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Josh Sullivan - Analyst

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MANAGEMENT DISCUSSION SECTION

Operator

Good morning, ladies and gentlemen, and welcome to BlackSky Technology's Third Quarter 2022 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' prepared remarks, there will be a question-and-answer session. Please note this conference call is being recorded.

I would now like to turn the conference over to Aly Bonilla, BlackSky's Vice President of Investor Relations. Please go ahead, Aly.

Aly Bonilla

Good morning and thank you for joining us. Today, I'm joined by our Chief Executive Officer, Brian O'Toole; and our Chief Financial Officer, Henry Dubois. On today's call, Brian will provide some highlights on the quarter and give a strategic update on the business. Henry will then review the company's third quarter financial results and outlook for 2022.

Following our prepared remarks, we will open the line for your questions. A replay of this conference call will be available from approximately 12:30 PM Eastern Time today through November 22. Information to access the replay can be found in today's press release. Additionally, a webcast of this earnings call will be available in the Investor Relations section of our website at www.blacksky.com. In conjunction with today's call, we have posted a quarterly earnings presentation on the Investor Relations website that you may use to follow along with our prepared remarks.

Before we begin, let me remind you that today's conference call includes forward-looking statements, including financial performance and guidance for the full year 2022, and that actual results may differ from the expectations reflected in these statements due to factors such as long sales cycles, customer demand, and our ability to estimate expense, operational and liquidity needs. We encourage you to review our press release and most recent SEC filings for a full discussion of the risks and uncertainties that pertain to these statements and that may affect future results or the market price of our stock. BlackSky assumes no obligation to update forward-looking statements, except as may be required under applicable securities laws.

In addition, during today's call, we will refer to certain non-GAAP financial measures, including adjusted EBITDA, non-GAAP imagery and software analytical services cost of sales, and adjusted operating expenses. A reconciliation of these non-GAAP financial measures to their most comparable GAAP measures are included in the accompanying earnings presentation, which can be viewed and downloaded from our Investor Relations website.

At this point, I'll turn the call over to Brian O'Toole. Brian?

Brian E. O'Toole

Thanks, Aly, and good morning, everyone. Thank you for joining us on today's call. Let's begin with slide 4. I'm pleased to report that Q3 was another strong quarter as we continued strong execution across all aspects of our

business, building on the momentum from the first half of the year. Let me start with a few highlights from the quarter.

First, our third quarter revenues set quarterly revenue records driven by a first full quarter of subscription imagery revenue from our recent \$1 billion 10-year EOCL contract with the National Reconnaissance Office. We have successfully ramped our operations and are achieving required daily delivery rates of our advanced imaging subscription services under this contract.

Second, international revenues more than doubled over the last year as investments in the expansion of our international sales team and strong global demand continue to pay dividends. This has resulted in an expanding international customer base, which includes the award of a new \$10 million one-year subscription follow-on contract with an existing government customer in Asia. This is the largest one-year subscription contract in that region to-date, reinforcing strong global demand for our high frequency imagery and analytics services and this ongoing validation of our land and expand strategy.

Third, we received multiple task order awards for our analytics services from the National Geospatial-Intelligence Agency, or NGA, under our Economic Indicator Monitoring contract. These awards bring our total orders received to \$14 million in just the first year of the five-year \$30 million contract, demonstrating growing demand from the NGA to procure BlackSky's commercial analytics services.

Fourth, we generated significant revenues this year through our software platform where our integration with strategic partner platforms, like Palantir and Esri, are enabling on-demand access for new customers, and we're really just getting started on this go-to-market strategy.

And finally, all of these contract wins are behind the growth in our high-margin imagery and analytics revenue, which drove strong incremental contribution margins of 89% this year, demonstrating the strong operating leverage of our space and software platforms and the validation of our business model. Henry will go into further details on our margin growth later in this call.

We're pleased with the strong results from the quarter and our performance year-to-date and are excited with the growing momentum in our business driven by increasing customer demand for BlackSky's high-revisit imagery, dynamic monitoring and advanced analytics.

Turning to slide 5. As you all know, our world needs real-time geospatial intelligence now more than ever. And our unique dawn-to-dusk imaging and analytic solutions are driving strong adoption as our capabilities are now relied upon by some of the most important customers in the world for critical intelligence that they need to support their day-to-day operations.

Events around the world, like the war in Ukraine, protests in Baghdad and the destruction in Florida caused by Hurricane Ian, remind us all of the vital need for geospatial intelligence. Not only is BlackSky well-positioned to meet this growing demand, but because our core customer base supports the government sector, our business is insulated from many of the macroeconomic impacts you hear about in the news today.

Further, we have taken steps going back over a year now to secure multiyear contracts, address supply chain risks, and through prudent cost management have a company positioned to execute against our growth strategy, capitalizing on the growing market opportunity for space-based data and analytics.

As illustrated on slide 6 and as we outlined last quarter, BlackSky is well-positioned to capitalize on growing and shifting investments in space-based defense by US and international government agencies. These trends further reinforce our long-term government strategy. Our capabilities were designed to address these evolving mission needs. And as such, we have captured early stage contracts with leading organizations. These programs are driving future space architectures, and we're excited for the opportunities that lie ahead as these initiatives transition into long-term programs of record.

Moving onto slide 7, I'm excited to report that the momentum we demonstrated in the first half of this year continued into Q3. Global demand and adoption of BlackSky's high frequency imagery, dynamic monitoring and AI-driven analytics solutions drove new revenue records in the quarter. Third quarter revenue grew to \$16.9 million, a 113% revenue growth over last year's Q3 revenues with both of these revenue metrics reaching new records for the company. Our revenue growth is being driven by high margin imagery and software analytical services, which rose to 89% of total revenues. Henry will provide more details on the third quarter financial results later.

Now, I'd like to provide an update on the progress we made in our US government, international and commercial businesses, starting with the US government business on slide 8. As you may recall, last quarter, we announced that we won the Electro Optical Commercial Layer or EOCL contract with the National Reconnaissance Office or NRO. This was our company's largest contract award to-date with a total value just over \$1 billion spanning over a 10-year service period. Since the start of this historic contract, I'm happy to report that we have successfully ramped

our operations and are now delivering the required high volume imagery required under the contract service level agreement.

Our third quarter revenues include a full quarter's worth of subscription imagery services provided under this EOCL contract. Since the NRO has allocated nearly \$72 million in funding to the first two years of our contract, we anticipate this amount to be recognized evenly over this time period. This gives BlackSky great revenue visibility from this customer over the next couple of years.

We anticipate the NRO's requirements for other imagery services under the EOCL contract to expand over time, resulting in additional funding updates throughout the 10-year contract period. These expanded imagery requirements for high frequency and advanced imaging will not only be serviced with our existing Gen 2 satellite constellation, but will also leverage the capabilities provided by our advanced Gen 3 satellites, which I'll talk more about later. We look forward to continuing to support the NRO's advanced imagery needs over the years to come.

We continue to see strong demand for our software and AI-enabled analytics services under the Economic Indicator Monitoring or EIM contract with the National Geospatial-Intelligence Agency or NGA. We won multiple task orders in the third quarter. And in fact, we received \$14 million in orders within the first year of our five-year \$30 million contract.

The NGA is using our advanced AI and multi-sensor analytics to monitor global activity and understand changing conditions at important locations of interest. It's important to note we're not delivering imagery under this contract, just the analytic products that are then integrated into NGA's operations. The growth we are experiencing is a result of the customers' confidence in the timeliness and quality of our software-driven AI capabilities. We're pleased to continue to support the NGA with this program and are excited about the growth potential as NGA begins to expand its use of commercial analytic services.

In Q3, we also received the first order for \$1.7 million under the Commercial Smallsat Data Acquisition or CSDA program with NASA. You may recall we won a 5-year, \$50 million purchase agreement with NASA about a year ago to provide high-revisit imaging data in support of the agency's existing Earth observation research. We look forward to helping NASA-funded researchers broaden their understanding around critical changes in the Earth's ecosystems through BlackSky's dawn-to-dusk imaging data and AI-enabled analytics.

Moving on to our international business on slide 9. The strong international momentum we experienced in the first half of this year continued in Q3 as demand for our products and services remained strong globally. We continue to support various international governments and allied partners in their efforts in regions around the world with our advanced imagery and mission-critical intelligence capabilities. We're seeing more and more demand from international governments that need vital geospatial information related to strategic assets and locations within their country's borders and within their regions of interest.

One example is a follow-on subscription contract we received in Q3 with an international ministry of defense customer in Asia. We have been servicing this government customer for some time and now received a one-year \$10 million contract to provide on-demand high-resolution imagery services. This contract represents a fivefold increase in capacity use over the last year and demonstrates the strong global demand we're seeing for BlackSky's high frequency dawn-to-dusk imagery and analytics. We look forward to servicing this customer's incremental needs and further integrating our technology into their daily operations.

Since the summer of last year, we've seen phenomenal growth in market demand for BlackSky's capability. We continue to see strong market demand for BlackSky's capabilities internationally. Within the past year, our international revenues have more than doubled, which can be attributed to the strong demand in the market and the growth and expansion of our international sales team as we've been successful in converting customer demand into new and expanded contracts.

Now, let's turn to our commercial business on slide 10. Over the last year, we have entered into multiple strategic partnerships to expand BlackSky's product offerings and reach a broader customer base. I'm pleased to say that we made great progress working with these partners and are now generating seven-figure revenues through these partner platform relationships. We continue to integrate new data into our Spectra AI platform, including 30-centimeter imagery and Synthetic Aperture Radar imagery. This augments BlackSky's existing product suite with the addition of all-weather, nighttime imagery, and advanced analytics.

As we further strengthen our platform through partnerships, we look forward to engaging with more commercial enterprises to deliver the value of BlackSky's products and services to meet their critical business needs. To further accelerate our go-to-market strategy, I am pleased to announce the appointment of Jon Kirchner as Chief Product Officer.

Jon will lead the development and execution of our product strategy to help customers experience the full value of our Spectra AI analytics platform and high-revisit constellation. Jon brings over 30 years of experience working in product development and management, software, sales and marketing, and business operations. Prior to BlackSky,

Jon held multiple executive leadership positions at several companies in the satellite, remote sensing and industrial IoT industries. We welcome Jon to the BlackSky team and look forward to his contributions to strengthen our product portfolio to address the increasing global demand for BlackSky's products and services.

Now, let's discuss our constellation, beginning with our Gen 2 satellites. Earlier this year, we completed a major milestone for the company, having achieved a 14-satellite baseline constellation. With this constellation, we have achieved a first-of-its-kind platform that can provide customers with dynamic and reliable hourly monitoring of the most important and strategic economic assets and locations in the world.

Right now, we can collect imagery of a specific location up to 15 times a day from dawn to dusk. This differentiated capability is a big driver of the increased demand we're seeing for BlackSky's capabilities across the globe. Our baseline constellation currently provides us with sufficient capacity to meet existing customer requirements and support our growth for the next couple of years. We expect to maintain this constellation and deploy replacement satellites as needed.

Turning to our Gen 3 satellite constellation, as shown on slide 10, we remain on track with the production of these new satellites and anticipate launching the first of these in late 2023. Gen 3 satellites are designed and built off the proven Gen-2 architecture and will bring significant new capabilities that include improved imaging resolution of 35 to 50 centimeters and adding shortwave IR imaging technology to enable a broad set of imaging conditions during low light and at night.

The design architecture of our Gen 3 satellites has already been validated by several important customers within the US government who are looking to utilize our technology for national security and defense programs. We're also seeing very strong demand and interest globally for these new capabilities.

In summary, we had a very strong third quarter having reached new revenue records and achieving other major milestones in our business.

I'll now turn it over to Henry to go through the quarterly financial results in more detail. Henry?

Henry E. Dubois

Thank you, Brian, and good morning, everyone. I'm pleased with our strong third quarter results and the traction we are gaining. Robust customer demand for our imagery and analytics solutions delivered another record revenue performance as shown on slide 12. Revenues reached \$16.9 million in the third quarter of 2022 or a 113% increase over the prior year period and our largest year-over-year growth rate to-date. Consistent and growing demand for BlackSky's products and services has led to eight consecutive quarters of revenue growth. In fact, revenues for the first nine months of 2022 have already surpassed revenue for all of last year.

Our revenue mix for imagery and software analytics services rose to 89% of total revenues, demonstrate the continued value customers placed in our high-frequency imagery and Spectra AI software platform capabilities. Imagery and software analytical services revenue grew to \$15 million, a 130% increase over the prior year period, primarily driven by the greater volume imagery delivered to new and existing customers. As you may recall, the recent EOCL contract win began on June 15. So, Q3 was the first quarter whereby we recognized a full quarter's worth of subscription revenues from this contract.

Keep in mind, we've been generating revenues with the NRO through our previous three-year study contract that ended this June and was replaced by our new EOCL contract. Thus, the revenues from this new contract are not entirely incremental to what we recognized in the past from this customer, but do represent a significant increase from the earlier study contract.

Engineering and systems integration revenue contributed \$1.9 million in the third quarter of 2022, an increase of \$500,000 from the same quarter last year. Keep in mind, revenues from these types of projects can vary from quarter to quarter, depending on the project's estimated cost and percentage of completion, so you'll likely see some variability over time.

Moving on to costs, our total cost of sales as a percent of revenue continued to improve, but more importantly, we saw strong improvement in our imagery and software analytics services cost of sales on a non-GAAP basis.

As shown on slide 13, year-to-date imagery and software analytical services cost of sales was \$15.1 million compared to \$12.9 million in the prior-year period, excluding stock-based compensation and depreciation and amortization expenses in both years. This is a small increase of \$2.2 million year-over-year, primarily due to the fixed cost structure of our business with limited marginal cost for incremental revenue deliveries.

On the other hand, revenues increased significantly year-over-year by \$20.5 million. The small increase in cost of sales on a large increase in revenues translates into a high incremental contribution margin improvement of 89%,

validating the high margin nature of our imagery and analytics business. These high incremental contribution margins are the prime drivers for BlackSky to scale its business and achieve long-term profitability.

Turning to slide 14, I'll briefly touch on adjusted operating expenses, which excludes stock-based compensation and depreciation and amortization expenses as I believe this is a better way to compare our year-over-year expenses and run rates for the business. Adjusted operating expenses for the third quarter of 2022 were \$16 million compared to \$15.2 million in Q3 of last year. The roughly \$800,000 increase was primarily due to public company operating costs. We're keeping a close eye on managing expenses and anticipate our investments in the business to grow substantially slower than the high rate of growth expected for our revenues.

Moving on to adjusted EBITDA, for the third quarter of 2022, we reported an adjusted EBITDA loss of \$6.5 million, an improvement over the \$16.3 million loss in the prior year period and sequentially better than the \$8.8 million loss reported in Q2 this year. As you can see on slide 14, adjusted EBITDA has sequentially improved over the last several quarters. The improvements are driven by greater volumes of our high margin imagery and software analytical services revenue and prudent cost management. We anticipate strong global customer demand for BlackSky's products and services to continue fueling greater revenues and delivering additional operating leverage.

I want to briefly mention that our third quarter capital expenditures were \$8.8 million with \$34.3 million spent in the first nine months of this year. We ended the third quarter of 2022 with \$90.7 million of cash, restricted cash and short-term investments and believe this amount provides us with sufficient cash and liquidity for our needs in the foreseeable future.

You may have noticed a few weeks ago that we filed an S-3 shelf registration with the SEC. This statement is primarily a matter of good corporate governance and provides the company with the flexibility to access the capital markets should we decide to do so in the future.

Now, let's move on to our 2022 outlook as shown on slide 15. With the momentum we're seeing, we expect our full year revenue will come in at the upper end of the guidance range of \$62 million to \$66 million that we provided in August. This represents a strong 88% to 94% growth over 2021, taking the upper end of this range. We continue to expect capital expenditures for 2022 to be between \$52 million and \$56 million as previously guided. Finally, we'll be filing our 10-Q later today post market close.

With that, I'll now turn it back over to Brian for some closing remarks. Brian?

Brian E. O'Toole

Thank you, Henry. In closing, we're very happy with the strong third quarter results and our continued strong execution across all aspects of our business. More customers are realizing the value of our differentiated offerings and are choosing BlackSky as their trusted mission partner for delivering actionable intelligence. As a result, we are expanding our customer base, building a strong sales pipeline, and growing our contracted backlog, which gives us strong revenue visibility. We are looking forward to a strong finish to 2022 and carrying this momentum into 2023.

This concludes our remarks for the call and we'll now take your questions.

QUESTION AND ANSWER SECTION

Operator

Thank you. We'll now be conducting a question-and-answer session. Our first question today is coming from Asha (sic) [Josh] (00:28:22) Sullivan from The Benchmark Company. Your line is now live.

Analyst:Josh Sullivan

Question – Josh Sullivan: Hey. Good morning. Congratulations on the results and the momentum.

Answer – Brian E. O'Toole: Hey. Good morning, Asha (sic) [Josh] (00:28:32). Thanks for joining.

Question – Josh Sullivan: As far as the EOCL contract, can you give us some color on early adoption, maybe areas where the customers are using the vehicle more aggressively than you first anticipated?

Answer – Brian E. O'Toole: Yeah, Asha (sic) [Josh] (00:28:49), as I mentioned in our remarks, we're executing exceptionally well on the program. We fully have ramped our operations and are meeting all of the requirements for imaging capacity that we need to deliver under this contract. So, we're seeing strong integration and strong operations. And the customer is showing extremely strong demand for what we're delivering across the globe.

Question – Josh Sullivan: Got it. And then as far as the international interest, what does the sales cycles look like at this point? Just given the options on the market, are our international customers still in discovery mode or are

they allocating funding and moving forward?

Answer – Brian E. O'Toole: Sales cycles are typically 12 to 18 months, but we started several years ago with customers around the world. We have expanded significantly our international sales teams last year. And so, we have customers, some at early pilot phases, but as we just announced, others that are fully using our services, like the \$10 million one-year subscription contract we just announced with a ministry of defense in Asia. So, strong demand globally, building traction, and these are converting into long-term contracts giving us good revenue visibility.

Question – Josh Sullivan: And then just one last one on the Gen-3 satellites, where are the risk points? Any new gen technology comes with different needs, what do you see as the gating factors to successful on-time deployment?

Answer – Brian E. O'Toole: Well, Asha (sic) [Josh] (00:30:35), we've been in development on these satellites now for a couple of years, and we're now entering into full rate of production. The strength of our strategy here is it built off the success of our Gen 2 architecture and our production and manufacturing and supply chain capabilities. We've also been prudent in securing long lead item parts from the supply chain, and all of that is coming together and on track. So, we'll begin launching those satellites second half of next year.

Question – Josh Sullivan: Great. Thank you for the time.

Answer – Brian E. O'Toole: Thank you.

Operator

Thank you. Next question today is coming from Scott Deuschle from Credit Suisse. Your line is now live.

Analyst: Scott Deuschle

Question – Scott Deuschle: Hey. Good morning. Thank you for taking my questions.

Answer – Brian E. O'Toole: Good morning, Scott.

Question – Scott Deuschle: Brian, how much growth is on that \$10 million international contract? I think you said it was a 5 times increase in usage. Just curious if the value increase was kind of in line with usage increase.

Answer – Brian E. O'Toole: Yeah. You can assume the value increase was in line with the – was proportional to the increase in revenues.

Question – Scott Deuschle: Okay. Got it. And then, Henry, the working capital, it's been a bit of a headwind over the past several quarters. And obviously, that's typical for a growing business. But I'm just curious, do you expect any kind of unwind here in Q4 or should we look for that to continue to build as the business grows?

Answer – Henry E. Dubois: Thank you, Scott. I mean, as you take a look at our working capital, one thing that you really want to think through is the fact that our EOCL contract, we receive those payments on a very routine basis. So, we aren't building our accounts receivable very high at all. So, I think over time we will start moving more towards a steady state. But I know we had some headwinds, Scott, as we came into this year.

Question – Scott Deuschle: Okay. Got it. And then the last one, just you kind of alluded to this earlier, Henry, talking about growing revenue and keeping a tight rein on expenses. But I guess, just any kind of rough sense for how you're budgeting SG&A as you go into next year. Is this kind of like high-teens number we've been seeing the past few quarters? Is that sustainable here even as you continue to grow the business or do you see a little bit of pressure there as you build out the international sales pipeline? Thank you.

Answer – Henry E. Dubois: Well, we're not providing a guidance at the moment as we are going through our annual budgeting process. However, I think as we've alluded to in our conversations and even just in this presentation, a lot of our operating expenses tend to be fixed. So, I would be expecting them to be fairly consistent as we go forward. I wouldn't expect any significant growth on that line.

Question – Scott Deuschle: Okay. Thank you, guys. Congratulations on the progress.

Answer – Brian E. O'Toole: Thanks, Scott.

Operator

Thank you. Our next question is coming from Edison Yu from Deutsche Bank. Your line is now live.

Analyst:Edison Yu

Question – Edison Yu: Hey, thanks and congrats on the quarter. Just two questions on my end. First, can you give us a sense on the cadence for the Gen 3 deployment maybe over a couple of years, how they can look like? And then secondly, I know you're not giving guidance on 2023, but how are you feeling about the visibility, that book of business? Any sort of color there would be helpful. Thanks.

Answer – Brian E. O'Toole: Yeah. Edison, as I mentioned, we'll start launching and deploying Gen 3 satellites in the second half of next year. Those satellites we'll launch at a cadence to initially begin to maintain the current constellation, where Gen 3 satellites will replenish aging Gen 2 satellites. And then that constellation will grow over time to align with demand that we're seeing from the EOCL contract and other opportunities internationally.

With respect to the visibility, obviously, we've been building strong contracted backlog. And as we outlined, we've been focused on closing multiyear contract vehicles which enable us to have strong visibility into expansion of current contracts, building off of that contract base and the backlog that we're experiencing from a lot of different customers. So, feeling really strong about our visibility going into next year.

Question – Edison Yu: Great. Thanks.

Answer – Brian E. O'Toole: Thanks, Edison.

Operator

Thank you. Next question today is coming from Colin Canfield from Barclays. Your line is now open.

Analyst:Colin Canfield

Question – Colin Canfield: Hey. Good morning and thanks for the question. Can you just maybe discuss international customer appetite and how you guys are thinking about kind of the market opportunity of what I would call countries that can afford their own constellations versus countries that can't and maybe just talk about the mix of interest given the sort of national security environment that we're contemplating, the mix being between acquiring commercial services versus building and operating their own constellations. Thanks.

Answer – Brian E. O'Toole: Yes. Good morning, Colin. Well, what we're seeing internationally is demand is definitely outpacing supply. And when you look at our capabilities, which we're bringing a differentiated offering of this unique dusk-to-dawn high-frequency capability, that is really driving the growth we're seeing. We're also – through compelling economics of our offering and ease of access, we see the TAM expanding. A few years ago, it was just larger governments that could afford this. Now, we're seeing Tier 1 and Tier 2 and Tier 3 type governments acquiring these services. So, that's a trend that we're excited about.

And then finally, on your – I call it, what we're seeing in terms of demand for commercial services versus sovereign systems, we're seeing a growing demand for both. And we anticipate that these markets are going to continue to buy and expanding commercial services with analytics, but also move toward what I'll call hybrid architectures where sovereign systems will begin being tightly integrated with commercial capabilities.

Question – Colin Canfield: Got it. And then, you mentioned the kind of national security vetting Gen 3 architecture as well as kind of the customer interest. Can you just maybe update us on the TACGEO intelligence program of the Army and how you guys are thinking about the trade-off between selling services and products into the domestic national security customer?

Answer – Brian E. O'Toole: Yeah, Colin, as I outlined in my remarks, the US government and other international governments are shifting a significant amount of dollars into what we'll call tactical ISR space. And so, we've positioned the company with a number of early contracts, including the TACGEO contract. So when we launch Gen 3 next year, we'll be working with that customer in their studies and analysis of that capability to support their long-term architecture. From a market perspective, we see that whole shift in dollars and the move toward small satellites for space-based defense as quite a big opportunity in the out years.

Question – Colin Canfield: Got it. And then if you can just maybe – within the kind of that contract that you're considering, can you maybe discuss what LeoStella is capacitized to from a kind of production standpoint and how you guys are thinking about incremental capital investment there? Thanks.

Answer – Brian E. O'Toole: Yeah. LeoStella has an annual production capacity of 40 satellites per year. So, they've got plenty of capacity to produce our satellites as well as satellites for other. That business is capitalized. And obviously, the CapEx elements of our plan are what's funding the satellite production that we see at LeoStella.

Question – Colin Canfield: Got it. I appreciate the call.

Answer – Brian E. O'Toole: Thanks, Colin.

Operator

Thank you. The next question today is coming from Austin Moeller from Canaccord. Your line is now live.

Analyst:Austin Moeller

Question – Austin Moeller: Hi. Good morning, Brian and Henry.

Answer – Brian E. O'Toole: Good morning, Austin. How are you doing?

Question – Austin Moeller: Great. So, how are you differentiating your AI software and EO analytics from companies like Maxar that have clearly picked their sort of corner of the market where they're aggressively moving into 3D geospatial and mapping products?

Answer – Brian E. O'Toole: Well, Austin, as you know, our differentiation is in real-time. And as you know, what's critical these days is the delivery of timely actionable intelligence. And so, our system can collect and produce AI-enabled analytics in real-time and deliver that to customers. We're seeing that come to life in the EIM contract with NGA, where we've won a majority of those task orders. As we said, we've won \$14 million out of the \$30 million of that contract over five years. Under that contract, we're not delivering imagery. It's information and analytics, monitoring locations all over the world. And this real-time delivery, we feel, is where we're differentiated, really driven by the world's need to get information on-demand to understand what's changing and meet their critical intelligence needs.

Question – Austin Moeller: Okay. That's very helpful. The \$91 million in cash, do you anticipate that that'll be sufficient to get the company through BlackSky's Gen 3 development and launch?

Answer – Henry E. Dubois: Austin, this is Henry. Thank you for the question. I mean, in terms of liquidity, yes, we have \$91 million of cash on the balance sheet. And as you can see, we are executing to plan quite well. I think when you couple that with strong, intimate – the strong incremental margins we're experiencing and we anticipate on our revenue streams, we do have sufficient cash to get ourselves through the foreseeable future.

Question – Austin Moeller: Excellent. Thanks for the updates.

Operator

Thank you. Next question today is coming from Caleb Henry from Quilty Analytics. Your line is now live.

Analyst:Caleb Henry

Question – Caleb Henry: Hi. Thank you. A question about the Gen 3 satellites. You mentioned that they're going to be 35 to 50 centimeter imagery. Is that native or is that after processing?

Answer – Brian E. O'Toole: That's native. So, that's the resolution that we get off of the camera and the processing that we do to generate the imagery. But you can consider it native. It's not employing type of super resolution processing as others do.

Question – Caleb Henry: Okay. And that means that you have the potential to go sharper than 35 centimeters with processing later.

Answer – Brian E. O'Toole: There is always opportunity to improve with processing. Yeah.

Question – Caleb Henry: Okay. The Gen 3 satellites, you mentioned a lot of the similarities they're going to have with Gen 2 for redundancy and reliability. But what are some of the changes that you're doing to make sure that they – to enable them to reach those resolutions? Are you lowering the orbit or giving them bigger cameras? Can you give a sense of what you're doing there?

Answer – Brian E. O'Toole: Yeah. The primary difference is a larger payload. So, we have larger optics, which are enabling us to improve our resolution.

Question – Caleb Henry: Okay. And then just last question. We're seeing, I think, an increasing number of remote sensing companies plan to crosslink their constellations into the Space Development Agency's National Defense Space Architecture. Is that something that BlackSky has planned for Gen 3?

Answer – Brian E. O'Toole: Yeah, we've built a very flexible vehicle which enables us to plug and play different types of capabilities such as optical crosslinks and other means of communication.

Question – Caleb Henry: Got it. Thank you.

Answer – Brian E. O'Toole: Thank you.

Operator

Thank you. We've reached the end of our question-and-answer session. I'd like to turn the floor back over to Aly for any further or closing comments.

I want to thank everyone for joining us on the call. We will be participating in several investor conferences over the coming weeks, and we look forward to speaking to you at one of these or sometime soon. Have a great day.

Operator

Thank you. That does conclude today's teleconference and webcast. You may disconnect your lines at this time, and have a wonderful day. We thank you for your participation today.

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