

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

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

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 November 5, 2024, there were 30,778,934 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 retain or recruit key employees;
- our ability to grow distribution channels and partner ecosystems;
- our anticipated capital expenditures, liquidity, and our estimates regarding our capital requirements;
- our ability to integrate proprietary and third-party sensor data;
- our ability to add new satellites to our commercial operations;
- our ability to invest in our software, research and development capabilities;
- our ability to grow a third-party developer community;
- our ability to expand our services and offerings to customers both domestically and internationally;
- our ability to continue delivering data in a cost-effective manner;
- our ability to maintain and protect our brand;
- our ability to expand within our current customer base;
- our ability to compete with legacy satellite imaging providers and other emergent geospatial intelligence providers;
- our ability to maintain intellectual property protection for our products or avoid or defend claims of infringement;
- our ability to comply with laws and regulations applicable to our business;
- our expectations about market trends and needs;
- our estimates of market growth, future revenue, expenses, including stock-based compensation expense, cash flows, capital requirements and additional financing;
- our ability to grow our imagery and software analytical services revenue;
- 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 performance of our BlackSky Spectra platform;
- our plans and expectations for our next generation satellites (“Gen-3”), including expected launch timing and satellite capabilities;
- 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, 2023 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, 2023. 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)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,159	\$ 32,815
Restricted cash	1,147	619
Short-term investments	7,090	19,697
Accounts receivable, net of allowance of \$0 and \$151, respectively	10,284	7,071
Prepaid expenses and other current assets	5,086	3,916
Contract assets	26,736	15,213
Total current assets	106,502	79,331
Property and equipment - net	46,945	67,116
Operating lease right of use assets - net	2,559	1,630
Goodwill	9,393	9,393
Intangible assets - net	936	1,357
Satellite procurement work in process	76,504	55,976
Other assets	2,616	9,263
Total assets	\$ 245,455	\$ 224,066
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,683	\$ 11,573
Amounts payable to equity method investees	—	10,843
Contract liabilities - current	4,224	3,670
Debt - current portion	324	—
Other current liabilities	1,523	1,405
Total current liabilities	18,754	27,491
Operating lease liabilities	7,043	3,041
Derivative liabilities	6,556	15,149
Long-term debt - net of current portion	98,427	83,502
Other liabilities	4,408	1,724
Total liabilities	135,188	130,907
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Class A common stock, \$0.0001 par value-authorized,300,000 shares; issued, 30,779 and 18,154 shares; outstanding, 30,482 shares and 17,855 shares as of September 30, 2024 and December 31, 2023, respectively.	3	2
Additional paid-in capital	747,032	692,127
Accumulated deficit	(636,768)	(598,970)
Total stockholders' equity	110,267	93,159
Total liabilities and stockholders' equity	\$ 245,455	\$ 224,066

See notes to unaudited condensed consolidated financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue				
Imagery & software analytical services	\$ 17,276	\$ 15,264	\$ 52,578	\$ 46,352
Professional & engineering services	5,273	5,996	19,145	12,632
Total revenue	22,549	21,260	71,723	58,984
Costs and expenses				
Imagery & software analytical service costs, excluding depreciation and amortization	3,682	3,479	10,559	10,634
Professional & engineering service costs, excluding depreciation and amortization	2,968	3,288	10,006	11,137
Selling, general and administrative	17,961	17,572	54,991	55,289
Research and development	43	133	785	525
Depreciation and amortization	11,125	11,304	33,586	32,735
Operating loss	(13,230)	(14,516)	(38,204)	(51,336)
Gain on derivatives	3,574	17,012	8,593	7,445
Income on equity method investment	—	328	—	913
Interest income	257	519	987	1,602
Interest expense	(3,142)	(2,532)	(8,805)	(6,627)
Other (expense) income, net	(22)	2	(19)	(1,808)
(Loss) income before income taxes	(12,563)	813	(37,448)	(49,811)
Income tax expense	(28)	(138)	(350)	(260)
Net (loss) income	(12,591)	675	(37,798)	(50,071)
Other comprehensive income	—	—	—	—
Total comprehensive (loss) income	\$ (12,591)	\$ 675	\$ (37,798)	\$ (50,071)
Basic and diluted (loss) income per share of common stock:				
Net (loss) income per share of common stock	\$ (0.66)	\$ 0.04	\$ (2.05)	\$ (3.00)

See notes to unaudited condensed consolidated financial statements

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

	Nine Months Ended September 30, 2024					
	Common Stock		Additional Paid-In		Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity	
Balance as of January 1, 2024	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)	
Balance as of March 31, 2024	18,054	2	696,491	(614,780)	81,713	
Stock-based compensation	—	—	2,515	—	2,515	
Issuance of common stock upon exercise of stock options and ESPP shares purchased	27	—	156	—	156	
Issuance of common stock upon vesting of restricted stock awards	1	—	—	—	—	
Issuance of common stock upon vesting of restricted stock units	41	—	—	—	—	
Issuance of common stock, net of equity issuance costs	205	—	1,649	—	1,649	
Withholding of stock units to satisfy tax withholding obligations upon the vesting of restricted stock units and exercise of stock options	(12)	—	(105)	—	(105)	
Net loss	—	—	—	(9,397)	(9,397)	
Balance as of June 30, 2024	18,316	2	700,706	(624,177)	76,531	
Stock-based compensation	—	—	2,667	—	2,667	
Issuance of common stock upon exercise of stock options	4	—	1	—	1	
Issuance of common stock upon vesting of restricted stock awards	1	—	—	—	—	
Issuance of common stock upon vesting of restricted stock units	547	—	—	—	—	
Issuance of common stock, net of equity issuance costs	11,676	1	44,100	—	44,101	
Withholding of stock units to satisfy tax withholding obligations upon the vesting of restricted stock units and exercise of stock options	(62)	—	(442)	—	(442)	
Net loss	—	—	—	(12,591)	(12,591)	
Balance as of September 30, 2024	30,482	\$ 3	\$ 747,032	\$ (636,768)	\$ 110,267	

See notes to unaudited condensed consolidated financial statements

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

	Nine Months Ended September 30, 2023				
	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance as of January 1, 2023	14,939	\$ 1	\$ 666,984	\$ (545,111)	\$ 121,874
Stock-based compensation	—	—	3,214	—	3,214
Issuance of common stock upon exercise of stock options	17	—	3	—	3
Issuance of common stock upon vesting of restricted stock awards	1	—	—	—	—
Issuance of common stock upon vesting of restricted stock units	98	—	—	—	—
Issuance of common stock, net of equity issuance costs	2,050	1	11,128	—	11,129
Net loss	—	—	—	(17,315)	(17,315)
Balance as of March 31, 2023	17,105	2	681,329	(562,426)	118,905
Stock-based compensation	—	—	2,488	—	2,488
Issuance of common stock upon exercise of stock options	12	—	2	—	2
Issuance of common stock upon vesting of restricted stock awards	1	—	—	—	—
Issuance of common stock upon vesting of restricted stock units	83	—	—	—	—
Issuance of common stock, net of equity issuance costs	130	—	995	—	995
Withholding of stock units to satisfy tax withholding obligations upon the vesting of restricted stock units	(30)	—	(414)	—	(414)
Net loss	—	—	—	(33,431)	(33,431)
Balance as of June 30, 2023	17,301	2	684,400	(595,857)	88,545
Stock-based compensation	—	—	2,562	—	2,562
Issuance of common stock upon exercise of stock options	11	—	4	—	4
Issuance of common stock upon vesting of restricted stock awards	1	—	—	—	—
Issuance of common stock upon vesting of restricted stock units	209	—	—	—	—
Issuance of common stock, net of equity issuance costs	101	—	908	—	908
Withholding of stock units to satisfy tax withholding obligations upon the vesting of restricted stock units	(55)	—	(559)	—	(559)
Net income	—	—	—	675	675
Balance as of September 30, 2023	17,568	\$ 2	\$ 687,315	\$ (595,182)	\$ 92,135

See notes to unaudited condensed consolidated financial statements

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

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (37,798)	\$ (50,071)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	33,586	32,735
Operating lease right of use assets amortization	529	753
Bad debt expense	100	39
Stock-based compensation expense	8,244	7,725
Amortization of debt issuance costs and non-cash interest expense	6,727	249
Gain on derivatives	(8,593)	(7,445)
Non-cash interest income	(630)	(551)
Loss on impairment of assets	71	—
Loss on disposal of assets	44	127
Income on equity method investment	—	(913)
Changes in operating assets and liabilities:		
Accounts receivable	(3,313)	359
Contract assets - current and long-term	(5,133)	(5,271)
Prepaid expenses and other current assets	(1,148)	(13)
Other assets	2,525	1,144
Accounts payable and accrued liabilities	(967)	834
Other current liabilities	194	(640)
Contract liabilities - current and long-term	1,005	(175)
Other liabilities	(10)	5,316
Net cash used in operating activities	(4,567)	(15,798)
Cash flows from investing activities:		
Purchase of property and equipment	(12,289)	(12,296)
Satellite procurement work in process	(28,410)	(23,603)
Purchases of short-term investments	(13,488)	(29,167)
Proceeds from maturities of short-term investments	26,725	50,110
Proceeds from sale of property and equipment	—	22
Net cash used in investing activities	(27,462)	(14,934)
Cash flows from financing activities:		
Proceeds from equity issuances, net of equity issuance costs	47,343	30,868
Proceeds from issuance of debt	20,000	—
Proceeds from options exercised and ESPP shares purchased	157	9
Debt payments	(10,000)	—
Withholding tax payments on vesting of restricted stock units	(967)	(972)
Payments for debt issuance costs	(632)	—
Payments of transaction costs for debt modification	—	(1,311)
Payments of transaction costs related to derivative liabilities	—	(905)
Net cash provided by financing activities	55,901	27,689
Net increase (decrease) in cash, cash equivalents, and restricted cash	23,872	(3,043)
Cash, cash equivalents, and restricted cash – beginning of year	33,434	37,016
Cash, cash equivalents, and restricted cash – end of period	\$ 57,306	\$ 33,973

See notes to unaudited condensed consolidated financial statements

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:

	September 30,	
	2024	2023
Cash and cash equivalents	\$ 56,159	\$ 32,138
Restricted cash	1,147	1,835
Total cash, cash equivalents, and restricted cash	\$ 57,306	\$ 33,973

	Nine Months Ended September 30,	
	2024	2023
(in thousands)		
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 1,208	\$ —
Cash paid for income taxes	377	182
Supplemental disclosures of non-cash financing and investing information:		
Increase of debt principal for paid-in-kind interest	\$ 4,105	\$ 3,490
Property and equipment additions (credits received) accrued but not yet paid, net	1,606	(226)
Vendor financed satellite procurement costs	1,500	—
Credits from LeoStella applied to satellite procurement costs	966	122
Accretion of short-term investments' discounts and premiums	630	531
Capitalized stock-based compensation	426	539
Equity issuance costs accrued but not yet paid	313	90
Capitalized interest for property and equipment placed into service	—	220
Satellite procurement costs included in settlement with LeoStella	—	36
Debt modification costs accrued but not yet paid	—	6

See notes to unaudited condensed consolidated financial statements

BLACKSKY TECHNOLOGY INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024

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. The Company also owns fifty percent of LeoStella LLC (“LeoStella”), its joint venture with Thales Alenia Space US Investment LLC (“Thales”). LeoStella is a vertically-integrated small satellite design and manufacturer based in Tukwila, Washington, from which the Company procures satellites to operate its business. The Company accounts for LeoStella as an equity method investment.

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 nine months ended September 30, 2024 included a public offering of shares and shares sold as part of the Company's at-the-market (“ATM”) offering program. In September 2024, the Company raised gross proceeds of \$46.0 million via a public offering comprised of 11.5 million shares of the Company's Class A common stock for a public offering price of \$4.00 per share. The Company also sold 500 thousand shares from the ATM offering at an average purchase price per share of \$9.68, resulting in gross proceeds of \$4.8 million during the nine months ended September 30, 2024. The transaction costs of \$3.8 million for the equity issuances incurred during the nine months ended September 30, 2024, consisting of underwriting discounts and commissions, legal fees, and placement agent fees, 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. In addition, the unaudited condensed consolidated financial statements include 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, 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 September 30, 2024 and December 31, 2023, the Company's short-term investments had a carrying value of \$7.1 million and \$19.7 million, respectively, which represents amortized cost, and an aggregate fair value of \$7.1 million and \$19.7 million, respectively, which represents a Level 1 measurement based off of the fair value hierarchy.

Equity Method Investments

Investments where the Company has the ability to exercise significant influence, but not control, are accounted for under the equity method of accounting and are included in investment in equity method investees on the Company's unaudited condensed consolidated balance sheets. Significant influence typically exists if the Company has a 20% to 50% ownership voting interest in the investee or retains a voting seat on the investee's board of directors. In evaluating whether the Company has significant influence, the Company considers the nature of its ownership interest in the investee, as well as other factors that may give the Company the ability to exercise significant influence over the investee's operating and capital financial policies. Under this method of accounting, the Company's share of the net earnings or losses of the investee are included in the Company's

unaudited condensed consolidated statements of operations and comprehensive (loss) income. The Company did not recognize any percentage of LeoStella's estimated net loss during the nine months ended September 30, 2024 since its investment in LeoStella was \$0 as of December 31, 2023. The investment in LeoStella was \$0 in the Company's unaudited condensed consolidated balance sheets as of September 30, 2024. The Company currently accounts for its LeoStella joint venture as its only equity method investment. The investment in LeoStella is not significant to the financial statements.

Intra-entity profits arising from the sale of assets from the equity method investments to the Company are eliminated and deferred if those assets are still held by the Company at the end of the reporting period. The intra-entity profits will be recognized as the assets are consumed. As of September 30, 2024 and December 31, 2023, the Company had differences between the carrying value of its equity method investment and the underlying equity in the net assets of the investee of \$0.3 million and \$1.2 million, respectively.

Equity method investments are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period.

Debt Issuance Costs and Debt Discount

Debt issuance costs are capitalized and amortized to interest expense using the effective interest method over the life of the related debt. Short-term and long-term debt are presented net of the unamortized debt issuance costs and debt discount in the unaudited condensed consolidated balance sheets.

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)*” (“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 did not have any active contracts with significant variable consideration as of September 30, 2024.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023 ⁽²⁾	2024 ⁽¹⁾	2023 ⁽²⁾
	(in thousands)			
Revenue	\$ (785)	\$ 1,002	\$ 218	\$ (498)
Basic and diluted net (loss) income per share	\$ (0.04)	\$ 0.06	\$ 0.01	\$ (0.03)

(1) For the nine months ended September 30, 2024, the Company had a favorable EAC adjustment of \$ 1.2 million for an existing individual professional services contract. The remaining EAC adjustments are not individually significant to the Company.
(2) For the three and nine months ended September 30, 2023, the Company had favorable EAC adjustments of \$ 1.0 million and \$ 1.1 million respectively, for an existing individual professional services contract. The remaining EAC adjustments are not individually significant to the Company.

For contracts structured as cost-plus-fixed-fee or on a time and materials basis, the Company generally 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 September 30, 2024. The Sponsor Shares are adjusted to fair value at each reporting period and the change in fair value is recognized in gain on derivatives in the Company's unaudited condensed consolidated statements of operations and comprehensive (loss) income.

Stock-Based Compensation

Restricted Stock Awards and Restricted Stock Units

The Company has granted restricted stock awards ("RSAs") and 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) income based upon the classification of each employee's cash compensation. As of September 30, 2024, 6 thousand RSUs with performance vesting conditions were outstanding and the associated remaining expense of \$0.1 million will be recognized through September 30, 2025.

Stock Options

The Company uses the Black-Scholes option pricing model to value all options, including 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 did not grant any options during the nine months ended September 30, 2024. The Company uses 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 in 2021 through 2023, since there was not a history of option exercises as a public company, the Company considered 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, 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. BlackSky Holdings, Inc. ("Legacy BlackSky") was privately funded and, accordingly, the lack of marketability was factored into the expected term of options granted. 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 Issued But Not Yet Adopted

On November 27, 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. Among other new disclosure requirements, ASU 2023-07 requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"). ASU 2023-07 will be effective for annual periods beginning on January 1, 2024 and interim periods beginning on January 1, 2025. ASU 2023-07 must be applied retrospectively to all prior periods presented in the financial statements. The Company is assessing the effect of this update on its consolidated financial statements and related disclosures.

On December 14, 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 will be 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 assessing the effect of this update on its consolidated financial statements and related disclosures.

4. 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 and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Imagery	\$ 15,565	\$ 13,507	\$ 46,783	\$ 39,197
Data, software, and analytics	1,711	1,757	5,795	7,155
Professional services	4,536	5,565	14,195	11,900
Engineering services	737	431	4,950	732
Total revenue	\$ 22,549	\$ 21,260	\$ 71,723	\$ 58,984

The approximate revenue based on geographic location of end customers is as follows for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
North America	\$ 13,392	\$ 14,433	\$ 43,613	\$ 42,944
Middle East	3,385	2,738	10,029	5,633
Asia Pacific	5,549	3,827	17,323	9,629
Other	223	262	758	778
Total revenue	\$ 22,549	\$ 21,260	\$ 71,723	\$ 58,984

Revenue from categories of end customers for the three and nine months ended September 30, 2024 and 2023 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
U.S. federal government and agencies	\$ 12,903	\$ 14,041	\$ 41,608	\$ 41,780
International governments	9,048	6,846	28,095	16,100
Commercial and other	598	373	2,020	1,104
Total revenue	\$ 22,549	\$ 21,260	\$ 71,723	\$ 58,984

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 September 30, 2024, the Company had \$250.5 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 \$24.6 million,

\$57.3 million, and \$168.6 million in the three months ended December 31, 2024, fiscal year 2025, and thereafter, respectively.

5. Contract Assets and Liabilities

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

	September 30, 2024	December 31, 2023
(in thousands)		
Contract assets - current:		
Unbilled revenue	\$ 26,736	\$ 15,213
Total contract assets - current	\$ 26,736	\$ 15,213
Contract assets - long-term:		
Unbilled revenue - long-term	\$ 1,321	\$ 8,150
Other contract assets - long-term	1,049	610
Total contract assets - long-term⁽¹⁾	\$ 2,370	\$ 8,760
Contract liabilities - current:		
Deferred revenue - current	\$ 4,224	\$ 3,670
Total contract liabilities - current	\$ 4,224	\$ 3,670
Contract liabilities - long-term:		
Other contract liabilities - long-term	\$ 620	\$ 169
Total contract liabilities - long-term⁽²⁾	\$ 620	\$ 169

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

(2) Total 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 nine months ended September 30, 2024 were as follows:

	Contract Assets	Contract Liabilities
	(in thousands)	
Balance as of January 1, 2024	\$ 23,973	\$ 3,839
Billings or revenue recognized that was included in the beginning balance	(9,938)	(3,252)
Changes in contract assets or contract liabilities, net of reclassification to receivables	14,359	3,751
Cumulative catch-up adjustment arising from changes in estimates to complete	273	66
Cumulative catch-up adjustment arising from contract modifications	—	(11)
Changes in costs to fulfill and amortization of commission costs	439	—
Changes in contract commission costs	—	451
Balance as of September 30, 2024	<u>\$ 29,106</u>	<u>\$ 4,844</u>

6. Property and Equipment - net

The following summarizes property and equipment - net as of:

	September 30, 2024	December 31, 2023
	(in thousands)	
Satellites	\$ 107,004	\$ 125,124
Software	30,025	20,384
Software development in process	2,634	2,673
Computer equipment	1,830	1,642
Office furniture and fixtures	7,207	4,039
Other equipment	866	811
Site equipment	2,502	2,557
Total	152,068	157,230
Less: accumulated depreciation	(105,123)	(90,114)
Property and equipment — net	<u>\$ 46,945</u>	<u>\$ 67,116</u>

7. Debt and Other Financing

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

	September 30, 2024	December 31, 2023
	(in thousands)	
Current portion of long-term debt	\$ 375	\$ —
Non-current portion of long-term debt	99,808	84,578
Total long-term debt	100,183	84,578
Unamortized debt issuance costs	(1,432)	(1,077)
Outstanding balance	<u>\$ 98,751</u>	<u>\$ 83,502</u>

Name of Loan	Effective Interest Rate	September 30,	December 31,
		2024	2023
(in thousands)			
Loans from Related Parties	12.23% - 12.57%	\$ 88,683	\$ 84,578
Satellite Procurement Vendor Financing	10.86%	1,500	—
Commercial Bank Line	11.46%	10,000	—
Total		\$ 100,183	\$ 84,578

Satellite Procurement Vendor Financing

In November 2023, the Company entered into a vendor financing agreement for multiple launches providing for \$27.0 million, of which a portion will be drawn down equally per 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 nine months ended September 30, 2024, the Company incurred \$1.5 million of long-term debt related to the 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 September 30, 2024, 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.

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. The commercial bank line also contains financial covenants requiring compliance with a minimum revenue covenant, measured at the end of each fiscal quarter, and maintenance, at all times, of unrestricted cash and cash equivalents with Stifel Bank or in controlled accounts in an aggregate amount at least equal to the outstanding obligations under the commercial bank line. 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.

Fair Value of Debt

The estimated fair value of the Company's outstanding long-term debt was \$114.1 million and \$78.7 million as of September 30, 2024 and December 31, 2023, 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.

8. 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) income (see Note 13). The Company's derivative liabilities were made up of only equity warrants and the Sponsor Shares as of September 30, 2024 and December 31, 2023.

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 September 30, 2024:

	Number of Shares (in thousands)	Exercise Price	Redemption Price	Expiration Date	Classification	Gain in Value for the Nine	Fair Value as of
						Months Ended September 30, 2024	September 30, 2024
Public Warrants	1,977	\$ 92.00	\$ 144.00	9/9/2026	Liability	\$ 313	\$ 482
Private Placement Warrants - Issued October 2019	520	92.00	144.00	9/9/2026	Liability	292	125
Private Placement Warrants - Issued October 2019	520	160.00	144.00	9/9/2026	Liability	83	83
Private Placement Warrants - Issued March 2023	2,050	17.61	N/A	9/8/2028	Liability	7,218	5,249

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 are included in additional paid-in capital in the Company's unaudited condensed consolidated balance sheets.

9. Other (Expense) Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Transaction costs associated with debt and equity financings	\$ —	\$ —	\$ —	\$ (1,738)
Other	(22)	2	(19)	(70)
	<u>\$ (22)</u>	<u>\$ 2</u>	<u>\$ (19)</u>	<u>\$ (1,808)</u>

10. Net (Loss) Income Per Share of Class A Common Stock

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands except per share information)			
Net (loss) income available to common stockholders - basic and diluted	\$ (12,591)	\$ 675	\$ (37,798)	\$ (50,071)
Weighted average common shares outstanding:				
Shares used in the computation of basic net (loss) income per share	19,120	17,360	18,394	16,683
Dilutive effect of common stock equivalents	—	523	—	—
Shares used in the computation of diluted net (loss) income per share	19,120	17,883	18,394	16,683
Basic and diluted net (loss) income per share	\$ (0.66)	\$ 0.04	\$ (2.05)	\$ (3.00)

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 and nine months ended September 30, 2024 and 2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Restricted Class A common stock	—	4	—	4
Class A common stock warrants	221	—	221	221
Stock options	880	1,034	880	1,143
Restricted stock units	2,558	411	2,558	2,275
Public Warrants (exercisable for Class A common stock) treated as liability	1,977	1,977	1,977	1,977
Private Placement Warrants (exercisable for Class A common stock) treated as liability	3,091	3,091	3,091	3,091
Sponsor Shares	296	296	296	296

11. 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) income as indicated in the table below:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(in thousands)			
Imagery & software analytical service costs, excluding depreciation and amortization	\$ 34	\$ 40	\$ 138	\$ 185
Professional & engineering service costs, excluding depreciation and amortization	108	97	359	391
Selling, general and administrative	2,377	2,265	7,747	7,149
Total stock-based compensation expense	\$ 2,519	\$ 2,402	\$ 8,244	\$ 7,725

The Company recorded stock-based compensation related to capitalized internal labor for software development activities of \$0.1 million and \$0.2 million during the three months ended September 30, 2024 and 2023, respectively, and \$0.4 million and \$0.5 million during the nine months ended September 30, 2024 and 2023, respectively. These amounts are included in property, plant, and equipment - net in the unaudited condensed consolidated balance sheets.

12. Related Party Transactions

A summary of the Company's related party transactions during the nine months ended September 30, 2024 and 2023 is presented below:

Name	Nature of Relationship	Description of the Transactions	Amount Due to Related Party as of			
			Total Payments in the Nine Months Ended		September 30,	December 31,
			September 30,			
2024	2023	2024	2023			
LeoStella	Joint Venture with Thales Alenia Space	The Company owns 50% of LeoStella, its joint venture with Thales. The Company contracts with LeoStella for the design, development and manufacture of satellites to operate its business.	\$ 23,422	\$ 14,731	\$ —	\$ 10,843
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.	417	333	—	42
Thales Alenia Space	Shareholder and Parent of Wholly-owned Subsidiary, Seahawk (Debt Issuer)	Design, development and manufacture of telescopes.	3,666	4,459	—	750
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.	277	—	23,900	22,793
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.	1,050	—	64,783	61,785

The Company recorded revenue from related parties of \$0.4 million and \$3.9 million for the three and nine months ended September 30, 2024, respectively. The Company did not record revenue from related parties for

the three and nine months ended September 30, 2023. Accounts receivable from related parties was \$0 as of September 30, 2024 and December 31, 2023.

Interest on the term loan facility is accrued and is due semi-annually. The Company made interest payments of \$1.0 million during the nine months ended September 30, 2024. The Company did not make any interest payments during the three months ended September 30, 2024 or during the three and nine months ended September 30, 2023. As of September 30, 2024, the Company had interest due to related parties of \$4.5 million, of which \$0.9 million is to be paid as cash interest on a semi-annual basis and was included in other current liabilities and \$3.6 million is paid in kind as principal due on the maturity date and was included in other liabilities. As of December 31, 2023, the Company had interest due to related parties of \$1.7 million, of which \$0.3 million was included in other current liabilities and \$1.4 million was included in other liabilities.

13. 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 September 30, 2024 and December 31, 2023 and indicate the fair value hierarchy level of the valuation techniques and inputs that the Company utilized to determine such fair value:

September 30, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Input (Level 2)	Significant Other Unobservable Inputs (Level 3)
(in thousands)			
Liabilities			
Public Warrants	\$ 482	\$ —	\$ —
Private Placement Warrants - Issued October 2019	—	—	208
Private Placement Warrants - Issued March 2023	—	—	5,249
Sponsor Shares	—	—	617
	\$ 482	\$ —	\$ 6,074
December 31, 2023			
December 31, 2023	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Input (Level 2)	Significant Other Unobservable Inputs (Level 3)
(in thousands)			
Liabilities			
Public Warrants	\$ 795	\$ —	\$ —
Private Placement Warrants - Issued October 2019	—	—	583
Private Placement Warrants - Issued March 2023	—	—	12,467
Sponsor Shares	—	—	1,304
	\$ 795	\$ —	\$ 14,354

The carrying values of the following financial instruments approximated their fair values as of September 30, 2024 and June 30, 2024 based on their maturities: cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities, and other current liabilities.

There were no transfers into or out of any of the levels of the fair value hierarchy during the nine months ended September 30, 2024 or 2023.

Changes in the fair value of the Level 3 liabilities during the nine months ended September 30, 2023 of \$1.1 million included the Sponsor Shares, the October 2019 Private Placement Warrants, and the March 2023

Private Placement Warrants. The following is a summary of changes in the fair value of the Level 3 liabilities during the nine months ended September 30, 2024:

	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
Gain from changes in fair value	(687)	(375)	(7,218)
Balance as of September 30, 2024	\$ 617	\$ 208	\$ 5,249

14. 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. The Company believes that the complaint is without merit and the Company is evaluating potential outcomes.

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 Company believes that the complaint is without merit and the Company is evaluating potential outcomes.

At a hearing held on October 4, 2024, 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.

Compliance with Debt Covenants

As of September 30, 2024, all debt instruments contain customary covenants and events of default. The Company was in compliance with all financial and non-financial covenants as of September 30, 2024.

Other Commitments

During 2023, the Company entered into a new operating lease for office space with a commencement date in January 2024 and an expiration date in August 2036. The Company recognized a long-term operating lease liability of \$3.9 million in its unaudited condensed consolidated balance sheets during the nine months ended September 30, 2024.

In addition to the above, the Company entered into various operational commitments for the next several years totaling \$2.0 million during the nine months ended September 30, 2024.

15. 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 \$4.4 million and \$6.0 million as of September 30, 2024 and December 31, 2023, 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
U.S. federal government and agencies	57%	66%	58%	71%
Customer B	19%	17%	16%	16%
Customer C	12%	13%	13%	*

	Accounts Receivable	
	As of September 30, 2024	As of December 31, 2023
	(in thousands)	
U.S. federal government and agencies	43%	83%
Customer B	*	*
Customer C	32%	*

* 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 September 30, 2024 and 2023, 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.

16. Subsequent Events

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 Holdings, Inc. We expect that this acquisition will allow the Company to improve its control over the Gen-3 supply chain and production operations. Due to the limited time since the acquisition date, the initial accounting for the business combination is incomplete. As a result, we are unable to provide the amounts recognized as of the acquisition date for the major classes of assets acquired and liabilities assumed.

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, 2023 and filed with 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.

In September 2024, we effected a one-for-eight reverse stock split (the "Reverse Stock Split") of our issued Class A common stock, par value \$0.0001 per share ("common stock"). As a result, every eight shares of our issued common stock were combined into one share of our common stock. No fractional shares of our 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 our 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 our 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 our common stock. This "Management's Discussion and Analysis of Financial Condition and Results of Operations" gives 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.

Company Overview

We own and operate one of the industry's leading high-performance low earth orbit small satellite constellations. Our constellation is optimized to cost-efficiently capture imagery at high revisit rates where and when our customers need it. The orbital configuration of our constellation is designed to collect data on the most critical and strategic locations in the world. Our constellation is able to image certain locations approximately every 90 minutes, from dawn to dusk, providing our customers with insights and situational awareness throughout the day. Our satellites are designed with agile pointing capabilities that enable our customers to task our constellation on demand to collect specific locations of interest. 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. Our tasking methodology employs proprietary artificial intelligence ("AI")-enabled software to efficiently collect images of the most important strategic and economic assets and areas of interest to our customers. We believe that our focus on critical strategic and economic infrastructure and the AI-enabled tasking of our constellation 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.

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 application programming interfaces.

Our next generation satellites (“Gen-3”), expected to ship to the launch site in the coming weeks, are designed to improve imaging resolution even further and include short wave infrared imaging technology for a broad set of imaging conditions, including nighttime and low-light. We believe these advancements will expand the relevance and certainty of our analytics to continue to ensure our importance to our customers. We also believe 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 number of third-party data sources 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. Our business has 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 On-Demand and Assured product and service offerings that support a broad range of applications including national security, supply chain intelligence, crisis management, critical infrastructure monitoring, economic intelligence, and others. These offerings include a predefined, standard set of imagery and software analytics products accessible via our basic 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 variety of pricing and utilization options for our imagery and software analytical service offerings, with the majority of our agreements structured as subscription contracts, followed by usage-based pricing and transactional licenses. These options provide customers flexibility to utilize our imagery and software analytical services in a manner that best suits their business needs. 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.

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 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 internal aerospace and geospatial software development labor, third-party data and imagery, internal labor to support the ground stations and space operations, and cloud computing and hosting services. 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) income 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. Our development costs include internal labor costs to design and plan critical real-time software and geospatial analytic solutions and solution enhancements, including mapping, analysis, site target monitoring, and news feeds.
- Research and development expense consists of employees' salaries, taxes, and benefits costs incurred for data science modeling and algorithm development related to our BlackSky Spectra software platform, and for the strategic development efforts to support our long-term strategy. In addition, 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 and Nine Months Ended September 30, 2024 and 2023

The following table provides the components of results of operations for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
(dollars in thousands)								
Revenue								
Imagery & software analytical services	\$ 17,276	\$ 15,264	\$ 2,012	13.2 %	\$ 52,578	\$ 46,352	\$ 6,226	13.4 %
Professional & engineering services	5,273	5,996	(723)	(12.1)%	19,145	12,632	6,513	51.6 %
Total revenue	22,549	21,260	1,289	6.1 %	71,723	58,984	12,739	21.6 %
Costs and expenses								
Imagery & software analytical service costs, excluding depreciation and amortization	3,682	3,479	203	5.8 %	10,559	10,634	(75)	(0.7)%
Professional & engineering service costs, excluding depreciation and amortization	2,968	3,288	(320)	(9.7)%	10,006	11,137	(1,131)	(10.2)%
Selling, general and administrative	17,961	17,572	389	2.2 %	54,991	55,289	(298)	(0.5)%
Research and development	43	133	(90)	(67.7)%	785	525	260	49.5 %
Depreciation and amortization	11,125	11,304	(179)	(1.6)%	33,586	32,735	851	2.6 %
Operating loss	(13,230)	(14,516)	1,286	8.9 %	(38,204)	(51,336)	13,132	25.6 %
Gain on derivatives	3,574	17,012	(13,438)	(79.0)%	8,593	7,445	1,148	15.4 %
Income on equity method investment	—	328	(328)	(100.0)%	—	913	(913)	(100.0)%
Interest income	257	519	(262)	(50.5)%	987	1,602	(615)	(38.4)%
Interest expense	(3,142)	(2,532)	(610)	(24.1)%	(8,805)	(6,627)	(2,178)	(32.9)%
Other (expense) income, net	(22)	2	(24)	NM	(19)	(1,808)	1,789	98.9 %
(Loss) income before income taxes	(12,563)	813	(13,376)	NM	(37,448)	(49,811)	12,363	24.8 %
Income tax expense	(28)	(138)	110	79.7 %	(350)	(260)	(90)	(34.6)%
Net (loss) income	\$ (12,591)	\$ 675	\$ (13,266)	NM	\$ (37,798)	\$ (50,071)	\$ 12,273	24.5 %

- NM - Fluctuation in terms of percentage change is not meaningful.

Revenue

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
(dollars in thousands)								
Imagery & software analytical revenue	\$ 17,276	\$ 15,264	\$ 2,012	13.2 %	\$ 52,578	\$ 46,352	\$ 6,226	13.4 %
% of total revenue	76.6 %	71.8 %			73.3 %	78.6 %		
Professional & engineering services revenue	5,273	5,996	(723)	(12.1)%	19,145	12,632	6,513	51.6 %
% of total revenue	23.4 %	28.2 %			26.7 %	21.4 %		
Total revenue	\$ 22,549	\$ 21,260	\$ 1,289	6.1 %	\$ 71,723	\$ 58,984	\$ 12,739	21.6 %

Imagery and Software Analytical Services Revenue

Imagery and software analytical services revenue increased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023, primarily driven by incremental imagery and analytics subscription orders and renewals from existing customers for additional services.

Professional and Engineering Services Revenue

Professional and engineering services revenue decreased for the three months ended September 30, 2024, as compared to the same period in 2023, due to a contract's satisfaction of milestones in the third quarter of 2023, which completed the performance obligations. This decrease in revenue was partially offset by revenue recognized for costs incurred on a firm-fixed price contract that did not begin until the fourth quarter of 2023.

For the nine months ended September 30, 2024, as compared to the same period in 2023, professional and engineering services revenue increased as a result of incremental revenue generated from two significant engineering contracts that were new in 2023. One of these contracts included favorable changes in the estimation of total costs at completion from identified changes in an engineering program which produced incremental revenue on a cumulative catch-up basis that occurred in the third quarter of 2023 and again during the second quarter of 2024. 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. 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. The increase in revenue from these two contracts was partially offset by a decrease in revenue related to a contract's satisfaction of milestones in the third quarter of 2023, which completed the performance obligations.

Costs and Expenses

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
(dollars in thousands)								
Imagery & software analytical service costs, excluding depreciation and amortization	\$ 3,682	\$ 3,479	\$ 203	5.8 %	\$ 10,559	\$ 10,634	\$ (75)	(0.7)%
Professional & engineering service costs, excluding depreciation and amortization	2,968	3,288	(320)	(9.7) %	10,006	11,137	(1,131)	(10.2)%
Total costs	<u>\$ 6,650</u>	<u>\$ 6,767</u>	<u>\$ (117)</u>	<u>(1.7) %</u>	<u>\$ 20,565</u>	<u>\$ 21,771</u>	<u>\$ (1,206)</u>	<u>(5.5)%</u>

Imagery and Software Analytical Service Costs

Imagery & software analytical service costs, excluding depreciation and amortization, increased for the three months ended September 30, 2024, as compared to the same period in 2023, as a result of increased regulatory compliance costs. For the nine months ended September 30, 2024, as compared to the same period in 2023, imagery & software analytical service costs, excluding depreciation and amortization remained flat.

Professional and Engineering Service Costs

Professional & engineering service costs, excluding depreciation and amortization, decreased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023, primarily due to fewer direct material costs incurred on a professional services contract, which was driven by an increase in the program's maturity year-over-year. The decreases were partially offset by an increase in satellite procurement work under a firm-fixed price contract that began in the fourth quarter of 2023.

Selling, General, and Administrative

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
(dollars in thousands)								
Salaries and benefit costs	\$ 10,396	\$ 10,368	\$ 28	0.3 %	\$ 31,469	\$ 31,247	\$ 222	0.7 %
Stock-based compensation expense	2,377	2,265	112	4.9 %	7,747	7,149	598	8.4 %
Information technology and other administrative expenses	2,235	2,127	108	5.1 %	6,421	6,712	(291)	(4.3)%
Selling and marketing	947	877	70	8.0 %	2,846	2,890	(44)	(1.5)%
Professional fees	875	800	75	9.4 %	2,922	2,820	102	3.6 %
Insurance	463	590	(127)	(21.5)%	1,401	2,260	(859)	(38.0)%
Rent expense	445	354	91	25.7 %	1,409	1,424	(15)	(1.1)%
Development costs	223	190	33	17.4 %	776	787	(11)	(1.4)%
Selling, general and administrative	<u>\$ 17,961</u>	<u>\$ 17,571</u>	<u>\$ 390</u>	<u>2.2 %</u>	<u>\$ 54,991</u>	<u>\$ 55,289</u>	<u>\$ (298)</u>	<u>(0.5)%</u>

Selling, general, and administrative expenses remained relatively flat during the three and nine months ended September 30, 2024 as compared to the same periods in 2023. Corporate insurance premiums decreased year over

year as we've been able to negotiate better rates. Stock-based compensation increased primarily due to the acceleration of expense for options that were voluntarily forfeited during the first quarter of 2024 as well as new stock awards issued in the third quarter of 2024.

The following is our forecast for total RSU expense as of September 30, 2024, 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 remainder of 2024	\$ 2,618
For the years ending December 31,	
2025	9,498
2026	6,772
2027	3,680
2028	1,313
	\$ 23,882

Research and Development

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
	(dollars in thousands)							
Research and development	\$ 43	\$ 133	\$ (90)	(67.7)%	\$ 785	\$ 525	\$ 260	49.5 %

Research and development expense decreased for the three months ended September 30, 2024 and increased for the nine months ended September 30, 2024, as compared to the same periods in 2023. The fluctuations were driven by the timing of contracts from third-party vendors who fulfill our strategic projects as research and development expense. We continue to invest in our research and development initiatives to significantly expand our product capabilities in the future.

Depreciation and Amortization

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
	(dollars in thousands)							
Depreciation of satellites	\$ 8,221	\$ 9,598	\$ (1,377)	(14.3)%	\$ 25,693	\$ 28,413	\$ (2,720)	(9.6) %
Depreciation of all other property and equipment	2,764	1,566	1,198	76.5 %	7,472	3,901	3,571	91.5 %
Amortization	140	140	—	— %	421	421	—	— %
Depreciation and amortization	\$ 11,125	\$ 11,304	\$ (179)	(1.6)%	\$ 33,586	\$ 32,735	\$ 851	2.6 %

Depreciation expense from satellites decreased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023 as satellites became fully depreciated.

Depreciation expense from all other property and equipment increased for the three and nine months ended September 30, 2024 as compared to the same periods in 2023, primarily driven by the depreciation of increased asset balances for internal-use software as well as the build-out of new office space in 2023.

Amortization expense remained flat for the three and nine months ended September 30, 2024 as compared to the same periods in 2023.

Non-Operating Expenses

	Three Months Ended September 30,		\$ Change	% Change	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023			2024	2023		
(dollars in thousands)								
Gain on derivatives	\$ 3,574	\$ 17,012	\$ (13,438)	(79.0)%	\$ 8,593	\$ 7,445	\$ 1,148	15.4 %
Income on equity method investment	—	328	(328)	NM	—	913	(913)	(100.0)%
Interest income	257	519	(262)	(50.5)%	987	1,602	(615)	(38.4)%
Interest expense	(3,142)	(2,532)	(610)	(24.1)%	(8,805)	(6,627)	(2,178)	(32.9)%
Other (expense) income, net	(22)	2	(24)	NM	(19)	(1,808)	1,789	98.9 %

Gain 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 gains during the three and nine months ended September 30, 2024 and 2023.

Income on equity method investment

The fluctuations in income on equity method investment are solely impacted by the operating results of our joint venture LeoStella LLC (“LeoStella”). We did not recognize any percentage of LeoStella's estimated net loss during the three and nine months ended September 30, 2024 since our investment in LeoStella was \$0 as of December 31, 2023.

Interest income

Interest income decreased during the three and nine months ended September 30, 2024 as a result of fewer short-term investments held during the periods as compared to the three and nine months ended September 30, 2023.

Interest expense

Interest expense increased during the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, as a result of increased debt outstanding during the second and third quarters of 2024 and a higher effective interest rate on our loans from related parties that were amended during the second quarter of 2023.

Other (expense) income, net

For the nine months ended September 30, 2023, other (expense) income, net, included \$0.9 million of transaction costs associated with new warrants that are accounted for as derivative liabilities and \$0.8 million of transaction costs associated with our debt modification during the second quarter of 2023.

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; severance; litigation, settlements, and related costs; impairment losses; income on equity method investment; transaction costs associated with debt and equity financings; and investment loss on short-term investments. 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) income to Adjusted EBITDA for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended		Nine Months Ended September 30,	
	September 30,		September 30,	
	2024	2023	2024	2023
	(in thousands)			
Net (loss) income	\$ (12,591)	\$ 675	\$ (37,798)	\$ (50,071)
Interest income	(257)	(519)	(987)	(1,602)
Interest expense	3,142	2,532	8,805	6,627
Income tax expense	28	138	350	260
Depreciation and amortization	11,125	11,304	33,586	32,735
Stock-based compensation expense	2,519	2,402	8,244	7,725
Gain on derivatives	(3,574)	(17,012)	(8,593)	(7,445)
Non-recurring transaction costs	228	—	228	—
Severance	78	363	219	562
Litigation, settlements, and related costs	(28)	—	137	—
Impairment losses	71	—	71	—
Transaction costs associated with debt and equity financings	—	—	—	1,738
Investment loss on short-term investments	—	—	—	55
Income on equity method investment	—	(328)	—	(913)
Adjusted EBITDA	<u>\$ 741</u>	<u>\$ (445)</u>	<u>\$ 4,262</u>	<u>\$ (10,329)</u>

Liquidity and Capital Resources

As of September 30, 2024, our existing sources of liquidity included cash and cash equivalents and short-term investments. Our cash and cash equivalents excluding restricted cash totaled \$56.2 million and \$32.8 million as of September 30, 2024 and December 31, 2023, respectively, and our short-term investments totaled \$7.1 million and \$19.7 million as of September 30, 2024 and December 31, 2023, respectively. We have incurred year to date losses and generated negative cash flows from operations since our inception in September 2014. As of September 30, 2024, we had an accumulated deficit of \$636.8 million.

Our short-term liquidity as of September 30, 2024 was comprised of the following:

	(in thousands)
Cash and cash equivalents	\$ 56,159
Restricted cash	1,147
Short-term investments ⁽¹⁾	7,090
	<u>\$ 64,396</u>

⁽¹⁾ Short-term investments are included in cash flows from investing activities in the unaudited condensed consolidated statements of cash flows.

Our short-term liquidity as of September 30, 2024 was \$64.4 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 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 nine months ended September 30, 2024 included a public offering of shares as well as an at-the-market (“ATM”) offering. In September 2024, we completed a public offering comprised of

11.5 million shares of common stock for a public offering price of \$4.00 per share. We received \$46.0 million in gross proceeds from this public offering. The Company also has 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, of which we sold \$4.8 million during the nine months ended September 30, 2024.

We have current contract assets of \$26.7 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.

In April 2024, we entered into a commercial bank line with Stifel Bank, as lender. 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. The commercial bank line matures on June 30, 2026. As of September 30, 2024, 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.

The commercial bank line contains customary affirmative and negative covenants, including covenants limiting our ability to, among other things, incur debt, grant liens, pay dividends and distributions on our 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. The commercial bank line also contains financial covenants requiring compliance with a minimum revenue covenant, measured at the end of each fiscal quarter, and maintenance, at all times, of unrestricted cash and cash equivalents with Stifel Bank or in controlled accounts in an aggregate amount at least equal to the outstanding obligations under the commercial bank line. If we fail to meet the minimum cash covenant, the commercial bank line provides us with the ability to cure the breach with the deposit of proceeds from the issuance of capital stock or subordinated debt.

The commercial bank line includes customary events of default, including payment defaults, covenant breach defaults, cross defaults with certain other material indebtedness, bankruptcy and insolvency defaults, and a material adverse effect default, as well as an event of default for certain impairments of the availability of our ATM facility. The occurrence of an event of default could result in the acceleration of our obligations under the commercial bank line, the termination of Stifel Bank's commitments, a 5% increase in the applicable rate of interest, and the exercise by Stifel Bank of other rights and remedies provided for under the commercial bank line.

We were in compliance with all covenants as of September 30, 2024 and expect to remain in compliance with all covenants in the next 12 months from the issuance of the financial statements.

The Company entered into a vendor financing agreement for multiple launches providing for \$27.0 million, of which a portion will be drawn down equally per 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. See Note 7—"Debt and Other Financing" of the notes to the consolidated financial statements for further information on our debt and financing arrangements and Note 14—"Commitments and Contingencies" of the notes to the consolidated financial statements for further information on our contractual obligations.

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 continue to generate positive Adjusted EBITDA; however, we cannot be sure our revenues will continue to 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 investing in our BlackSky Spectra software platform to significantly expand our product capabilities in the future. Please refer to the section entitled "Non-GAAP Financial Measures" for additional information on our definition of Adjusted EBITDA.

Short-Term Liquidity Requirements

As of September 30, 2024, our current assets were \$106.5 million, consisting primarily of cash and cash equivalents, short-term investments, and contract assets.

As of September 30, 2024, our current liabilities were \$18.8 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 in our BlackSky Spectra software platform and internal infrastructure 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 nine months ended September 30, 2024 and 2023. Our short-term liquidity at September 30, 2024 was \$64.4 million. Short-term investments of \$7.1 million are not classified as cash, cash equivalents, or restricted cash.

	Nine Months Ended September 30,		\$ Change
	2024	2023	
	(in thousands)		
Net cash used in operating activities	\$ (4,567)	\$ (15,798)	\$ 11,231
Net cash used in investing activities	(27,462)	(14,934)	(12,528)
Net cash provided by financing activities	55,901	27,689	28,212
Net increase (decrease) in cash, cash equivalents, and restricted cash	23,872	(3,043)	26,915
Cash, cash equivalents, and restricted cash – beginning of year	33,434	37,016	(3,582)
Cash, cash equivalents, and restricted cash – end of period	\$ 57,306	\$ 33,973	\$ 23,333

Operating activities

For the nine months ended September 30, 2024, net cash used in operating activities was \$4.6 million. The contributor to the significant decrease in cash used during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was the decrease in the operating loss, adjusted for depreciation, amortization, stock-based compensation expense, gain on derivatives, and other non-cash items. The operating loss decrease in the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was due to increased imagery revenue primarily driven by incremental imagery and analytics subscription orders and renewals from existing customers for additional services as well as increased professional & engineering

services revenue primarily driven by a new significant engineering contract that began after the comparable prior period.

Investing activities

The change in net cash used in investing activities was primarily due to decreased proceeds from the redemption and maturity of \$26.7 million of our short-term investments in corporate debt and governmental securities in addition to decreased purchases of these same type of investments of \$13.5 million during the nine months ended September 30, 2024. Comparatively, during the nine months ended September 30, 2023, we recognized \$50.1 million related to the redemption and maturity of short-term investments, largely due to restructuring our banking relationships with new and existing financial institutions; during the nine months ended September 30, 2023, we purchased \$29.2 million of short-term investments to replace maturing 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. The total amount paid for capital expenditures increased during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 as we continue to build and prepare for the launch of our Gen-3 satellites.

Financing activities

The most significant impact on the change in net cash provided by financing activities was the receipt of \$47.3 million in proceeds from our equity issuances, net of equity issuance costs, in the nine months ended September 30, 2024 as compared to \$30.9 million in the nine months ended September 30, 2023. Our equity issuances during the nine months ended September 30, 2024 included a public offering of 11.5 million shares of common stock resulting in \$46.0 million in gross proceeds as well as the sale of 0.5 million shares under our ATM offering program which resulted in \$4.8 million in gross proceeds. Our equity issuances in the nine months ended September 30, 2023 included a private placement of 2.1 million shares, which resulted in \$29.4 million in gross proceeds, as well as the sale of 0.2 million shares under our ATM offering program, which resulted in \$2.9 million in gross proceeds.

In addition, we also had borrowings from our revolving credit facility of \$20.0 million during the nine months ended September 30, 2024, which were partially offset by \$10.0 million of debt payments.

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 also consider the probability of collectability in our assessment, specifically the presence of any collectability issues as the significant majority of our customers are domestic or international governments.

Identifying the Performance Obligations in a Contract

We execute contracts for a single promise or multiple promises. Specifically, our firm-fixed price contracts typically 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) income 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 listed 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, 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"), 2014 Equity Incentive Plan ("2014 Plan"), and Amended and Restated 2011 Equity Incentive Plan ("2011 Plan"). Awards issued include stock options, restricted stock awards ("RSAs"), 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 RSAs, 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 September 30, 2024 and December 31, 2023. 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 on derivatives in our unaudited condensed consolidated statements of operations and comprehensive (loss) income. 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. We have historically been a private company and lacked sufficient company-specific historical and implied volatility information. Therefore, the expected stock volatility includes both our Class A common stock and public warrant historical volatility as well as the historical volatility of a set of publicly traded peer companies. Changes in these assumptions can materially affect the estimate of the fair value of these instruments and ultimately the change in fair value.

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 Securities Exchange Act of 1934, as amended (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 of September 30, 2024, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of September 30, 2024, 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

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 September 30, 2024 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.

As disclosed in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 and filed by us with the Securities and Exchange Commission (the “SEC”), 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 HEPSCO 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 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. We believe that the complaint is without merit, and we are evaluating potential outcomes.

As disclosed in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 and filed by us with the SEC, 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. We believe that the complaint is without merit and we are evaluating potential outcomes.

At a hearing held on October 4, 2024, 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, 2023 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 September 30, 2024, we raised gross proceeds of \$1.6 million through the sale of 176,406 shares in our ATM offering. We sold such shares at an average purchase price per share of \$9.26. After deducting commissions and other offering expenses associated with the ATM offering of \$0.1 million, the net proceeds to us from the transactions were \$1.5 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 7—"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 September 30, 2024, 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.

Exhibit No.	Exhibit Description	Form	SEC File No.	Exhibit No.	Filing Date	Filed or Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended September 4, 2024					X
10.1	Underwriting Agreement, dated September 24, 2024, by and between the Company and Oppenheimer & Co. Inc., as representative of the several underwriters named therein	8-K	001-39113	1.1	September 25, 2024	
31.1	Certification of the Company's Chief Executive Officer, Brian O'Toole, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Company's Chief Financial Officer, Henry Dubois, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of the Company's Chief Executive Officer, Brian O'Toole, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2*	Certification of the Company's Chief Financial Officer, Henry Dubois, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					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.

November 7, 2024

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)

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
OSPREY TECHNOLOGY ACQUISITION CORP.**

Osprey Technology Acquisition Corp., a corporation organized and existing under the laws of the State of Delaware (the “**Company**”), does hereby certify as follows:

A. The Company was originally incorporated under the name of OSPREY ACQUISITION CORP. II, and the original Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on June 15, 2018, as amended and thereafter filed on September 27, 2018 (to change the name of the Company to OSPREY ENERGY ACQUISITION CORP. II), June 17, 2019 (to change the name of the Company to OSPREY TECHNOLOGY ACQUISITION CORP.) and November 1, 2019.

B. This Amended and Restated Certificate of Incorporation (this “**Amended and Restated Certificate of Incorporation**”) was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the “**DGCL**”) by the Board of Directors of the Company (the “**Board of Directors**”) and the affirmative vote of the stockholders of the Company.

C. This Amended and Restated Certificate of Incorporation shall be effective as of 9:00 a.m. Eastern Time on September 9, 2021.

D. The text of the certificate of incorporation of the Company is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the Company is BlackSky Technology Inc.

ARTICLE II

The address of the Company’s registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, State of Delaware, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

Section 1. This Company is authorized to issue two classes of stock, to be designated, respectively, “Class A Common Stock” and “Preferred Stock.” The total number of shares of stock that the Company shall have authority to issue is 400,000,000 shares, of which 300,000,000 shares are Class A Common Stock, \$0.0001 par value per share (the “**Class A Common Stock**”), and 100,000,000 shares are Preferred Stock, \$0.0001 par value per share (the “**Preferred Stock**”).

Section 2. Each share of Class A Common Stock outstanding as of the applicable record date shall entitle the holder thereof to one (1) vote on any matter submitted to a vote at a meeting of stockholders.

Section 3. The Preferred Stock may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board of Directors). The Board of Directors is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any series of Preferred Stock, including, without limitation, authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing. The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, subject to the powers, preferences and rights,

and the qualifications, limitations and restrictions thereof stated in this Amended and Restated Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series. Except as may be otherwise specified by the terms of any series of Preferred Stock, if the number of shares of any series of Preferred Stock is so decreased, then the Company shall take all such steps as are necessary to cause the shares constituting such decrease to resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Section 4. Except as otherwise required by law or provided in this Amended and Restated Certificate of Incorporation, holders of Class A Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon by law or pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

Section 5. The number of authorized shares of Preferred Stock or Class A Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Company entitled to vote thereon, without a separate vote of the holders of the class or classes the number of authorized shares of which are being increased or decreased, unless a vote of any holders of one or more series of Preferred Stock is required pursuant to the terms of any certificate of designation relating to any series of Preferred Stock, irrespective of the provisions of Section 242(b)(2) of the DGCL.

ARTICLE V

Section 1. Subject to the rights of holders of Preferred Stock, the number of directors that constitutes the entire Board of Directors of the Company shall be fixed only by resolution of the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For the purposes of this Amended and Restated Certificate of Incorporation, the term "**Whole Board**" shall mean the total number of authorized directorships whether or not there exist any vacancies or other unfilled seats in previously authorized directorships. At each annual meeting of stockholders, directors of the Company shall be elected to hold office until the expiration of the term for which they are elected and until their successors have been duly elected and qualified or until their earlier resignation or removal; except that if any such meeting shall not be so held, such election shall take place at a stockholders' meeting called and held in accordance with the DGCL.

Section 2. From and after the effectiveness of this Amended and Restated Certificate of Incorporation, the directors of the Company (other than any who may be elected by holders of Preferred Stock under specified circumstances) shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. Directors already in office shall be assigned to each class at the time such classification becomes effective in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the date hereof, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the date hereof, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the date hereof, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting. If the number of directors is changed, any newly created directorships or decrease in directorships shall be so apportioned hereafter among the classes as to make all classes as nearly equal in number as is practicable, *provided that* no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE VI

Section 1. From and after the effectiveness of this Amended and Restated Certificate of Incorporation, only for so long as the Board of Directors is classified and subject to the rights of holders of Preferred Stock, any director or the entire Board of Directors may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least 66 2/3% of the voting power of the issued and outstanding capital stock of the Company entitled to vote in the election of directors, voting together as a single class.

Section 2. Except as otherwise provided for or fixed by or pursuant to the provisions of ARTICLE IV hereof in relation to the rights of the holders of Preferred Stock to elect directors under specified circumstances or except as otherwise provided by resolution of a majority of the Whole Board, newly created directorships resulting from any increase in the number of directors, created in accordance with the Bylaws of the Company, and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, and not by the stockholders. A person so elected by the Board of Directors to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen until his or her successor shall have been duly elected and qualified, or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE VII

Section 1. The Company is to have perpetual existence.

Section 2. The business and affairs of the Company shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Amended and Restated Certificate of Incorporation or the Bylaws of the Company, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Company.

Section 3. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, alter, amend or repeal the Bylaws of the Company. The affirmative vote of at least a majority of the Whole Board shall be required in order for the Board of Directors to adopt, amend, alter or repeal the Company's Bylaws. The Company's Bylaws may also be adopted, amended, altered or repealed by the stockholders of the Company. Notwithstanding the above or any other provision of this Amended and Restated Certificate of Incorporation, the Bylaws of the Company may not be amended, altered or repealed except in accordance with the provisions of the Bylaws relating to amendments to the Bylaws. No Bylaw hereafter legally adopted, amended, altered or repealed shall invalidate any prior act of the directors or officers of the Company that would have been valid if such Bylaw had not been adopted, amended, altered or repealed.

Section 4. The election of directors need not be by written ballot unless the Bylaws of the Company shall so provide.

Section 5. No stockholder will be permitted to cumulate votes at any election of directors.

ARTICLE VIII

Section 1. From and after the effectiveness of this Amended and Restated Certificate of Incorporation, and subject to the rights of holders of Preferred Stock, any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders.

Section 2. Subject to the terms of any series of Preferred Stock, special meetings of stockholders of the Company may be called only by the Chairperson of the Board of Directors, the Chief Executive Officer, the President or the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board, but a special meeting may not be called by any other person or persons and any power of stockholders to call a special meeting of stockholders is specifically denied. Only such business shall be considered at a special meeting of stockholders as shall have been stated in the notice for such meeting. Any such special meeting so called may be postponed, rescheduled or cancelled by the Board of Directors or other person calling the meeting.

Section 3. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner and to the extent provided in the Bylaws of the Company.

ARTICLE IX

Section 1. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended from time to time, a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Section 2. Subject to any provisions in the Bylaws of the Company related to indemnification of directors of the Company, the Company shall indemnify, defend and hold harmless to the fullest extent permitted by applicable law, any director or officer of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “**Proceeding**”) by reason of the fact that he or she is or was a director or officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. The Company shall be required to indemnify a person in connection with a Proceeding (or part thereof) initiated by such person only if the Proceeding (or part thereof) was, or is, authorized by the Board of Directors.

Section 3. The Company shall have the power to indemnify, defend and hold harmless to the fullest extent permitted by applicable law, any director, officer, employee or agent of the Company who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding.

Section 4. Neither any amendment, repeal nor elimination of any Section of this ARTICLE IX, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation or the Bylaws of the Company inconsistent with this ARTICLE IX, shall eliminate or reduce the effect of this ARTICLE IX in respect of any matter occurring, or any Proceeding accruing or arising or that, but for this ARTICLE IX, would accrue or arise, prior to such amendment, repeal, elimination or adoption of an inconsistent provision.

ARTICLE X

Section 1. Meetings of stockholders may be held within or outside of the State of Delaware, as the Bylaws may provide. The books of the Company may be kept (subject to any provision of applicable law) outside of the State of Delaware at such place or places or in such manner or manners as may be designated from time to time by the Board of Directors or in the Bylaws of the Company.

Section 2. Unless the Company consents in writing to the selection of an alternative forum (an “**Alternative Forum Consent**”), the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a duty (including any fiduciary duty) owed by any current or former director, officer, stockholder, employee or agent of the Company to the Company or the Company’s stockholders, (iii) any action asserting a claim against the Company or any current or former director, officer, stockholder, employee or agent of the Company arising out of or relating to any provision of the DGCL or the Company’s Certificate of Incorporation or Bylaws (each, as in effect from time to time), or (iv) any action asserting a claim against the Company or any current or former director, officer, stockholder, employee or agent of the Company governed by the internal affairs doctrine of the State of Delaware; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Unless the Company gives an Alternative Forum Consent, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any

complaint against any person (including, but not limited to, any underwriters or auditors retained by the Company) in connection with any offering of the Company's securities, asserting a cause of action arising under the Securities Act of 1933, as amended. The existence of any prior Alternative Forum Consent shall not act as a waiver of the Company's ongoing consent right as set forth above in this Section 2 of ARTICLE X with respect to any current or future actions or claims. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the provisions of this Section 2 of ARTICLE X.

ARTICLE XI

Section 1. The Company reserves the right to amend or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; *provided, however*, that notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote, the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board and the affirmative vote of 66 2/3% of the voting power of the then outstanding voting securities of the Company entitled to vote thereon, voting together as a single class, shall be required for the amendment, repeal or modification of the provisions of Section 3 of ARTICLE IV, ARTICLE V, Section 1 of ARTICLE VI, Section 2 of ARTICLE VI, Section 5 of ARTICLE VII, Section 1 of ARTICLE VIII, Section 2 of ARTICLE VIII, Section 3 of ARTICLE VIII or this Section 2 of this Amended and Restated Certificate of Incorporation.

Section 2. If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not, to the fullest extent permitted by applicable law, in any way be affected or impaired thereby and the court will replace such invalid, illegal or unenforceable provision with a valid and enforceable provision that most accurately reflects the Company's intent in order to achieve, to the maximum extent possible, the same economic, business and other purposes of the invalid, illegal or unenforceable provision and (ii) to the fullest extent permitted by applicable law, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Company to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Company to the fullest extent permitted by law.

IN WITNESS WHEREOF, Osprey Technology Acquisition Corp. has caused this Amended and Restated Certificate of Incorporation to be signed by the President and Chief Executive Officer of the Company on this 9th day of September 2021.

By: /s/ David DiDomenico
David DiDomenico
President and Chief Executive Officer

**CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
BLACKSKY TECHNOLOGY INC.**

BlackSky Technology Inc., a corporation organized and existing under the laws of the State of Delaware (the “**Company**”), certifies that:

1. The name of the Company is BlackSky Technology Inc. The Company was originally incorporated under the name of OSPREY ACQUISITION CORP. II, and the original Certificate of Incorporation of the Company was filed with the Secretary of State of the State of Delaware on June 15, 2018, as amended and thereafter filed on September 27, 2018 (changing the name of the Company to OSPREY ENERGY ACQUISITION CORP. II), June 17, 2019 (changing the name of the Company to OSPREY TECHNOLOGY ACQUISITION CORP.), November 1, 2019, and September 9, 2021 (changing the name of the Company to BlackSky Technology Inc.).
2. Section 1 of ARTICLE IV of the Company’s Amended and Restated Certificate of Incorporation is hereby amended to add the following paragraph at the end of Section 1 of ARTICLE IV:

“Upon the effectiveness of the filing of the Certificate of Amendment to the Amended and Restated Certificate of Incorporation adding this paragraph (the “**Effective Time**”), each two (2) to twenty-five (25) shares of Class A Common Stock issued immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock, without any further action by the Company or any holder thereof, the exact ratio within the two to twenty-five range to be determined by the Board of Directors of the Company prior to the Effective Time and publicly announced by the Company, subject to the treatment of fractional share interests as described below (the “**Reverse Stock Split**”). No fractional shares of Class A Common Stock shall be issued in connection with the Reverse Stock Split. Each certificate that immediately prior to the Effective Time represented shares of Class A Common Stock (the “**Old Certificates**”) shall, until surrendered to the Company in exchange for a certificate representing such new number of shares of Class A Common Stock, automatically represent that number of shares of Class A Common Stock into which the shares of Class A Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.”
3. On September 4, 2024, the Board of Directors of the Company determined that each 8 shares of the Company’s Class A Common Stock, par value \$0.0001 per share (the “**Class A Common Stock**”) issued immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock. The Company publicly announced this ratio on September 4, 2024.
4. This Certificate of Amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.
5. This Certificate of Amendment shall become effective on September 6, 2024 at 4:15 p.m. Eastern Time.

[Signature Page Follows]

IN WITNESS WHEREOF, this Certificate of Amendment is duly executed by the undersigned officer of the Company on September 4, 2024.

By: /s/ Christiana Lin
Name: Christiana Lin
Title: General Counsel and Secretary

**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 September 30, 2024 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: November 7, 2024

/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 September 30, 2024 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: November 7, 2024

/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 September 30, 2024 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: November 7, 2024

**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 September 30, 2024 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: November 7, 2024