments. These instruments generated a gain during the three months ended March 31, 2025 versus a loss during the three months ended March 31, 2024.

#### *Interest income*

Interest income increased during the three months ended March 31, 2025 as a result of higher short-term investment balances during the period as compared to the same period in 2024.

#### *Interest expense*

Interest expense increased during the three months ended March 31, 2025, as compared to the three months ended March 31, 2024, as a result of more debt outstanding during the three months ended March 31, 2025, as compared to the same period in 2024. Our outstanding debt increased mainly due to non-cash transactions for the transfer of paid-in-kind interest in 2024 and the financing of launch invoices during the past twelve months.

#### Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, management utilizes certain non-GAAP performance measures, such as Adjusted EBITDA, for purposes of evaluating our ongoing operations and for internal planning and forecasting purposes. Our management and board of directors believe that this non-GAAP operating measure, when reviewed with our GAAP financial information, provides useful supplemental information to investors in assessing our operating performance.

#### *Adjusted EBITDA*

Adjusted EBITDA is defined as net income or loss attributable to us before interest income, interest expense, income tax expense or benefit, depreciation and amortization, as well as significant non-cash and/or non-recurring expenses as our management believes these items are not useful in evaluating our core operating performance. These

items include, but are not limited to, stock-based compensation expense; unrealized (gain) loss on certain warrants/shares classified as derivative liabilities; non-recurring transaction costs; litigation, settlements, and related costs; severance; and impairment and asset disposals. We have presented Adjusted EBITDA because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, we believe that the exclusion of certain items in calculating Adjusted EBITDA can produce a useful measure for period-to-period comparisons of our business. Accordingly, we believe that Adjusted EBITDA provides useful information in understanding and evaluating our operating results. In addition, we believe that Adjusted EBITDA provides additional information for investors to use in evaluating our ongoing operating results and trends. This non-GAAP measure provides investors with incremental information for the evaluation of our performance after isolation of certain items deemed unrelated to our core business operations.

Adjusted EBITDA is presented as a supplemental measure to our GAAP measures of performance. When evaluating Adjusted EBITDA, you should be aware that we may incur future expenses similar to those excluded when calculating this measure. In addition, our presentation of this measure should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Furthermore, our computation of Adjusted EBITDA may not be directly comparable to similarly titled measures computed by other companies, as the nature of the adjustments that other companies may include or exclude when calculating Adjusted EBITDA may differ from the adjustments reflected in our measure. Because of these limitations, Adjusted EBITDA should not be considered in isolation, nor should this measure be viewed as a substitute for the most directly comparable GAAP measure, which is net loss. We compensate for the limitations of non-GAAP measures by relying primarily on our GAAP results. You should review the reconciliation of our net loss to Adjusted EBITDA below and not rely on any single financial measure to evaluate our performance.

The table below reconciles our net loss to Adjusted EBITDA for the three months ended March 31, 2025 and 2024:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>(in thousands)</b>	
Net loss	\$ (12,813)	\$ (15,810)
Interest income	(573)	(400)
Interest expense	3,343	2,634
Income tax expense	30	70
Depreciation and amortization	7,236	11,184
Stock-based compensation expense	2,897	3,363
(Gain) loss on derivatives	(1,901)	254
Non-recurring transaction costs	656	—
Severance	326	81
Litigation, settlements, and related costs	138	—
Impairment and asset disposals	44	—
Adjusted EBITDA	<u>\$ (617)</u>	<u>\$ 1,376</u>

### Liquidity and Capital Resources

As of March 31, 2025, our existing sources of liquidity included cash and cash equivalents and short-term investments. Our cash and cash equivalents excluding restricted cash totaled \$20.7 million and \$13.1 million as of March 31, 2025 and December 31, 2024, respectively, and our short-term investments totaled \$55.1 million and \$39.4 million as of March 31, 2025 and December 31, 2024, respectively. We have incurred year to date losses and generated negative cash flows from operations since our inception in September 2014. As of March 31, 2025, we had an accumulated deficit of \$669.0 million.

Our short-term liquidity as of March 31, 2025 was comprised of the following:

	<b>(in thousands)</b>
Cash and cash equivalents	\$ 20,748
Restricted cash	1,153
Short-term investments <sup>(1)</sup>	55,076
	<u>\$ 76,977</u>

<sup>(1)</sup> Short-term investments were included in cash flows from investing activities in the unaudited condensed consolidated statements of cash flows.

Our short-term liquidity as of March 31, 2025 was \$77.0 million. We expect cash and cash equivalents and cash generated from operating activities to be sufficient to meet our working capital and capital expenditure needs for the foreseeable future. Our future long-term capital requirements will depend on many factors, including our Gen-3 satellite production needs, launch costs and increased insurance costs, as well as our growth rate, customer demand for capacity, the timing and extent of spending to support solution development efforts, the expansion of sales and marketing activities, the ongoing investments in technology infrastructure, the introduction of new and enhanced solutions, and the continuing market acceptance of our solutions.

Our equity issuances during the three months ended March 31, 2025 included an at-the-market (“ATM”) offering. We have the ability to offer and sell from time to time up to \$75.0 million of newly issued shares in open trading windows at market prices through a designated broker dealer pursuant to an ATM offering program, of which we sold \$5.4 million during the three months ended March 31, 2025.

We have current contract assets of \$32.4 million and we anticipate receiving this amount in payments over the next 12 months as interim milestones on a few major customer contracts are met and expected to be billed, further enhancing our liquidity.

We also have a commercial bank line with Stifel Bank that provides for a \$20.0 million revolving credit facility, including a \$0.5 million sub-facility for the issuance of letters of credit and other ancillary banking services. The commercial bank line matures on June 30, 2026. As of March 31, 2025, we had borrowed \$10.0 million in revolving loans. We may increase or decrease our borrowings at our discretion with no penalty.

The commercial bank line accrues interest at a rate equal to the greater of (A) the prime rate or (B) 6%. Interest on the loan is payable quarterly in arrears. We are required to pay an unused line fee of 0.25% per annum, payable quarterly in arrears. We may borrow, prepay, and re-borrow revolving loans, without premium or penalty. The principal amount of outstanding loans, together with accrued and unpaid interest, is due on the loan maturity date. We are also obligated to pay a fee to the lender upon the occurrence of certain change of control events or the refinancing, repayment, or termination of the commercial bank line, along with other customary fees for a loan facility of this size and type.

Additionally, we have a vendor financing agreement for multiple satellite launches providing for \$27.0 million, of which a portion will be drawn down equally per satellite launch and will be repaid quarterly on a pro-rata basis across a three-year period after each successful launch milestone. Payments will accrue interest at 12.6% per annum, beginning on each launch date. As of March 31, 2025, we estimate we will repay approximately \$3.8 million of short-term debt related to the vendor financing agreement in the next 12 months. We may prepay at any time until the maturity date without premium or penalty. See Note 9—“Debt and Other Financing” of the notes to the consolidated financial statements for further information on our debt and financing arrangements and Note 15 - “Commitments and Contingencies” of the notes to the consolidated financial statements for further information on our contractual obligations.

As part of certain debt arrangements, we are required to maintain the following financial covenants:

- \$10.0 million of minimum cash and cash equivalents balance, measured quarterly as of the last day of each fiscal quarter.
- Adjusted EBITDA, measured quarterly as of the last day of each fiscal quarter, of not less than:
  - \$5.0 million for the trailing four quarter period ending as of December 31, 2024 through September 30, 2025 and

- \$10.0 million for the trailing four quarter period ending as of December 31, 2025 and as of the end of each fiscal quarter thereafter.
- Quarterly minimum revenue targets agreed upon by the Company and the bank at the beginning of each year.
- Unrestricted and unencumbered cash and cash equivalents in an amount equal to at least one hundred percent of the outstanding commercial bank line at all times.

In addition, the commercial bank line contains customary affirmative and negative covenants, including covenants limiting the Company's ability to, among other things, incur debt, grant liens, pay dividends and distributions on its capital stock, make investments and acquisitions, and make capital expenditures, in each case subject to customary exceptions for a loan facility of this size and type. If the Company fails to meet the minimum cash covenant, the commercial bank line provides the Company with the ability to cure the breach with the deposit of proceeds from the issuance of capital stock or subordinated debt.

As of March 31, 2025, all debt instruments contained customary covenants and events of default. The Company was in compliance with all financial and non-financial covenants as of March 31, 2025.

From time to time, we may seek additional equity or debt financing to fund capital expenditures, strategic initiatives or investments and our ongoing operations. If we decide, or are required, to seek additional financing from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations could be adversely affected.

#### **Funding Requirements**

We cannot be sure our revenues will exceed expenses in the near term due to the ongoing investments we are making in sales, marketing and products to increase our market share. We expect to continue to incur capital expenditures as we procure and launch Gen-3 satellites, as well as invest in our BlackSky Spectra software platform to significantly expand our product capabilities in the future.

#### **Short-Term Liquidity Requirements**

As of March 31, 2025, our current assets were \$121.3 million, consisting primarily of short-term investments, contract assets, accounts receivable, and cash and cash equivalents.

As of March 31, 2025, our current liabilities were \$32.0 million, consisting primarily of accounts payable and accrued liabilities. Accordingly, we have sufficient cash and working capital to fund our short-term liquidity requirements.

#### **Long-Term Liquidity Requirements**

We anticipate that our most significant long-term liquidity and capital needs will relate to continued funding of operations, satellite development capital expenditures, launch capital expenditures, and ongoing investments to optimize our BlackSky Spectra software platform and corporate business and operational systems that will enable us to continue to scale the business efficiently and securely. We can manage the timing for a large part of our capital expenditures, including the design, build, and launch of our new satellites currently under development, to provide us with additional flexibility to optimize our long-term liquidity requirements. Macroeconomic conditions and credit markets could also impact the availability and/or the cost of potential future debt or equity financing.



### Cash Flow Analysis

The following table provides a summary of cash flow data for the three months ended March 31, 2025 and 2024. Our short-term liquidity at March 31, 2025 was \$77.0 million. Short-term investments of \$55.1 million are not classified as cash, cash equivalents, or restricted cash.

	<b>Three Months Ended March 31,</b>		<b>\$</b>
	<b>2025</b>	<b>2024</b>	<b>Change</b>
	<b>(in thousands)</b>		
Net cash provided by (used in) operating activities	\$ 27,245	\$ (3,810)	\$ 31,055
Net cash used in investing activities	(24,142)	(15,108)	(9,034)
Net cash provided by financing activities	4,420	862	3,558
Net increase (decrease) in cash, cash equivalents, and restricted cash	7,523	(18,056)	25,579
Cash, cash equivalents, and restricted cash – beginning of year	14,378	33,434	(19,056)
Cash, cash equivalents, and restricted cash – end of period	\$ 21,901	\$ 15,378	\$ 6,523

### Operating activities

For the three months ended March 31, 2025, net cash provided by operating activities was \$27.2 million. The significant decrease in cash used during the three months ended March 31, 2025 as compared to the three months ended March 31, 2024 was due to an increase in the net cash provided by working capital. The increase in cash provided by working capital was largely related to a cash payment for capacity for future purchase orders that was recorded as deferred revenue as of March 31, 2025 in our unaudited condensed consolidated balance sheets.

### Investing activities

The change in net cash used in investing activities was primarily due to increased purchases of short-term investments in government securities of \$28.3 million during the three months ended March 31, 2025 partially offset by the redemption and maturity of \$13.0 million of these types of securities during the same period. Comparatively, during the three months ended March 31, 2024, we purchased \$9.5 million of short-term investments to replace maturing investments and recognized \$9.0 million related to the redemption and maturity of short-term investments.

We continue to have significant cash outflows for satellite procurement and launch related services and incur labor costs for internally developed capitalized software as we add innovative new services and tools to our BlackSky Spectra software platform and our corporate business and operational systems. The total amount paid for capital expenditures decreased during the three months ended March 31, 2025 as compared to the three months ended March 31, 2024. The decrease resulted from payments to LeoStella as a third party in 2024 as compared to the internal operation costs with LeoStella consolidated as a wholly-owned subsidiary in 2025. We expect for cash outflows for satellite production to increase as we continue to build out our Gen-3 constellation.

### Financing activities

The most significant impact on the change in net cash provided by financing activities was the receipt of \$5.1 million in proceeds from our equity issuances, net of equity issuance costs, in the three months ended March 31, 2025 as compared to \$1.3 million in the three months ended March 31, 2024. Our equity issuances during the three months ended March 31, 2025 consisted of the sale of 0.6 million shares under our ATM offering program which resulted in \$5.4 million in gross proceeds, as compared to the sale of 0.1 million shares in the three months ended March 31, 2024, which resulted in \$1.4 million in gross proceeds.

## **Critical Accounting Estimates**

The preparation of our unaudited condensed consolidated financial statements and related notes requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Management has based its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a description of our significant accounting policies, see Note 2—“Basis of Presentation and Summary of Significant Accounting Policies” of the notes to the unaudited condensed consolidated financial statements. An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the unaudited condensed consolidated financial statements. Management believes the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our unaudited condensed consolidated financial statements.

### ***Revenue Recognition***

The recognition and measurement of revenue requires the use of judgments and estimates. Specifically, judgment is used in interpreting complex arrangements with nonstandard terms and conditions and determining when all criteria for revenue recognition have been met, as further discussed below.

We generate revenue from the sale of imagery, data, software, and analytics, as well as professional and engineering services.

#### *Identifying the Contract with the Customer*

We evidence approval of the contract with the customer with dual signatures or approved purchase orders that detail the rights of each party and define payment terms. We have never had significant collection issues on contracts with new or recurring domestic and international government customers and we consider this historical trend when assessing the collectability risk for contracts with bespoke effective terms.

#### *Identifying the Performance Obligations in a Contract*

We execute contracts for a single promise or multiple promises. Specifically, our firm-fixed price contracts may include multiple promises which may be accounted for as separate performance obligations if they are capable of being distinct within the context of the contract. Significant judgment is required in determining performance obligations, including if some of the customized services are highly-interrelated, and these decisions could change the amount of revenue and profit or loss recorded in each period.

#### *Classification of Revenue*

We classify revenue as imagery and software analytical services, and professional and engineering services in our unaudited condensed consolidated statements of operations and comprehensive loss based on the predominant attributes of the performance obligations.

#### *Determination of and Allocation of Transaction Price*

Each customer contract sets forth the transaction price for the products and services purchased under the arrangement. We estimate any variable consideration, and whether the transaction price is constrained, upon execution of each contract. We may adjust the transaction price over time for any estimated constraints that become probable based on service level provisions within some of our customer purchase orders. For contracts with multiple performance obligations, we evaluate whether the stated selling prices for the products or services represent their standalone selling prices. When it is necessary to allocate the transaction price to multiple performance obligations, management uses the volume adjusted list price for imagery and analytics subscriptions and the expected cost plus a reasonable profit margin to estimate the standalone selling price of each product or service, which is mostly professional services.

*Determination of when Performance Obligations are Satisfied*

Imagery and analytics revenue is recognized ratably over the subscription period based on the promise to continuously provide contractual satellite capacity for tasked imagery or software analytical services at the discretion of the customer. Professional and engineering services revenue is generated from time and materials basis contracts, cost-plus contracts, firm-fixed price service solutions contracts and firm-fixed price long-term engineering and construction contracts. Due to the long-term nature of some of our engineering and construction contracts, we recognize revenue over time using a cost-to-complete measure of progress because it best depicts the transfer of control to the customer as we incur costs on the contracts. Under this measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs to complete the performance obligation(s). The estimation of total estimated costs at completion is subject to many variables and requires significant judgment. We recognize changes in the estimation of total costs at completion on a cumulative catch-up basis in the period in which the changes are identified. Such changes in estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in a prior period. If at any time, the estimate of contract profitability indicates a probable anticipated loss on the contract, we recognize the total loss as and when known.

*Equity Valuations*

Equity valuations impact various amounts and accounting conclusions reflected in our unaudited condensed consolidated financial statements, including the recognition of equity-based compensation and warrant valuations. The following discussion provides additional details regarding the significant estimates, assumptions, and judgments that impacted the determination of the fair values of equity-based compensation awards, warrants, and the common stock that comprise our capital structure. The following discussion also explains why these estimates, assumptions, and judgments could be subject to uncertainties and future variability.

*Equity-Based Compensation*

We have equity and equity-based awards outstanding under our 2021 Equity Incentive Plan ("2021 Plan") and our 2014 Equity Incentive Plan ("2014 Plan"). Outstanding awards issued include stock options and restricted stock units ("RSUs"). In addition, our eligible employees are able to participate in our 2021 Employee Stock Purchase Plan ("ESPP") pursuant to purchase right offerings that are established under the ESPP.

For purposes of recognizing equity-based compensation related to RSUs and stock options granted to employees and other service providers, management estimates the grant date fair values of such awards to measure the costs to be recognized as services are received. For awards with time-based vesting conditions, we recognize compensation costs based upon the straight-line amortization of the grant date fair value of the awards over the requisite service period. When equity-based compensation awards include a performance condition, no compensation is recognized until the performance condition is deemed probable to occur; we then recognize compensation costs based on the accelerated attribution method, which accounts for awards with discrete vesting dates as if they were separate awards.

*Stock Option and Class A Common Stock Warrant Valuations*

We use the Black-Scholes option-pricing model to value all options, including options under our ESPP, and Class A common stock warrants. Estimating the fair value of stock options using the Black-Scholes option-pricing model requires the application of significant assumptions, such as the estimated term of the options, risk-free interest rates, the expected volatility of the price of our Class A common stock, and an expected dividend yield. Each of these assumptions is subjective, requires significant judgment, and is based upon management's best estimates. If any of these assumptions were to change significantly in the future, equity-based compensation related to future awards may differ significantly, as compared with awards previously granted.

We have largely moved towards granting RSUs to the bulk of our employees, for which the grant date fair value is equal to the trading price fair value of our Class A common stock on the date of grant. For stock options, which are primarily granted to certain management employees, we use the following inputs under Black-Scholes as follows:

**Expected Dividend Yield**—The Black-Scholes valuation model requires an expected dividend yield as an input. The dividend yield is based on historical experience and expected future changes. We historically have not paid, and currently have no plans to pay dividends on our Class A common stock and, accordingly, have assumed no dividend yield upon valuation of our stock options.

**Expected Volatility**—As there was no observable volatility with respect to Legacy BlackSky Class A common stock and due to the lack of sufficient history of BlackSky Class A common stock, the expected volatility of Legacy BlackSky and BlackSky Class A common stock was estimated based upon the historical share price volatility of guideline comparable companies.

**Risk-free Interest Rate**—The yield on actively traded, non-inflation indexed U.S. Treasury notes was used to extrapolate an average risk-free interest rate based on the expected term of the underlying grants.

**Expected Term**—For options granted since 2021, as there is not a significant history of option exercises as a public company, we consider the option vesting terms and contractual period, as well as the demographics of the holders, in estimating the expected term. For options granted prior to 2021 when we were a private company, the expected term was the estimated duration to a liquidation event based on a weighted average consideration of the most likely exit prospects for that stage of development. We will continue to review our estimate in the future and adjust it, if necessary, due to changes in our historical exercises.

#### ***Private Placement Warrants and Sponsor Shares***

We have classified the Private Placement Warrants issued in October 2019 and March 2023 and the Osprey pre-merger Class B common shares that were exchanged for shares of our Class A common stock (the "Sponsor Shares") as long-term liabilities in our unaudited condensed consolidated balance sheets as of March 31, 2025 and 2024. The Private Placement Warrants issued in October 2019 and the Sponsor Shares were initially recorded at fair value on the date of the merger and the Private Placement Warrants issued in March 2023 were recorded at fair value on the date of issuance. The Private Placement Warrants were recorded at fair value using a Black-Scholes option pricing model and the Sponsor Shares were recorded at fair value using a Monte Carlo simulation model. These liabilities are re-measured to fair value at each subsequent reporting date and recorded to gain (loss) on derivatives in our unaudited condensed consolidated statements of operations and comprehensive loss. We will continue to adjust the liability for changes in fair value until the financial instruments are exercised, redeemed, cancelled or released.

The fair value models require inputs including, but not limited to, the fair value of our Class A common stock, the risk-free interest rate, expected term, expected dividend yield and expected volatility. The fair value of our Class A common stock is the closing stock price on the NYSE as of the measurement date. The risk-free interest rate assumption is determined by using U.S. Treasury rates for the same period as the expected terms of the financial instruments. The dividend yield assumption is based on the dividends expected to be paid over the expected life of the financial instruments. Expected stock volatility is based on our public warrant historical volatility. Changes in these assumptions can materially affect the estimate of the fair value of these instruments and ultimately the change in fair value.

#### ***Business Combination***

Upon acquisition of a company, we determine if the transaction is a business combination, which is accounted for using the acquisition method of accounting. Under the acquisition method, once control is obtained of a business, the assets acquired, and liabilities assumed, are recorded at fair value.

The most significant estimates and assumptions evaluated in a business combination relate to the determination of (1) the enterprise value of the acquired company using an income approach, (2) the fair values of identified intangible assets, (3) the allocation of the fair value acquired to the net assets acquired and (4) the period and pattern of amortization for intangible assets that are assigned a definite life. The enterprise value is determined based on projected cash flows attributable to the operations of the acquiree. The projected cash flows include various assumptions, including estimated revenue growth rates, operating margins, R&D expenditures, capital expenditures, royalty rates, and appropriate risk-adjusted discount rates used to discount the projected cash flows. The usage of

different assumptions would result in the assignment of different fair values to the acquired identifiable intangible assets and, accordingly, could also impact the amount of purchase consideration assigned to goodwill. Similarly, changes in the planned usage of the acquired identifiable intangible assets and/or their estimated economic lives, if any, could impact the recoverability of the assets and/or amortization period and expense attributable to the assets in the future.

Measurement period adjustments are reflected at the time identified, up through the conclusion of the measurement period, which is the time at which all information for determination of the values of assets acquired and liabilities assumed is received, and is not to exceed one year from the acquisition date. We may continue to record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### *Evaluation of Disclosure Controls and Procedures*

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of reasonably ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer (our "Certifying Officers"), the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2025. Based upon that evaluation, our Certifying Officers concluded that, as of March 31, 2025, our disclosure controls and procedures were effective at a reasonable assurance level.

In designing and evaluating the disclosure controls and procedures, management recognized that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company will be detected.

#### *Changes in Internal Control Over Financial Reporting*

In November 2024, we acquired the remaining 50% of common units of LeoStella and LeoStella became a wholly-owned subsidiary of BlackSky. In conducting our evaluation of our internal control over financial reporting, we excluded LeoStella from our evaluation for the quarter. We are in the process of integrating LeoStella into our system of internal control over financial reporting.

Other than the acquisition above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in claims and proceedings arising in the course of our business. The outcome of any such claims or proceedings, regardless of the merits, is inherently uncertain.

On May 7, 2024, a putative class action relating to the merger (the “Merger”) of BlackSky Holdings, Inc. (“Legacy BlackSky”) on September 9, 2021 with a wholly-owned subsidiary of Osprey Technology Acquisition Corp. (“Osprey”) was filed in the Delaware Court of Chancery. The action is captioned *Drulias v. Osprey Sponsor II, LLC, et al.* (“*Drulias*”) (Del. Ch. 2024). The *Drulias* complaint asserts breach of fiduciary duty and unjust enrichment claims against the former directors of Osprey (the “Osprey Board”); the former officers of Osprey; and Osprey Sponsor II, LLC (the “Sponsor”); and aiding and abetting breach of fiduciary duty claims against HEPCO Capital Management, LLC; JANA Partners LLC; and a director of Legacy BlackSky. The *Drulias* complaint alleges the Sponsor and Osprey Board faced conflicts of interests with respect to the Merger, caused Osprey to pay an unfair price to acquire Legacy BlackSky, and made false or misleading disclosure of facts in the proxy statement disseminated in connection with the approval of the Merger (the “Merger Proxy”). The *Drulias* complaint further alleges that a Legacy BlackSky director aided and abetted breaches of fiduciary duty by the Osprey Directors by conspiring with them to provide misleading financial information in connection with the Merger Proxy. The *Drulias* complaint seeks, among other things, damages and attorneys’ fees and costs. The terms of the Merger required us to indemnify the directors of Osprey.

On May 8, 2024, a putative class action relating to the Merger was filed in the Delaware Court of Chancery. The action is captioned *Cheriyala v. Osprey Sponsor II, LLC* (“*Cheriyala*”) (Del. Ch. 2024). The *Cheriyala* complaint asserts breach of fiduciary duty claims against the Osprey Board, the former officers of Osprey, and the Sponsor; aiding and abetting breach of fiduciary duty claims against Legacy BlackSky and certain directors and officers of Legacy BlackSky; and unjust enrichment claims against the Sponsor and an Osprey director. The *Cheriyala* complaint alleges the Sponsor and Osprey Board faced conflicts of interests with respect to the Merger, caused Osprey to pay an unfair price to acquire Legacy BlackSky, and made false or misleading disclosure of facts in the Merger Proxy. The *Cheriyala* complaint further alleges that Legacy BlackSky and certain of its directors and officers prepared misleading projections that did not accurately reflect Legacy BlackSky’s financial prospects, which aided and abetted the Sponsor’s and Osprey Board’s dissemination of misleading information in the Merger Proxy. The *Cheriyala* complaint seeks, among other things, damages and attorneys’ fees and costs.

The Court of Chancery granted *Drulias*’ motion to (i) consolidate the *Drulias* and *Cheriyala* actions, and (ii) appoint *Drulias* as lead plaintiff, and *Drulias*’ counsel as lead counsel, in the consolidated action.

Though BlackSky Technology Inc. is not named in either suit, we expect to have certain indemnification requirements of directors, officers and former directors and officers.

### ITEM 1A. RISK FACTORS

For risk factors relating to our business, please refer to the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024 and filed by us with the SEC. Any of those factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On December 15, 2022, we entered into an "at the market" (ATM) sales agreement with Jefferies LLC as our sales agent, under which we may offer and sell from time to time up to \$75 million of shares of our common stock in negotiated transactions or transactions that are deemed to be an ATM offering. During the three months ended

March 31, 2025, we raised gross proceeds of \$5.4 million through the sale of 591,538 shares in our ATM offering. We sold such shares at an average purchase price per share of \$9.12. After deducting commissions and other offering expenses associated with the ATM offering of \$0.3 million, the net proceeds to us from the transactions were \$5.1 million. We currently intend to use the net proceeds from the sale of the shares for working capital and other general corporate purposes.

We are subject to restrictions on the payment of cash dividends in our loan and debt agreements. For additional information on our indebtedness and related restrictions therein, see Note 9—“Debt and Other Financing” of the notes to the consolidated financial statements and “Liquidity and Capital Resources” under Part I—Item 2—“Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained within this Quarterly Report on Form 10-Q.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

During the three months ended March 31, 2025, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (each as defined in Item 408 of Regulation S-K).

**ITEM 6. EXHIBITS**

The documents listed below are incorporated by reference or are filed with this report, in each case as indicated therein.

<b>Exhibit No.</b>	<b>Exhibit Description</b>	<b>Form</b>	<b>SEC File No.</b>	<b>Exhibit No.</b>	<b>Filing Date</b>	<b>Filed or Furnished Herewith</b>
31.1	<a href="#">Certification of the Company's Chief Executive Officer, Brian O'Toole, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
31.2	<a href="#">Certification of the Company's Chief Financial Officer, Henry Dubois, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
32.1*	<a href="#">Certification of the Company's Chief Executive Officer, Brian O'Toole, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
32.2*	<a href="#">Certification of the Company's Chief Financial Officer, Henry Dubois, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

\* This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.



**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.

May 8, 2025

BlackSky Technology Inc.

By: /s/ Brian E. O'Toole  
Brian E. O'Toole  
Chief Executive Officer and Director  
(Principal Executive Officer)

By: /s/ Henry Dubois  
Henry Dubois  
Chief Financial Officer  
(Principal Financial Officer)

By: /s/ Tracy Ward  
Tracy Ward  
Senior Vice President and Controller  
(Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian O'Toole, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 of BlackSky Technology Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Brian O'Toole

Brian O'Toole

President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Henry Dubois, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 of BlackSky Technology Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Henry Dubois

Henry Dubois

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL 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 of BlackSky Technology Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian O'Toole, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian O'Toole

Brian O'Toole  
President, Chief Executive Officer  
(Principal Executive Officer)  
Date: May 8, 2025

**CERTIFICATION OF PRINCIPAL 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 of BlackSky Technology Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Henry Dubois, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Henry Dubois

Henry Dubois

Chief Financial Officer

(Principal Financial Officer)

Date: May 8, 2025