



# BLACKSKY Q4 2022 EARNINGS WEBCAST



March 7, 2023

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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, realized loss on conversion of bridge notes, stock-based compensation expense, unrealized (gain) loss on certain warrants/shares classified as derivatives, satellite impairment loss, proceeds from an earnout payment, gain on debt extinguishment, (gain) loss from discontinued operations, net of income taxes, severance, income on equity method investment, transaction-related legal settlements, and transaction costs associated with equity instruments accounted for as derivative liabilities. Imagery and software analytical services cost of sales is defined as imagery and software analytical services costs, excluding depreciation and amortization. Adjusted imagery and software analytical services cost of sales and adjusted selling, general and administrative expenses exclude stock-based compensation expense.

Adjusted EBITDA, adjusted imagery and software analytical services cost of sales, and adjusted selling, general and administrative expenses 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.

# Today's Presenters



**Brian O'Toole**  
Chief Executive Officer



**Henry Dubois**  
Chief Financial Officer

# 2022 was a foundational year for BlackSky

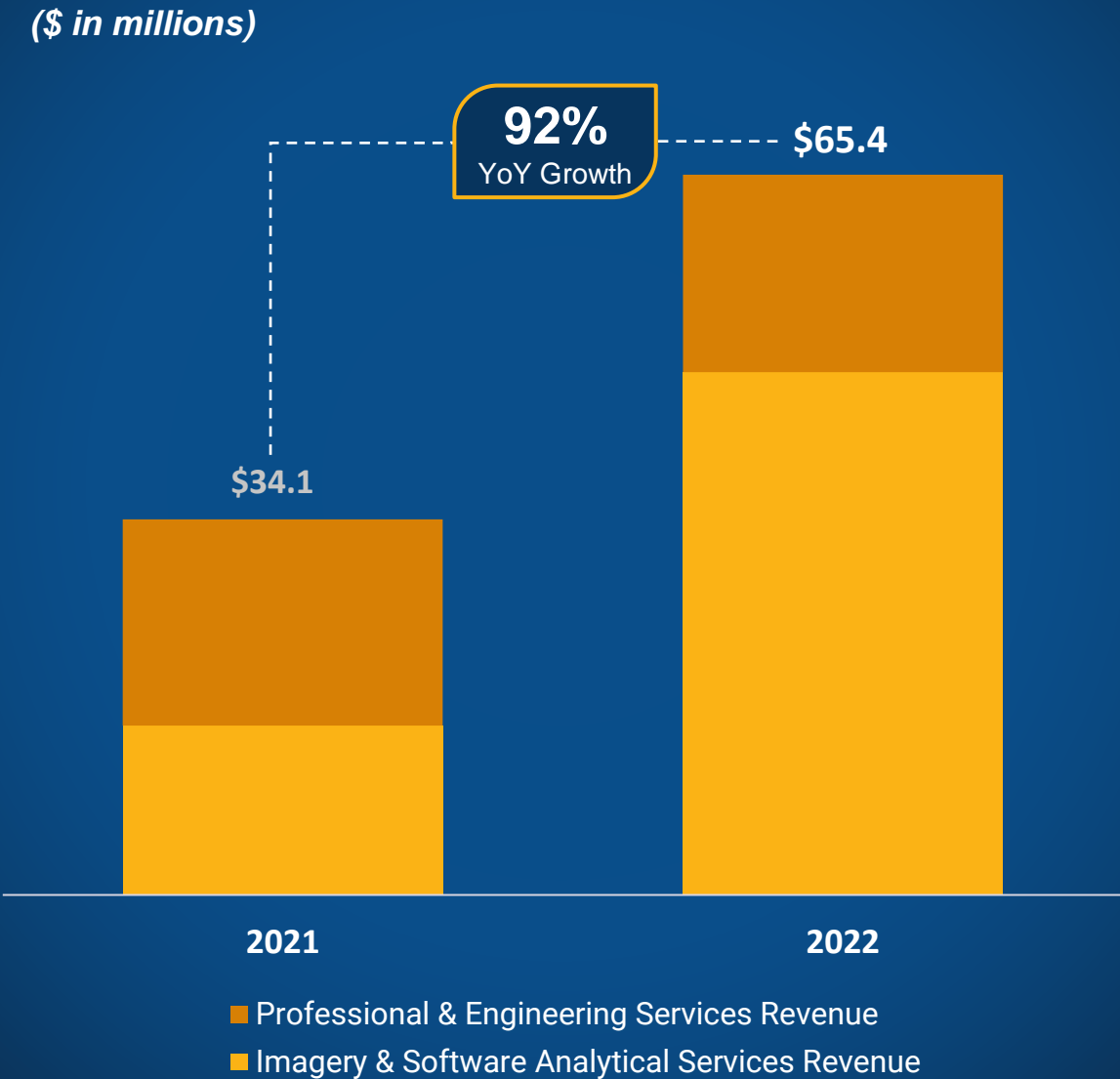
## 2022 and Recent Highlights

- ✓ **Achieved a baseline constellation** now delivering reliable hourly monitoring
- ✓ **High-frequency imagery and analytic services validated** by major U.S. and international agencies
- ✓ **Booked multi-year contracts valued up to \$1.3B**, with total backlog of more than \$250M, including new \$150M+ Ministry of Defense contract win
- ✓ **Record full year revenue of \$65 million**, up 92% over 2021 driven by growth in imagery and analytics
- ✓ **High-margin imagery, software and analytics** drove 92% incremental contribution margin
- ✓ **Expanded sales force** to capitalize on growing global demand
- ✓ **Secured additional capital** with private placement

# Full Year Revenue Summary

Strong revenue growth reflects growing demand for BlackSky’s products and services

- Record revenues of \$65.4 million, up 92% over the prior year
- Over 200% growth in high-margin imagery and analytics revenue
- Strong customer demand and growing momentum from new and existing U.S. and international government organizations





# Winning Long-Term Commitments with Differentiated Real-Time Capabilities

Selected from a competitive bidding process to deliver space-based tactical GEOINT as a service to support the customer's most critical intelligence needs

Further validates the growing demand worldwide for BlackSky's high frequency monitoring and AI analytics

## International Ministry of Defense Contract Win

**Multi-year subscription contract valued at over \$150 million**

Initial development phase followed by a Subscription service period

**Advanced tactical GEOINT as a service**

High-frequency, low-latency imagery  
Real-time AI-derived mission intelligence  
Long-term subscription-based service

**Opportunity for expansion**

Contract contains options for additional contract extensions and/or expansions

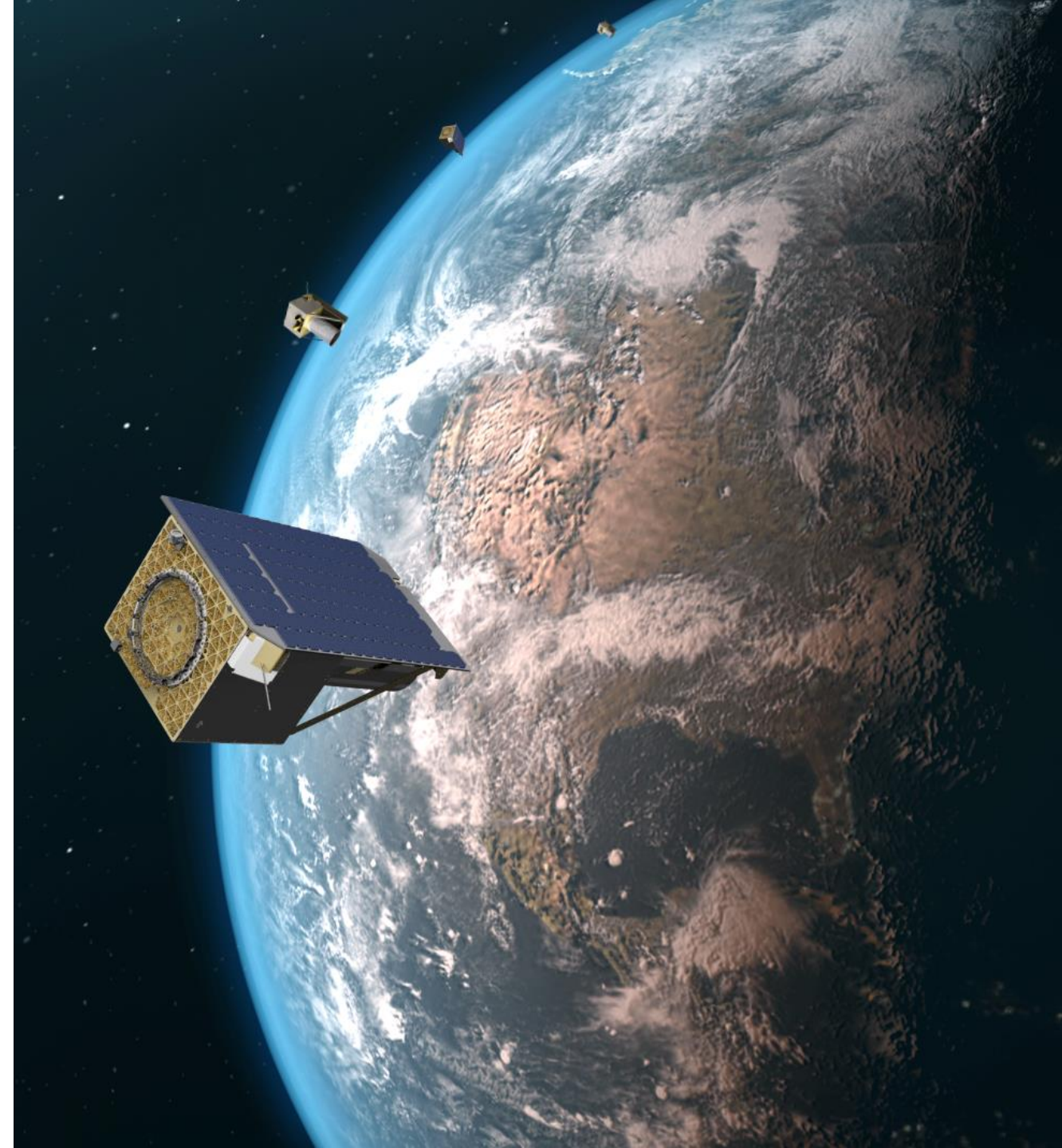
# Software First Strategy

- **Spectra AI platform delivers unique on-demand insights** about our changing world
- **Highly scalable SaaS platform** delivering a real-time intelligence
- **Software APIs enabling easy integration** with 3<sup>rd</sup> party platforms like Palantir and ESRI
- In-app tasking for **on-demand imagery & analytics**



# Significant Advancements in Satellite Constellation

- **Achieved a baseline constellation** providing reliable and dynamic hourly monitoring; up to 15 times a day from dawn to dusk
- **Scheduled to deploy two new Gen-2 satellites** within the next month
- **Gen-3 satellite production on track** with new advanced capabilities





# A Strong Trend of Multi-Year Contract Wins Valued up to \$1.3B

Trusted Mission Partner of Choice for the World's Most Demanding Customers



**Electro Optical Commercial Layer (EOCL)**  
*Commercial satellite imagery*

**\$1B+ <sup>(1)</sup>**  
**10 Years**



**International Ministry of Defense**  
*High-frequency imagery and analytics*

**\$150M+**  
**Multi-Year**



**Economic Indicator Monitoring (EIM)**  
*Detection and analysis of objects of economic interest*

**\$60M <sup>(2)</sup>**  
**5 Years**



**Commercial Smallsat Data Acquisition**  
*Evaluation of imaging data services*

**\$50M <sup>(2)</sup>**  
**5 Years**



**Space-based Machine Automated Recognition Technique (SMART)**  
*Dynamic detection of broad-area search (BAS)*

**\$10M+**  
**4 Years**



**Support for other International Ministries of Defense and Governments**  
*High-frequency imagery and analytics*

**\$15M+**  
**1 Year**

# Well Positioned to Capitalize on Growing Market Opportunities

- **U.S. Space Force 2023 budget** increased to over \$26 billion, up 35% over 2022 funding levels
- **Increased spending on defense programs** as a function of GDP from many governments around the world
- **Defense and intelligence segment** less exposed during times of economic downturn
- **ISR market growing** as billions of dollars are shifting to space-based technology leveraging small satellite constellations

## Rapid Growth in U.S. Space Force Funding<sup>(1)</sup>

(\$ in billions)



(1) Source: Department of Defense



# Our World Needs Real-Time Geospatial Intelligence, Now More Than Ever

- **High-frequency imagery collection and analytics** in response to ongoing conflicts
- **Real-time alerts on geopolitical events** taking place in remote locations
- **Monitoring supply chain activity** at shipping ports worldwide





# Q4 FINANCIAL RESULTS



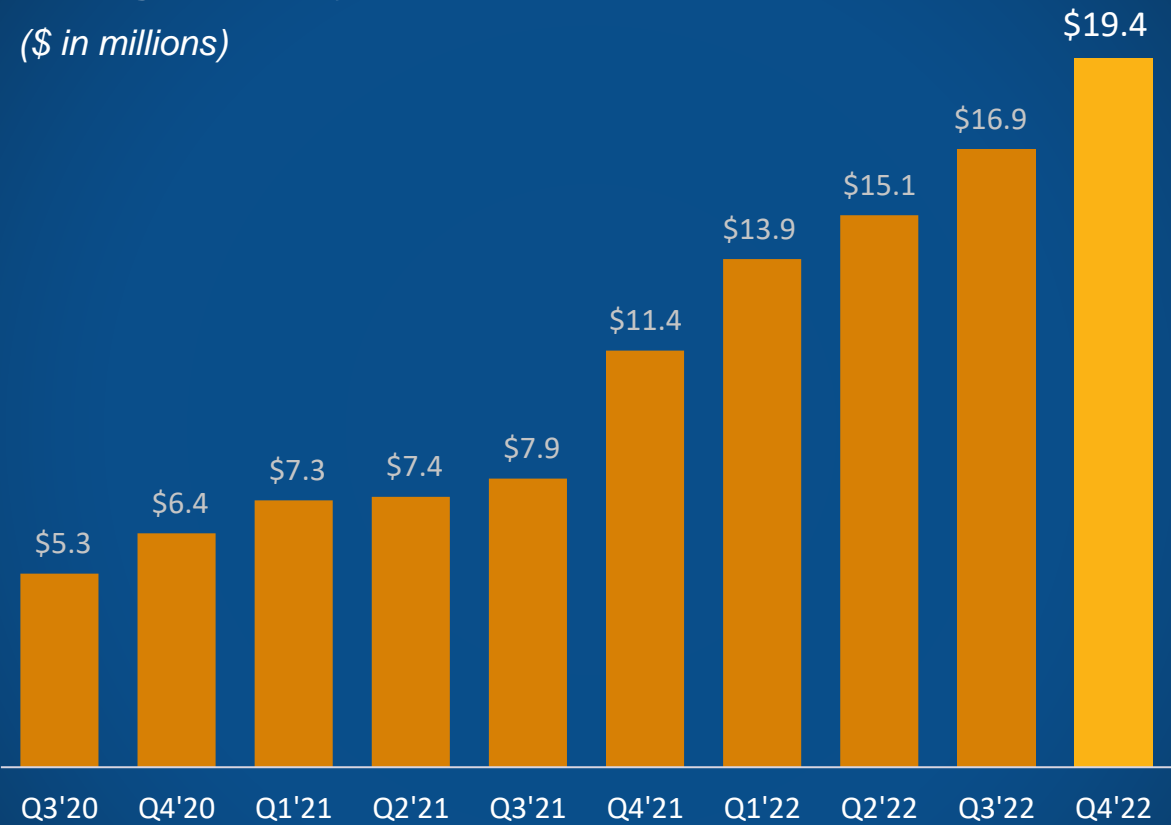


# Q4 Revenue

- **Record revenue of \$19.4 million**, up 69% over the prior year period
- **9 consecutive quarters** of sequential revenue growth
- **196% year-over-year growth** in high-margin imagery and analytics revenue

## Strong Quarterly Revenue Growth

(\$ in millions)

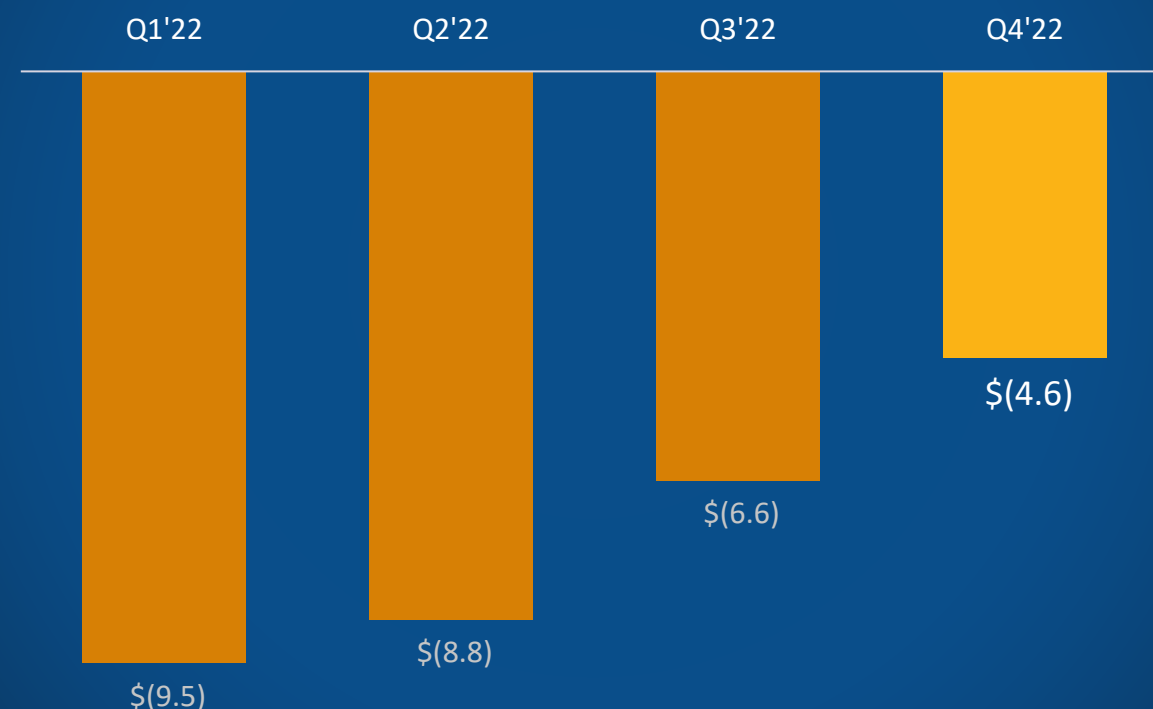


# Q4 Adjusted EBITDA

- **Sequential quarterly improvement in adjusted EBITDA** over the last several quarters
- **Growth in high-margin imagery and analytics revenue** drove significant improvement
- **Strong operating leverage** enabled through fixed cost structure and prudent cost management
- **Adjusted SG&A expenses<sup>(1)</sup> were up only 2%** year-over-year on revenue growth of 69% over the same period

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

(\$ in millions)



(1) Adjusted EBITDA and adjusted selling, general and administrative expenses are non-GAAP financial measures. See Appendix for a reconciliation to the most comparable measures reported in accordance with GAAP.



# FULL YEAR FINANCIAL RESULTS

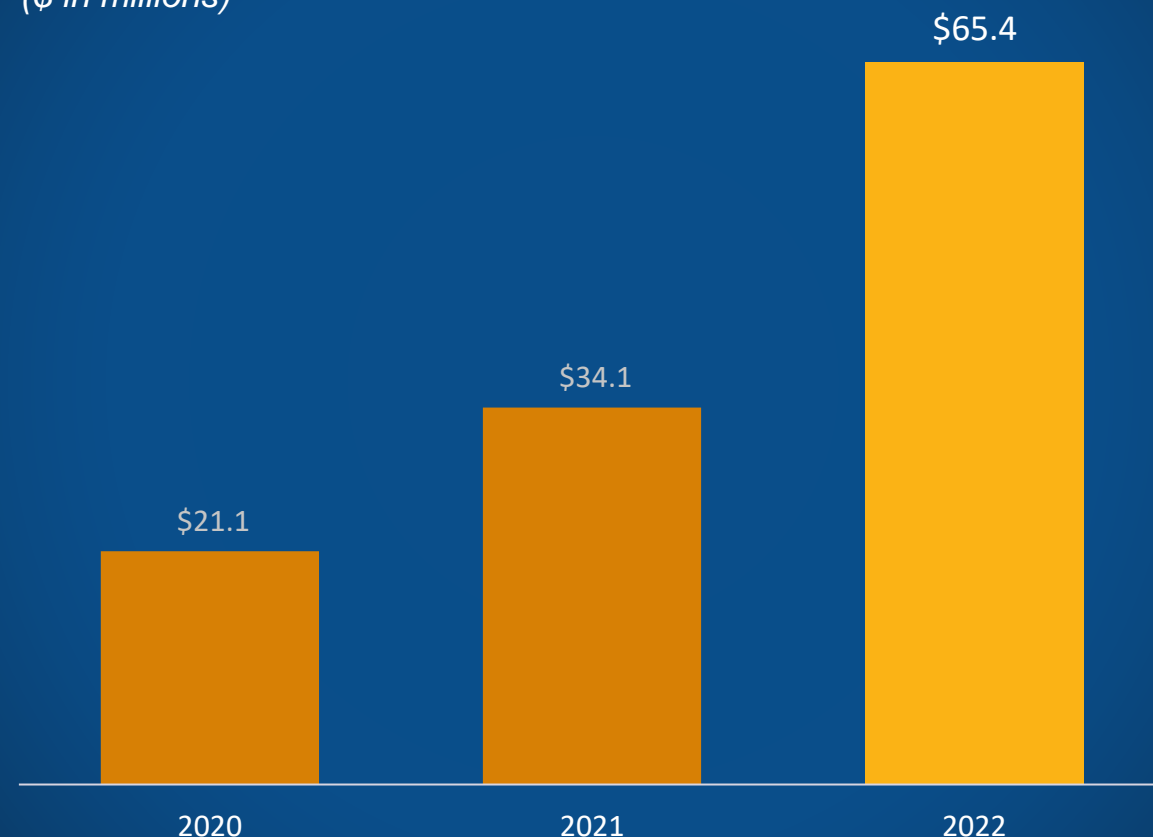


# Full Year Revenue

- **Record revenue of \$65.4 million**, up 92% over the prior year
- **New customer wins and expanding share of wallet with existing customers** drove incremental revenue growth
- **Over 200% year-over-year growth** in high-margin imagery and analytics revenue

## Strong Annual Revenue Growth

(\$ in millions)



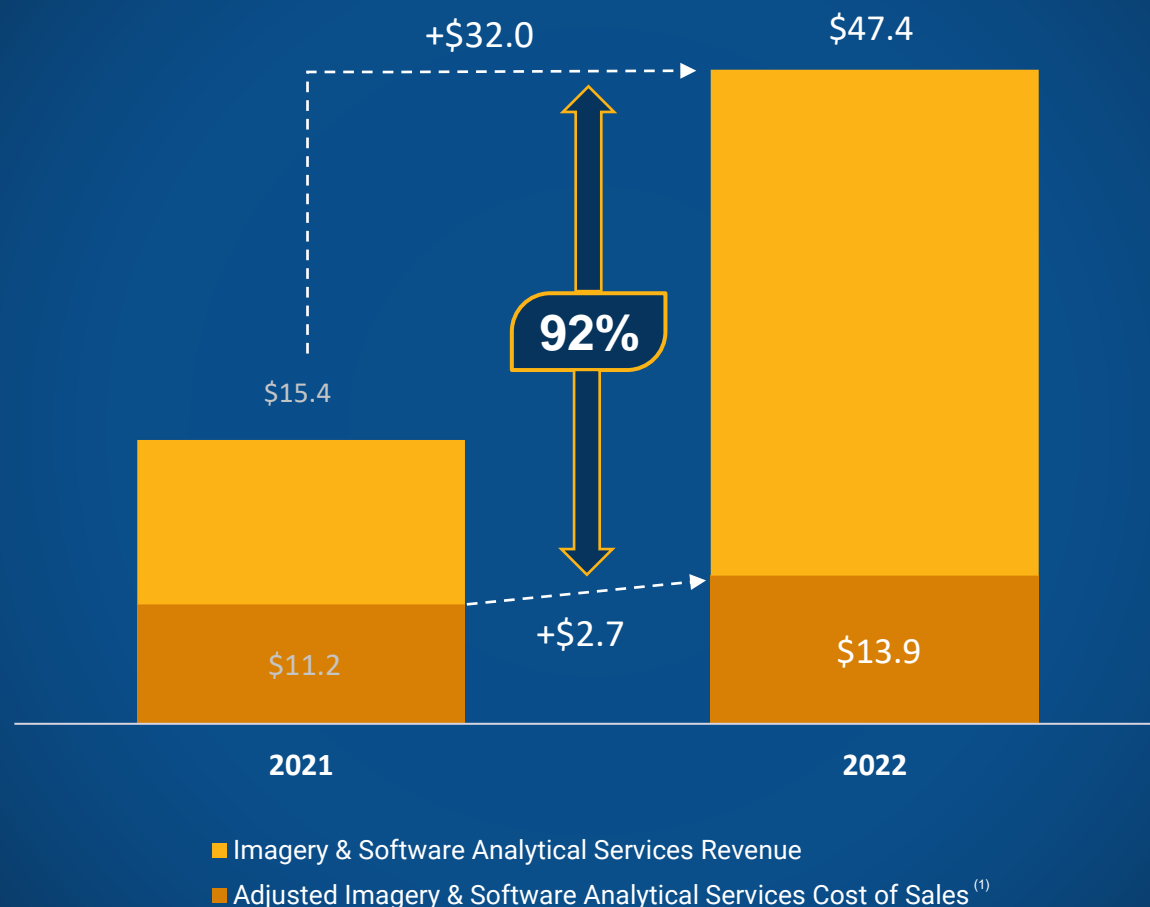


# Full Year Imagery and Analytics Cost of Sales

- **92% full year incremental contribution margin improvement** for imagery and analytics<sup>(1)</sup>
- **Increased revenue** of high-margin imagery and analytics
- **Low fixed-cost structure** for imagery and analytics delivers improved operating leverage

## 92% Full Year Incremental Contribution Margin Improvement <sup>(1)</sup>

(\$ in millions)



(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.

# Private Placement

- **Secured a private placement financing** for approximately \$29.5 million from a syndicate of new and existing institutional investors
- **Issuance of about 16.4 million shares** of common stock and warrants to purchase up to an additional 16.4 million shares
- Funds to be used for **general corporate purposes and investments in our space and software platforms**
- **Balance sheet and liquidity position strengthened** with additional cash proceeds



# 2023 Outlook

## Revenue

- Expect full year 2023 revenue to be between \$90M - \$96M
- 42% year-over-year growth, at the mid-point of the range
- Over 65% of forecasted revenues in contracted backlog

## Adjusted EBITDA

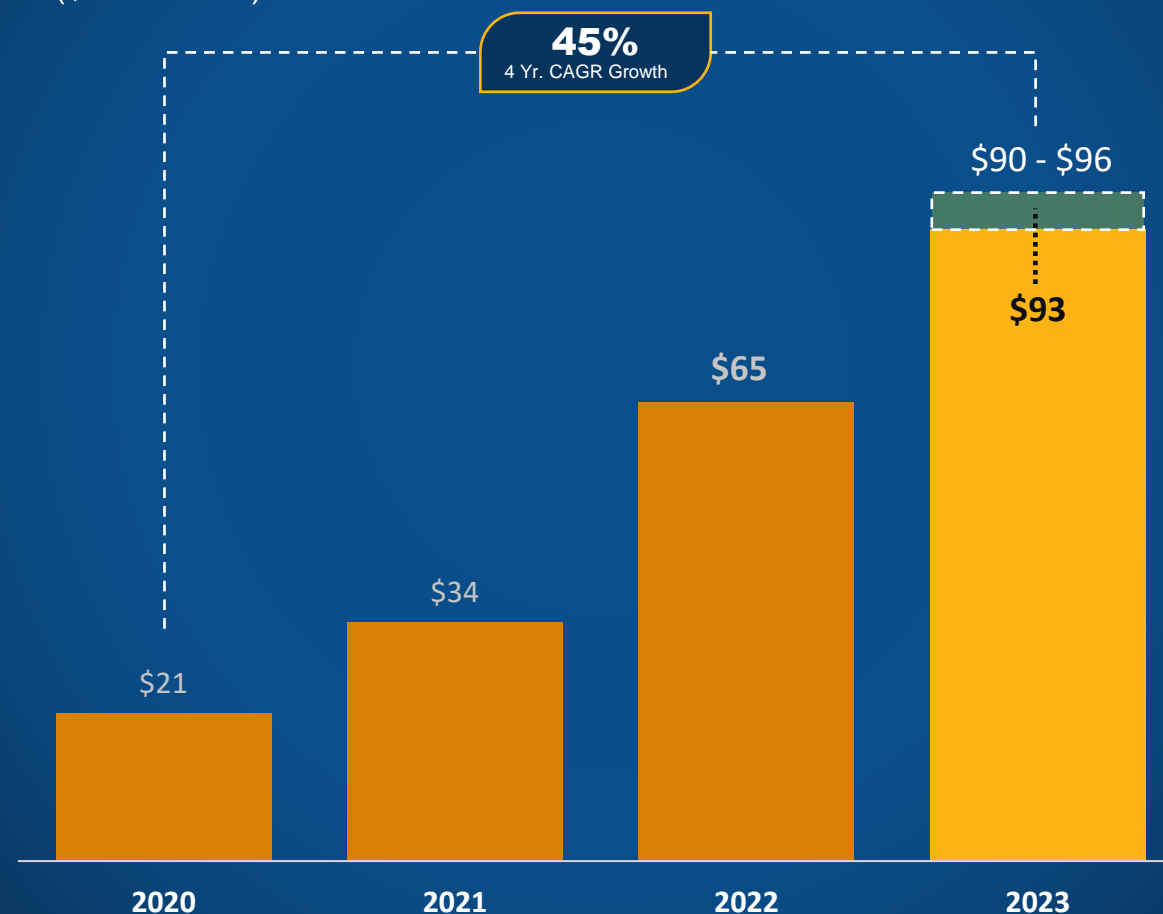
- Anticipate achieving positive Adjusted EBITDA in Q4 of 2023
- High incremental contribution margins and prudent cost management driving EBITDA improvements

## Capital Expenditures

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

## Annual Revenue

(\$ in millions)



# Path to Sustainable Profitable Growth

- ✓ Continue to deliver strong revenue growth driven by our high-margin imagery and analytics services
- ✓ Improve margin performance by leveraging space and software platforms
- ✓ Focus on prudent cost management with marginal increase in overhead expenses
- ✓ Aggressive cash management by aligning capex investments with market driven demand

## 2023 Key Objective

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



# BLACK(SKY

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## APPENDIX

**BLACKSKY TECHNOLOGY INC.**  
**PROFESSIONAL FEES RECAST**  
(unaudited)  
(in thousands)

<b><u>AS REPORTED</u></b>	<b>1st Quarter 2021</b>	<b>2nd Quarter 2021</b>	<b>3rd Quarter 2021</b>	<b>4th Quarter 2021</b>	<b>Full Year 2021</b>	<b>1st Quarter 2022</b>	<b>2nd Quarter 2022</b>	<b>3rd Quarter 2022</b>
<b>Revenue</b>								
Imagery and software analytical services	\$ 5,998	\$ 5,118	\$ 6,529	\$ 7,401	\$ 25,046	\$ 9,772	\$ 13,350	\$ 14,991
Engineering and systems integration	1,296	2,247	1,408	4,088	9,039	4,124	1,752	1,944
<b>Total revenue</b>	<b>\$ 7,294</b>	<b>\$ 7,365</b>	<b>\$ 7,937</b>	<b>\$ 11,489</b>	<b>\$ 34,085</b>	<b>\$ 13,896</b>	<b>\$ 15,102</b>	<b>\$ 16,935</b>
<b>Cost of revenue</b>								
Imagery and software analytical service costs, excluding depreciation and amortization	\$ 4,379	\$ 4,171	\$ 7,266	\$ 5,691	\$ 21,507	\$ 5,907	\$ 5,350	\$ 5,251
Engineering and systems integration costs, excluding depreciation and amortization	1,130	2,237	5,387	4,487	13,241	5,048	4,436	2,536
<b>Total cost of revenue</b>	<b>\$ 5,509</b>	<b>\$ 6,408</b>	<b>\$ 12,653</b>	<b>\$ 10,178</b>	<b>\$ 34,748</b>	<b>\$ 10,955</b>	<b>\$ 9,786</b>	<b>\$ 7,787</b>
<b>Selling, general and administrative</b>	<b>\$ 8,478</b>	<b>\$ 8,827</b>	<b>\$ 40,674</b>	<b>\$ 28,676</b>	<b>\$ 86,655</b>	<b>\$ 22,536</b>	<b>\$ 17,739</b>	<b>\$ 18,713</b>
<b><u>RECASTED</u></b>	<b>1st Quarter 2021</b>	<b>2nd Quarter 2021</b>	<b>3rd Quarter 2021</b>	<b>4th Quarter 2021</b>	<b>Full Year 2021</b>	<b>1st Quarter 2022</b>	<b>2nd Quarter 2022</b>	<b>3rd Quarter 2022</b>
<b>Revenue</b>								
Imagery and software analytical services	\$ 3,446	\$ 2,461	\$ 4,004	\$ 5,454	\$ 15,365	\$ 7,370	\$ 10,172	\$ 13,707
Professional and engineering services	3,848	4,904	3,933	6,035	18,720	6,526	4,930	3,228
<b>Total revenue</b>	<b>\$ 7,294</b>	<b>\$ 7,365</b>	<b>\$ 7,937</b>	<b>\$ 11,489</b>	<b>\$ 34,085</b>	<b>\$ 13,896</b>	<b>\$ 15,102</b>	<b>\$ 16,935</b>
<b>Cost of revenue</b>								
Imagery and software analytical service costs, excluding depreciation and amortization	\$ 2,762	\$ 2,426	\$ 3,995	\$ 3,830	\$ 13,013	\$ 3,578	\$ 3,446	\$ 3,513
Professional and engineering service costs, excluding depreciation and amortization	2,747	3,982	8,658	6,348	21,735	7,198	6,215	4,169
<b>Total cost of revenue</b>	<b>\$ 5,509</b>	<b>\$ 6,408</b>	<b>\$ 12,653</b>	<b>\$ 10,178</b>	<b>\$ 34,748</b>	<b>\$ 10,776</b>	<b>\$ 9,661</b>	<b>\$ 7,682</b>
<b>Selling, general and administrative</b>	<b>\$ 8,478</b>	<b>\$ 8,827</b>	<b>\$ 40,674</b>	<b>\$ 28,676</b>	<b>\$ 86,655</b>	<b>\$ 22,719</b>	<b>\$ 17,868</b>	<b>\$ 18,863</b>

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

	Three Months Ended			
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
<b>Net loss</b>	\$ (19,992)	\$ (26,282)	\$ (13,093)	\$ (15,030)
Interest income	-	(178)	(486)	(452)
Interest expense	1,255	1,275	1,226	1,669
Depreciation and amortization	7,391	9,177	9,598	9,495
Stock-based compensation expense	10,240	2,986	3,163	3,636
(Gain) loss on derivatives	(8,140)	4,646	(7,135)	(1,183)
Proceeds from earn-out payment	-	-	-	(2,000)
Gain from discontinued operations, net of income taxes	-	-	(707)	-
Severance	-	705	56	435
(Income) loss on equity method investment	(257)	(1,213)	776	(1,167)
Forgiveness of non-trade receivables	-	75	31	-
<b>Adjusted EBITDA</b>	<u>\$ (9,503)</u>	<u>\$ (8,809)</u>	<u>\$ (6,571)</u>	<u>\$ (4,597)</u>



**BLACKSKY TECHNOLOGY INC.**  
**RECONCILIATION OF IMAGERY AND SOFTWARE ANALYTICAL SERVICES COST OF SALES TO**  
**ADJUSTED IMAGERY AND SOFTWARE ANALYTICAL SERVICES COST OF SALES**  
(unaudited)  
(in thousands)

	Years Ended December 31,	
	2022	2021
<b>Imagery and software analytical services cost of sales, excluding depreciation and amortization</b>	\$ 14,462	\$ 13,013
Stock-based compensation for imagery and software analytical services cost of sales	(553)	(1,824)
<b>Adjusted imagery and software analytical services cost of sales, excluding depreciation and amortization</b>	\$ 13,909	\$ 11,189

**BLACKSKY TECHNOLOGY INC.**  
**RECONCILIATION OF SELLING, GENERAL AND ADMINSTRATIVE EXPENSES TO**  
**ADJUSTED SELLING, GENERAL AND ADMINSTRATIVE EXPENSES**  
(unaudited)  
(in thousands)

	Three Months Ended December 31,	
	2022	2021
<b>Selling, general and adminstrative expenses</b>	\$ 20,220	\$ 28,680
Stock-based compensation for selling, general and administrative costs	(3,308)	(12,134)
<b>Adjusted selling, general and adminstrative expenses</b>	<u>\$ 16,912</u>	<u>\$ 16,546</u>