



# BLACKSKY Q2 2023 EARNINGS WEBCAST



August 9, 2023

# Today's Presenters



**Brian O'Toole**  
Chief Executive Officer



**Henry Dubois**  
Chief Financial Officer

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Adjusted EBITDA is defined as net income or loss attributable to BlackSky before interest income, interest expense, income taxes, depreciation and amortization, as well as significant non-cash and/or non-recurring expenses as our management believes these items are not as useful in evaluating the Company’s 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, severance, income on equity method investment, investment loss on short-term investments, and transaction costs associated with debt and equity financings. Adjusted imagery and software analytical services cost of sales is defined as imagery and software analytical services costs, excluding depreciation, amortization and stock-based compensation expense.

Adjusted EBITDA and adjusted imagery and software analytical services cost of sales are non-GAAP financial performance measures. They should not be considered in isolation or as an alternative to measures determined in accordance with GAAP. Please refer to the appendix herein and our SEC filings for a reconciliation of our non-GAAP metrics to their most comparable measures reported in accordance with GAAP and for a discussion of the presentation, comparability, and use of such metrics.



# Wagner CEO Yevgeny Prigozhin's Planes Detected in Belarus



© Wikimedia Commons



© Military Review

2x TDR-3 (or similar) Mobile **Smokescreen** vehicles generating smoke IVO transport aircraft

5x IL-76 Arrived on 25 June and departed less than 24 hours later. The aircraft are not typically seen at this location and are likely transporting Wagner soldiers after the failed coup attempt.

June 24, 2023 // 10:08 UTC

ADS-B data tracked two Wagner flights associated to Prigozhin (RA02795 and RA02878) arriving at Machulishchy Airbase, Belarus at 04:55 UTC.

June 26, 2023 // 09:35 UTC

June 27, 2023 // 09:37 UTC

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**Machulishchy Airbase, Minsk, Belarus**

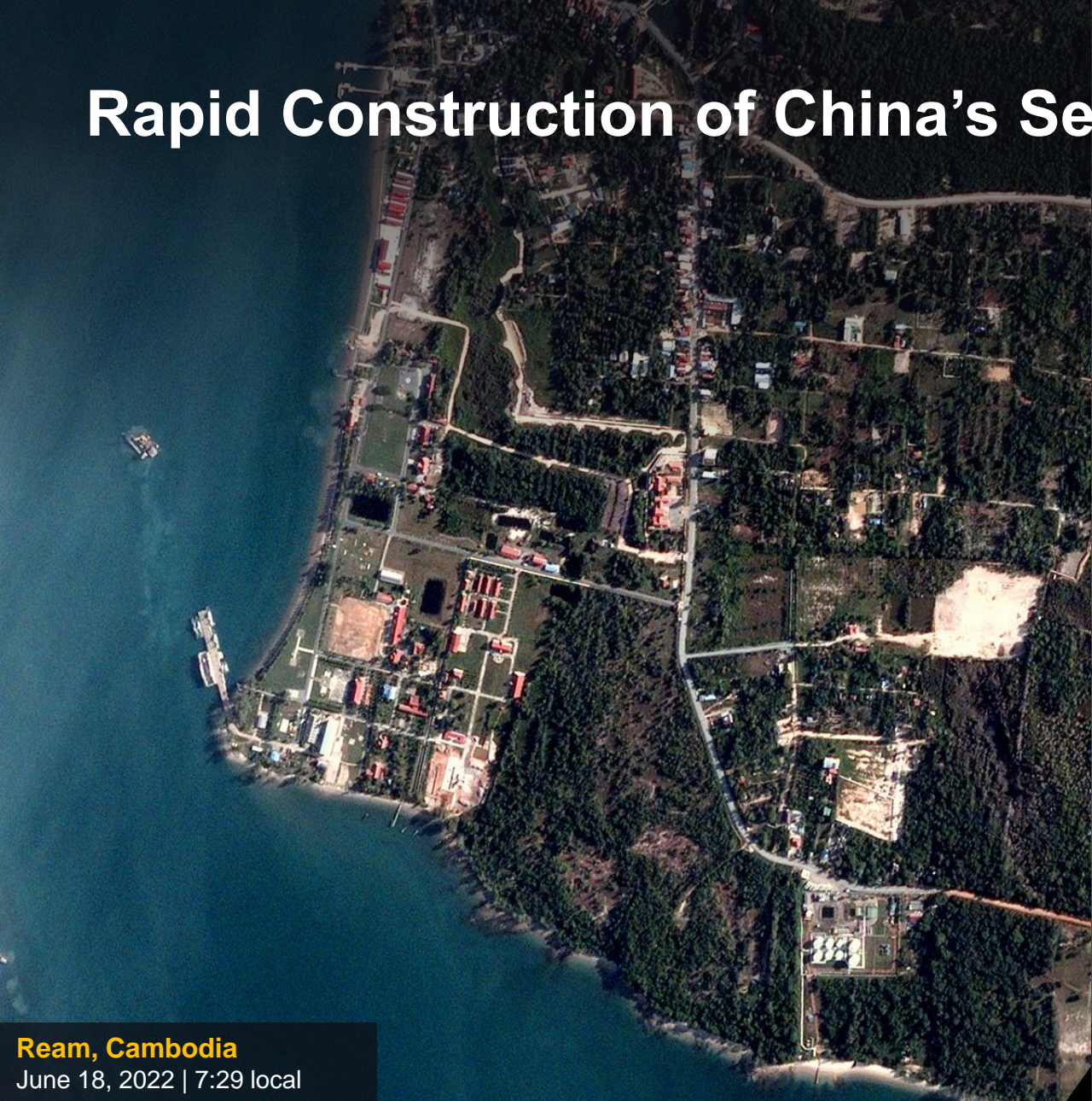
BlackSky Constellation

06/25/2023 at 10:17 UTC | 13:17 Local





# Rapid Construction of China's Second Major Military Naval Station



**Ream, Cambodia**  
June 18, 2022 | 7:29 local



**Ream, Cambodia**  
July 13, 2023 | 12:03 local



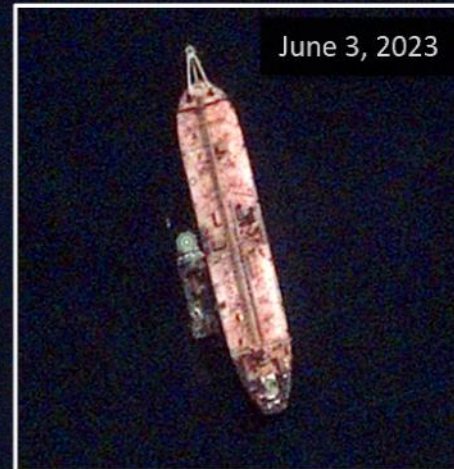
# BlackSky continues to win large contracts and expand its customer base

## Recent Highlights

- ✓ **51% revenue growth in Q2** from imagery and analytic services over the prior year quarter
- ✓ **97% incremental contribution margin on YTD revenue growth** in imagery, software and analytics
- ✓ **Won over \$35 million in new contracts and renewal agreements** primarily supporting U.S. and international government agencies worldwide
- ✓ **Achieved over \$200 million in total bookings** this year demonstrating customers' strong demand for BlackSky's capabilities
- ✓ **Chosen to be added to Russell 3000 Index** increasing BlackSky's visibility with institutional investors
- ✓ **Secured launch agreement for next 5 launches** to include initial Gen-3 deployments in 2024

# International Customer Demand Accelerates

- **Awarded a \$30 million multi-year renewal agreement** with a defense sector customer
- **Won a two-year, multi-million-dollar contract** to build ground station infrastructure for a Ministry of Defense
- **Won a two-year, multi-million-dollar renewal agreement** for advanced subscription-based imagery and AI analytics
- **Awarded a multi-year contract** to support an international non-government organization



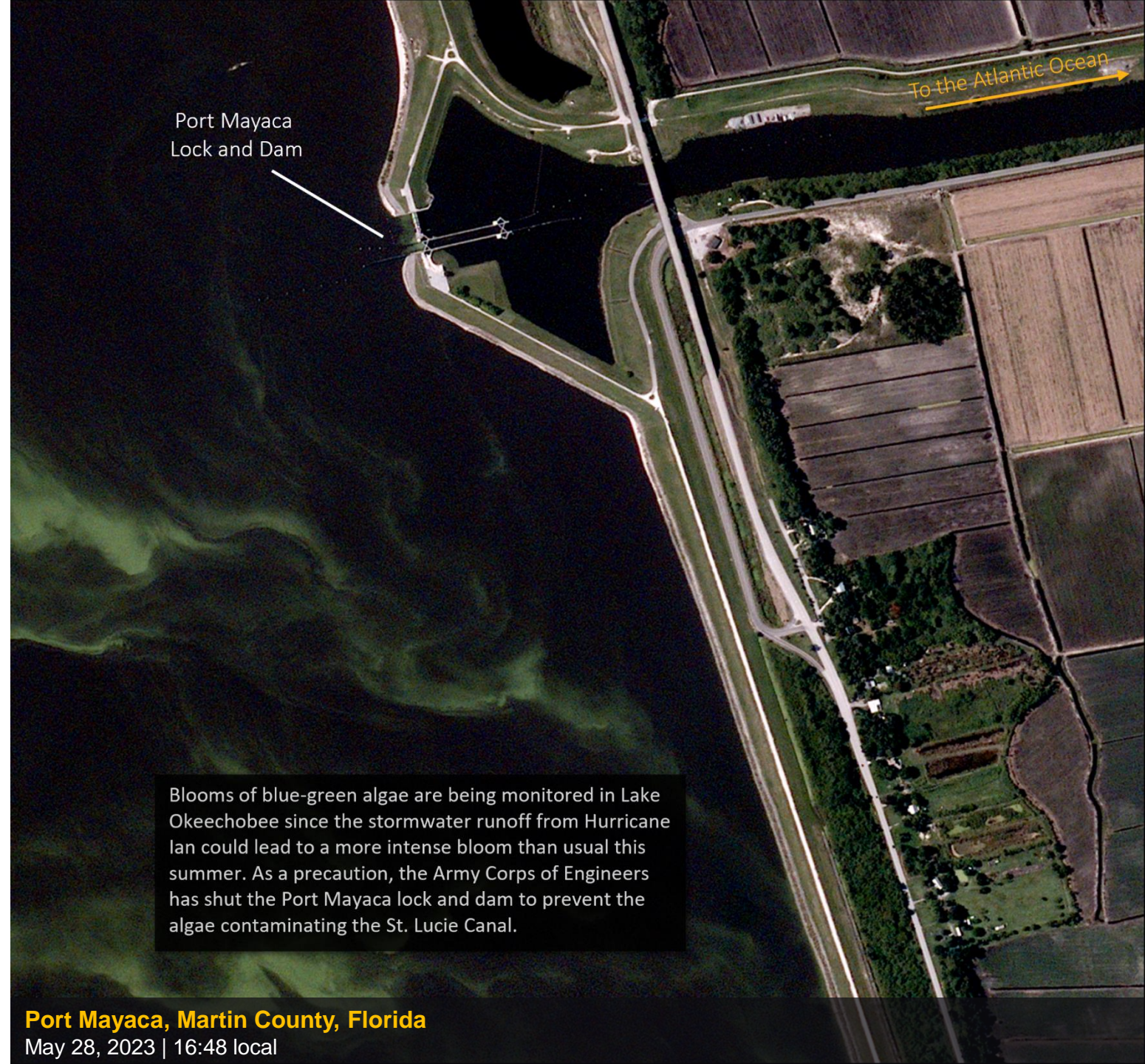
*FSO Safer*

Salvage operations have begun on the *FSO Safer*, a supertanker moored off the coast of Yemen that is being used to store 1.1 million barrels of oil. Maintenance of the vessel was halted in 2015, sparking fears from the UN that the ship's continued deterioration could lead to a catastrophic oil spill.



# Demand from U.S. Government Agencies Continues to Grow

- **Won an annual subscription contract with a Department of Defense customer** to provide on-demand imagery and other mission solutions
- **Awarded two new contracts with the NRO** to explore short-wave infrared (SWIR) imaging capabilities and enhanced latency performance
- **Received new work orders** from NGA and Department of Defense customers to extend and expand existing services





# Expanding Solutions to Commercial Industries

- Competitively selected by SynMax to **monitor coal inventory at power plants**
- Partnered with Spire Global to create an **AI-driven maritime custody service** to detect and track vessels worldwide





# Securing Launch Capacity for the Future

- **Signed new agreement** to secure a block of five dedicated launches
- Locks in launch capacity to **replace, replenish, and expand on-orbit capacity**
- Agreement includes **deployment of our initial Gen-3 satellites in 2024**
- Provides **agility to deploy satellites when and where** we want to meet customer's needs







# Q2 FINANCIAL RESULTS



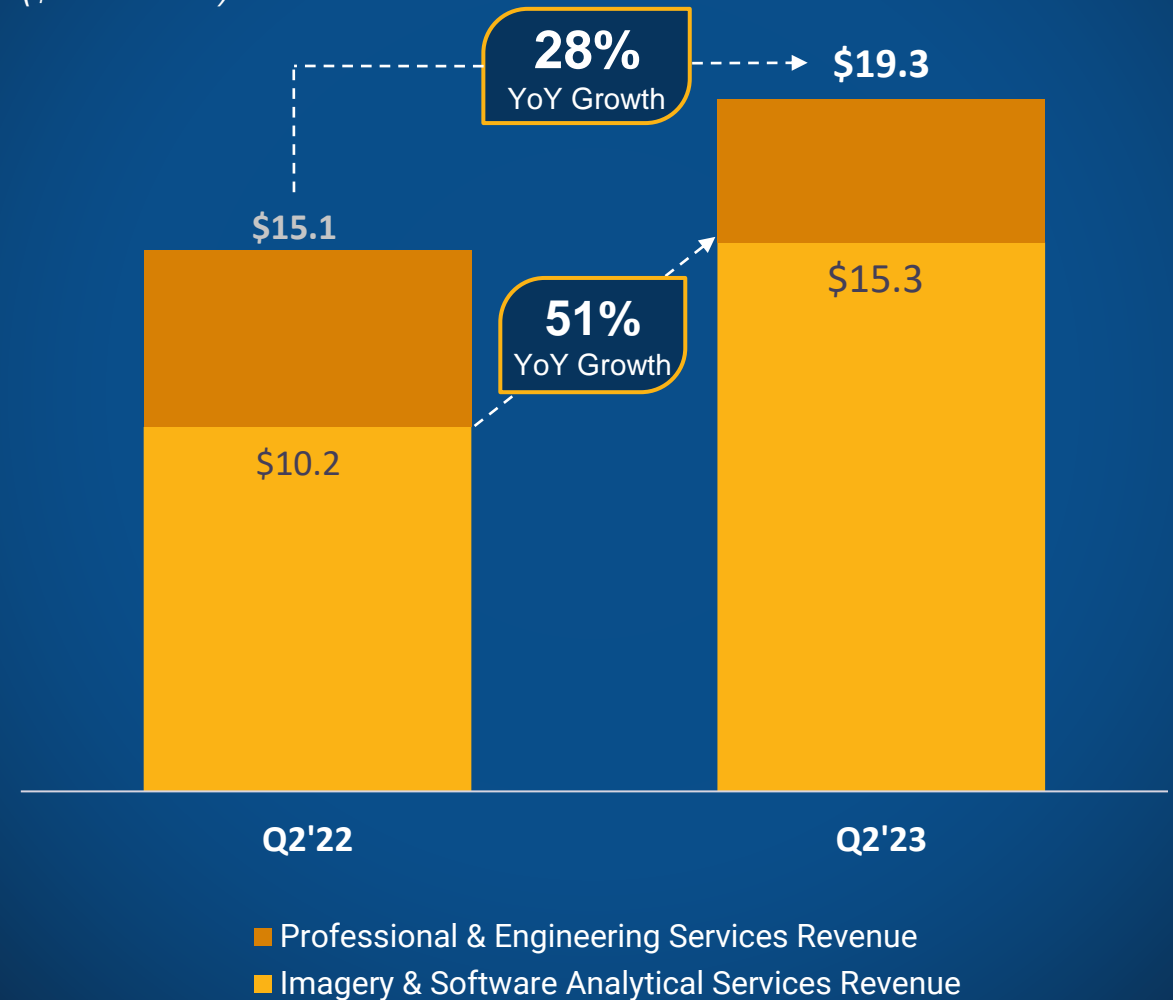


# Q2 Revenue

- **Revenue of \$19.3 million**, up 28% over the prior year period
- **51% year-over-year growth** in high-margin imagery and analytics revenue
- **Strong customer demand and growing momentum** from new and existing U.S. and international government customers

## Strong Revenue Growth

(\$ in millions)

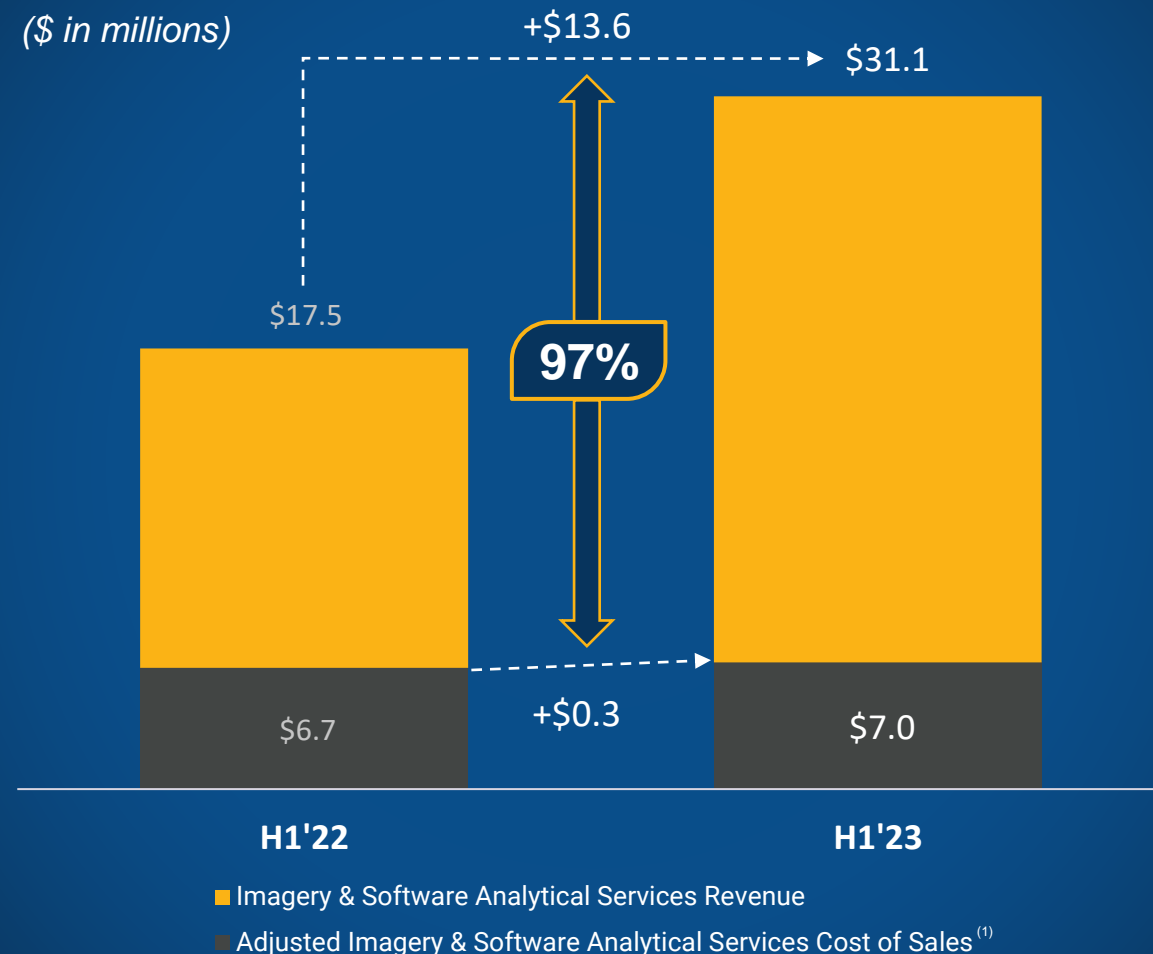




# H1 Imagery and Analytics Cost of Sales

- **97% incremental contribution margin improvement** for imagery and analytics<sup>(1)</sup>
- **Increased revenue** of high-margin imagery and analytics drove improved performance
- **Low marginal cost** for imagery and analytic services contributed to improvement

## 97% Incremental Contribution Margin Improvement Over Prior Year <sup>(1)</sup>



(1) Adjusted imagery and software analytical services cost of sales is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable measure reported in accordance with GAAP.

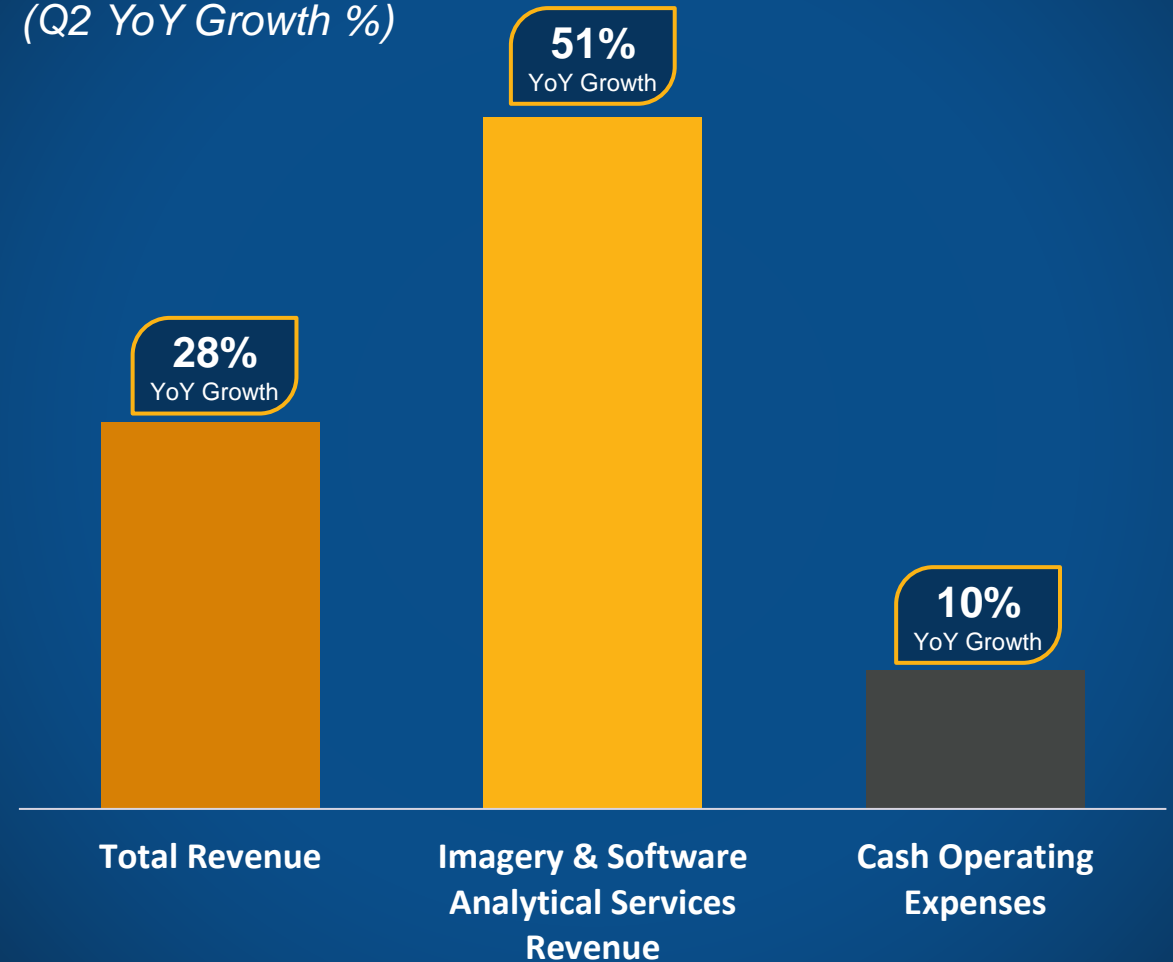


# Responsible Cost Management

- **Cash operating expenses<sup>(1)</sup> of \$16.8 million**, up 10% over the prior year period
- Year-over-year increase primarily due to **expansion of the sales team and AI capabilities**
- **Responsible cost management** keeping expenses contained while **investing in revenue growth** opportunities

## Revenue Growth Compared to Cash Operating Expense Growth

(Q2 YoY Growth %)



(1) Cash operating expenses is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable measure reported in accordance with GAAP.

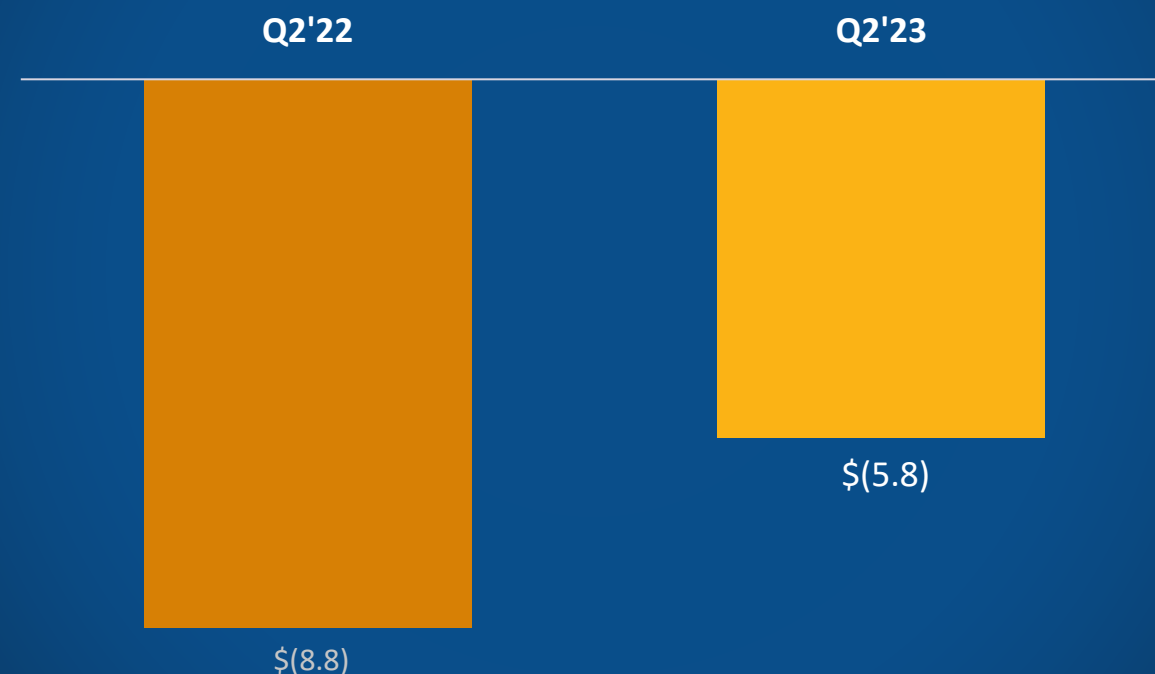


# Q2 Adjusted EBITDA

- **Adjusted EBITDA<sup>(1)</sup> improved 35%** over the prior year period
- **Included a \$2.5 million expense** in professional and engineering service costs
- **Strong operating leverage** enabled through low fixed-cost business model and responsible cost management

## Strong Improvement in Adjusted EBITDA<sup>(1)</sup>

(\$ in millions)



(1) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable measure reported in accordance with GAAP.



# 2023 Outlook

## Adjusted EBITDA<sup>(1)</sup>

- Anticipate achieving positive Adjusted EBITDA in Q4 of 2023
- Increased revenues, high incremental contribution margins and responsible cost management driving EBITDA improvements

## Revenue

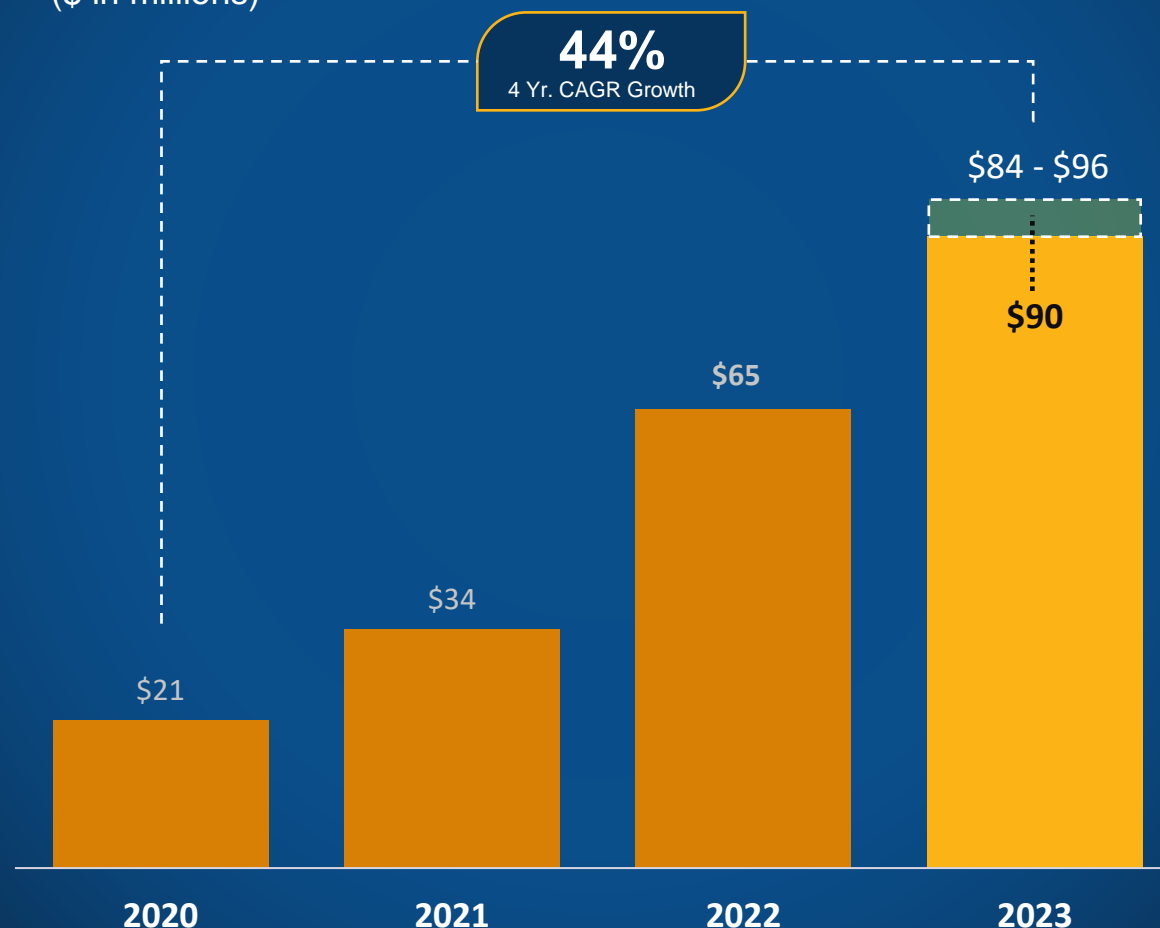
- Expect full year 2023 revenue to be between \$84M - \$96M
- 38% year-over-year growth, at the midpoint of this range

## Capital Expenditures

- Maintaining full year 2023 capex spend between \$40M - \$45M
- In-line with prior year spend

## Annual Revenue

(\$ in millions)



(1) Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable measure reported in accordance with GAAP.



# Path to Sustainable Profitable Growth

- ✓ Grow pipeline of sales opportunities worldwide leading to sizable multi-year contracts
- ✓ Drive imagery and analytic revenue growth with new and existing defense and intelligence customers
- ✓ Deliver strong operating leverage through high-margin imagery and analytics and responsible cost management
- ✓ Invest in expanding AI capabilities and advancing space technologies to meet our customer's needs

## 2023 Key Objective

**Achieve positive  
adjusted EBITDA in  
Q4 of 2023**



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## APPENDIX



**BLACKSKY TECHNOLOGY INC.**  
**RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA**  
(unaudited)  
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (33,431)	\$ (26,282)	\$ (50,746)	\$ (46,274)
Interest income	(648)	(178)	(1,083)	(178)
Interest expense	2,242	1,275	4,095	2,530
Income tax expense	9	-	122	-
Depreciation and amortization	11,776	9,177	21,431	16,568
Stock-based compensation expense	2,311	2,986	5,323	13,226
Loss (gain) on derivatives	11,098	4,646	9,567	(3,494)
Income on equity method investment	(56)	(1,213)	(585)	(1,470)
Forgiveness of non-trade receivables	-	75	-	75
Transaction costs associated with debt and equity financings	833	-	1,738	-
Severance	111	705	199	705
Investment loss on short-term investments	-	-	55	-
Adjusted EBITDA	\$ (5,755)	\$ (8,809)	\$ (9,884)	\$ (18,312)

**BLACKSKY TECHNOLOGY INC.**  
**RECONCILIATION OF IMAGERY AND SOFTWARE ANALYTICAL SERVICE COSTS TO**  
**ADJUSTED IMAGERY AND SOFTWARE ANALYTICAL SERVICE COSTS**  
(unaudited)  
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Imagery and software analytical service costs, excluding depreciation and amortization	\$ 3,456	\$ 3,446	\$ 7,155	\$ 7,024
Stock-based compensation for imagery and software analytical service costs	(52)	(103)	(145)	(359)
Adjusted imagery and software analytical service costs, excluding depreciation and amortization	\$ 3,404	\$ 3,343	\$ 7,010	\$ 6,665



**BLACKSKY TECHNOLOGY INC.**  
**RECONCILIATION OF OPERATING EXPENSES TO CASH OPERATING EXPENSES**  
(unaudited)  
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating expenses	\$ 30,720	\$ 27,026	\$ 59,540	\$ 57,103
Stock-based compensation for selling, general and administrative costs	(2,147)	(2,638)	(4,884)	(11,956)
Depreciation and amortization	(11,776)	(9,177)	(21,431)	(16,568)
Cash operating expenses	\$ 16,797	\$ 15,211	\$ 33,225	\$ 28,579