Risk Factors Comparison 2024-03-20 to 2023-03-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10- K, including the sections titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and our consolidated financial statements and related notes, before deciding to invest in our Class A common stock. Additional risks and uncertainties that we are currently unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business or results of operations. If any of the following risks occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our Class A common stock could decline, and you could lose all or part of your investment. Summary Risk Factors Our business is subject to numerous risks and uncertainties that you should consider before investing in our Class A common stock, as more fully described below this summary. The principal factors and uncertainties that could adversely affect our business include, among others: • We have a limited history of operating at our current scale and under our current strategy, which makes it difficult to predict our future operating results, and we may not achieve our expected operating results in the future. • We may not be able to sustain our revenue growth rate in the future. • Our results of operations are subject to fluctuation from period to period and may not be an accurate indication of future performance; our operating results have **fallen** , and may in the future ~~,~~ fall **,** below our financial guidance or other projections or ~~fail to meet~~ the expectations of securities analysts and investors. • The loss of one or more of our largest customers could adversely affect our results of operations. • We have incurred significant losses each year since our inception, we expect our operating expenses to increase, and we cannot give assurances of our future profitability, if any. • The market for our products and services has not been established with precision, is still emerging and may not achieve the growth potential we expect or may grow more slowly than expected. • Our business with various governmental entities is subject to the policies, priorities, regulations, mandates, and funding levels of such governmental entities and may be negatively or positively impacted by any change thereto. • Our ability to grow our business depends on the successful production, launch, commissioning and / or operation of our satellites and related ground systems, which is subject to many uncertainties, some of which are beyond our control. • Our business involves significant risks and uncertainties that may not be covered by insurance. For example, if one or more of our satellite launches result in catastrophic failure or one or more of our in- orbit satellites or payloads fail, and we have not obtained insurance coverage, we could be required to record significant impairment charges for the satellite or payload. • If our satellites fail to operate as intended, it could have a material adverse effect on our business, financial condition and results of operations. • Currently we are dependent on LeoStella as the sole manufacturer of our satellites. Any significant disruption to LeoStella' s operations or facilities could have a material adverse effect on our business, financial condition, and results of operations. • Our business is capital intensive, and we may not be able to ~~raise adequate~~ **adequately finance our** capital **needs** ~~to finance our business strategies~~ , including funding future satellites **, through operations, or by raising capital** , or we may be able to do so only on terms that significantly restrict our ability to operate our business. • Our business is subject to a wide variety of additional extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business. Risks Related to Our Business and Industry We have a limited history of operating at our current scale and under our current strategy to define the future of real- time ~~first~~ **space** - **based intelligence** ~~to- know insights~~ , which makes it difficult to forecast our future results. You should consider and evaluate our prospects in light of the risks and uncertainty frequently encountered by growth stage companies in rapidly evolving markets. We have not achieved profitability, and we may not realize sufficient revenue to achieve profitability in future periods. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including slowing demand for our platform, increased competition, changes to technology, a decrease in the growth of our overall market, or our failure to continue to take advantage of growth opportunities. We have also encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described below. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer. Although our revenue increased in ~~2022~~ **2023** , there can be no assurances that revenue will continue to grow or do so at current rates, and you should not rely on the revenue of any prior quarterly or annual period as an indication of our future performance. Our revenue growth rate may decline in future periods. Many factors may contribute to declines in our revenue growth rate, including increased competition, slowing demand for our products and services from existing and new customers, increased regulatory burdens domestically or abroad, a failure by us to continue capitalizing on growth opportunities, terminations of existing contracts by our customers, and the maturation of our business, among others. If our revenue growth rate declines, our business, financial condition, and results of operations could be adversely affected. Our results of operations, including cash flows, have fluctuated significantly in the past and are likely to continue to do so in the future. Accordingly, the results of any one quarter or measuring period should not be relied upon as an indication of future performance. Our quarterly results, financial position, and operations are likely to fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. We have presented many of the factors that may cause our results of operations to fluctuate in this " Risk Factors " section. Fluctuations in our results of operations have **caused** , and may in the future ~~,~~ cause **,** such results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the trading price of our Class A common stock to decline. Our financial performance is dependent on our ability to generate a sustainable order rate for products and services. This can be challenging and may fluctuate on an annual basis as the number of contracts awarded and as the timing of such awards vary. If we are unable to win new contracts or execute on existing contracts as expected, our business, results of operations and financial position could be further adversely affected. The timing of our sales and related revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for our products and services. We are often required to spend significant time and resources to better educate and familiarize potential customers with the value proposition of our products and services. Therefore, our sales cycle is often long and can vary substantially from customer to customer. Further, decisions to purchase our imagery services can involve significant financial commitments ~~,~~ **;** potential customers for larger monetary or specialized design / engineering contracts generally evaluate our systems, products and technologies at multiple levels within their organization, each of which often have specific requirements, and can involve their senior management and multiple internal approvals. As a result of our long and unpredictable sales cycles, large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. The loss or delay of one or more large sales transactions in a quarter would impact our results of operations and cash flow for that quarter and any future quarters in which revenue from that transaction is lost or delayed. In addition, downturns in new sales may not be immediately reflected in our revenue because we generally recognize revenue over the term of our contracts. The timing of customer billing and payment varies from contract to contract. A delay in the timing of receipt of such collections, or a default on a large contract, may negatively impact our liquidity for the period and in the future. Because a substantial portion of our expenses are relatively fixed in the short- term and require time to adjust, our results of operations and liquidity would suffer if revenue fell below our expectations in a particular period. In addition, our pricing model includes both subscription- based and fixed fee contracts, adding further variability to the timing of our revenue recognition across customer contracts. Other factors that may cause fluctuations in our quarterly results of operations and financial position include, without limitation, those listed below: • **termination** ~~the number~~ of ~~satellites in~~ **one or more large contracts by customers, including for convenience; • the image capacity that is able to be supported by** our satellite constellation **; • the cost of raw materials or supplied components for the manufacture and operation of our satellites** ; • satellite or geospatial data and analytics platform failures that reduce the planned network size below projected levels, which result in contract delays or cancellations; • the ~~cost of raw materials or supplied components for the manufacture and operation of our satellites; • the~~ timing and cost of, and level of investment in, research and development relating to our technologies ~~; • termination of one or more large contracts by customers, including for convenience~~ ; • changes in the competitive dynamics of our industry; • prolonged periods of unexpected weather patterns, natural disasters or other events that can impact image quality or force a cancellation or rescheduling of satellite launches; and • general economic, regulatory, and market conditions, **such as disruptions in** ~~including the impact of the COVID- 19 pandemic and other~~ -- **the supply chain due to** geopolitical uncertainty and instability ~~, such as the ongoing geopolitical tensions related to Russia' s actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by Russia in response to such sanctions~~ . The individual or cumulative effects of factors discussed above could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period- to- period basis may not be meaningful. These factors make it difficult for us to accurately predict financial metrics for any particular period. The variability and unpredictability of our quarterly results of operations, cash flows, or other operating metrics could also result in our failure to meet our expectations or those of analysts that cover us or investors with respect to revenue or other key metrics for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the trading price of our Class A common stock could fall, and we could face costly lawsuits, including securities class action suits. We are dependent on a small number of customers for a large portion of our revenue. A significant decrease in the sales to or loss of any of our major customers would have a material adverse effect on our business, financial condition, and results of operations. In fiscal years **2023 and** 2022 ~~and 2021~~ , we had ~~two and~~ three customers ~~, respectively,~~ that each accounted for more than 10 % of our total revenue and in the aggregate, accounted for **67 % and** 42 ~~% and 45~~ % of our total net revenue, respectively. Customers in the defense market generally purchase our services in connection with government programs that have a limited duration, leading to fluctuating sales to any particular customer in this market from year to year. If we lose one or more of our major enterprise or government customers, or if we experience a significant reduction in business from one or more major enterprise or government customers, there is no assurance that we would be able to replace those customers to generate comparable revenue over a short time period, which could harm our operating results and profitability. If existing customers do not make subsequent purchases from us or renew their contracts with us, our revenue could decline, and our results of operations would be adversely impacted. We also derive a significant portion of our revenue from existing customers that expand their relationships with us. Increasing the size and number of the deployments of our existing customers is a major part of our growth strategy. We may not be effective in executing this or any other aspect of our growth strategy. ~~We forecast the expected capacity utilization of our satellites based on our knowledge of the customers' needs at the time of forecast, which may not be accurate by the time of utilization due to a variety of factors outside of our control, including, but not limited to geopolitical factors, war, historical use, changes in budgets or priorities, and other customer specific events.~~ Our contract terms with our customers and resellers vary in length ~~, may not provide for automatic renewal~~ and may require the customer or reseller to opt- in to extend the term. Our customers and resellers have no obligation to renew, upgrade, or expand their contracts with us after the terms of their existing contracts have expired. In addition, many of our customer and reseller contracts permit the customer or reseller to terminate their contracts with us with notice periods of varying lengths, and our contracts with U. S. government customers may be terminated for convenience. If one or more of our customers or resellers terminate their contracts with us, whether for convenience, for default in the event of a breach by us, or for other reasons specified in our contracts, as applicable; if our customers or resellers elect not to renew their contracts with us; if our customers or resellers renew their contractual arrangements with us for shorter contract lengths; or if our customers or resellers otherwise seek to renegotiate terms of their existing contracts on terms less favorable to us, our business, financial condition, and results of operations could be adversely affected. Our ability to renew or expand our customer relationships may decrease or vary as a result of a number of factors, including our customers' satisfaction or dissatisfaction with our geospatial data and analytics platform and / or our products and services, the frequency and severity of errors or disruptions in our platform and / or our products and services, our pricing, the effects of general economic conditions, competitive offerings or alternatives, or reductions in our customers' spending levels. Our business, financial condition, and results of operations would also be adversely affected if we face difficulty collecting our accounts receivable from our customers or if we are required to refund customer prepayments and deposits. Achieving renewal or expansion of deployments may require us to increasingly engage in sophisticated and costly sales efforts that may not result in additional sales. In addition, our customers' decisions to expand the use of our products and services depends on a number of factors, including general economic conditions, the ~~functioning~~ **quality** of our products and services, and our customers' satisfaction with our products and services. If our efforts to expand within our existing customer base are not successful, our business may suffer ~~. Moreover, we forecast the expected capacity utilization of our satellites based on our knowledge of the customers' needs at the time of forecast, which may not be accurate by the time of utilization due to a variety of factors outside of our control, including, but not limited to geopolitical factors, war, historical use, changes in budgets or priorities, and other customer specific events~~ . We rely on the significant experience and specialized expertise of our senior management, engineering, sales and operational staff and must retain and attract qualified and highly skilled personnel in order to grow our business successfully. Our performance is substantially dependent on the continued services and performance of our senior management and our highly qualified team of engineers and data scientists, many of whom have numerous years of experience, specialized expertise in our business, and security clearances required for certain defense projects. If we are not successful in hiring and retaining highly qualified engineers and data scientists, we may not be able to extend or maintain our engineering and data science expertise, and our future product development efforts could be adversely affected. Competition for hiring these employees is intense, especially regarding engineers and data scientists with specialized skills and security clearances required for our business, and we may be unable to hire and retain enough engineers and data scientists to implement our growth strategy. Certain U. S. government contracts require us, and some of our employees, to maintain national security clearances. Obtaining and maintaining national security clearances for employees involves a lengthy process, and it is difficult to identify, recruit, and retain employees who already hold national security clearances. Further, some of our contracts contain provisions requiring us to staff an engagement with personnel that the customer considers key to our successful performance under the contract. In the event we are unable to provide these key personnel or acceptable substitutions, the customer may terminate the contract. As a result, if we are unable to recruit and retain a sufficient number of qualified employees, we may lose revenue and our ability to maintain and grow our business could be limited. Our future success also depends on the successful execution of our strategy to increase our sales to existing customers, identify and engage new customers, and enter new U. S. and non- U. S. markets, which strategy will depend, among other things, on our ability to successfully build and expand our sales organization and operations. Identifying, recruiting, training, and managing sales personnel requires significant time, expense, and attention, including from our senior management and other key personnel, which could adversely impact our business, financial condition, and results of operations in the short and long term. In order to successfully scale our sales model, we must, and we intend to, increase the size of our direct sales force, both in the United States and outside of the United States, to generate additional revenue from new and existing customers. If we do not hire and retain a sufficient number of qualified sales personnel, our future revenue growth and business could be adversely impacted. It may take a significant period of time before our sales personnel are fully trained and productive, and there is no guarantee we will be successful in adequately training and effectively deploying our sales personnel. Our business would be adversely affected if our efforts to build, expand, train, and manage our sales organization are not successful. Any future sales organization changes may result in a temporary reduction of productivity, which could negatively affect our rate of growth. In addition, any significant change to the way we structure the compensation of our sales organization may be disruptive and may affect our revenue growth. If we are unable to attract, hire, develop, retain, and motivate qualified sales personnel, if our new sales personnel are unable to achieve sufficient sales productivity levels in a reasonable period of time or at all, if our marketing programs are not effective or if we are unable to effectively build, expand **, retain** , and manage our sales organization and operations, our sales and revenue may grow more slowly than expected or materially decline, and our business may be significantly harmed. We may not be able to convert our orders in backlog into revenue. Backlog is typically subject to large variations from quarter to quarter and comparisons of backlog from period to period are not necessarily indicative of future revenue. The contracts comprising our backlog may not result in actual revenue in any particular period or at all, and the actual revenue from such contracts may differ from our backlog estimates. The timing of receipt of revenue, if any, on projects included in backlog could change because many factors affect the scheduling of projects. Cancellation of or adjustments to contracts may occur. Additionally, all U. S. government contracts included in backlog may be terminated at the convenience of the U. S. government. If a U. S. government contract is terminated before completion of all of the contracted work, we may not receive all potential revenue from these orders. The failure to realize all amounts in our backlog could adversely affect our future revenue and gross margins. As a result, our backlog as of any particular date may not be an accurate indicator of our future earnings. Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates. We could incur significant unanticipated costs if we do not accurately estimate and execute the costs of fixed- price engagements. Certain of our products and services contracts are fixed- price contracts, rather than contracts in which payment to us is determined on a time and materials or other basis. Our failure to estimate accurately the resources and schedule required for a project, or our failure to complete our contractual obligations in a manner consistent with the project plan upon which our fixed-price contract was based, could adversely affect our overall profitability and could have a material adverse effect on our business, financial condition, and results of operations. We are consistently entering into long- term contracts for large projects that magnify this risk. We have been required to commit unanticipated additional resources to complete certain projects, which has resulted in losses on those contracts. In addition, we may fix the price for some projects at an early stage of the project engagement, which could result in a fixed price that is too low. Therefore, any changes from our original estimates could adversely affect our business, financial condition, and results of operations. If we do not establish relationships with high- impact distributors and resellers, or if we fail to optimize relationships with existing members of our distribution channel, or if our distribution channel members suffer financial losses due to adverse economic conditions or otherwise, our ability to generate revenue will be adversely affected. We expect our revenue derived from indirect channel sales to increase in the near future. Our ability to ~~effectively distribute our products and services depends in part upon the financial and business condition of our distributor and reseller network. The robustness of our distributor and reseller network depends on our ability to~~ establish relationships with **a comprehensive network of distributors, resellers, value- added resellers and similar entities with sufficient qualified and experienced personnel with the right relationships to support the sales of our products and services may impact our ability to generate revenue through this sales channel. If we are unable to develop products, structure products bundles, provide business terms, promote system integrations, optimize the effectiveness of our distributor and reseller network, or attract** high- impact distributors ~~and resellers~~ , our ~~ability to structure products bundles,~~ business ~~terms~~ **results may be negatively impacted. In addition** , **certain** ~~promote system integrations, and optimize the effectiveness of our distributor~~ **distributors** ~~and reseller network. Distributors~~ and resellers may not be ~~highly~~ **sufficiently** capitalized and **may** experience difficulties during times of economic contraction ~~. If our distributors and resellers were to become insolvent, they would not be able to maintain their business and sales or provide customer support services, which would negatively impact our business and revenue. Over time, we have modified and will continue to modify aspects of our relationship with our distributors and resellers, such as their incentive programs, pricing to them, and our distribution model to motivate and reward them for aligning their businesses with our strategy and business objectives. Changes in these relationships and underlying programs could negatively impact our distributors' and resellers' business, which could harm our business. Further, our distributors and resellers may lose confidence in our business, move to competitive products, or may not have the skills or ability to support customers~~ . The loss of or a significant reduction in business with those distributors or resellers could harm our business. In particular, if one or more of such distributors or resellers were unable to meet their obligations with respect to accounts payable to us, we could be forced to write off such accounts and may be required to delay the recognition of revenue on future sales to the affected customers. These events could have a material adverse effect on our financial results. There can be no assurance that we will be successful in developing and marketing, on a timely basis, new products or product enhancements **,** or that the new products will adequately address the changing needs of the marketplace **,** or that we will successfully manage the transition from existing products. There can be no assurance that errors will not be found in any new or enhanced products. Certain products require a higher level of sales and support expertise or external validation. ~~Failure of our sales channel and sales representatives, particularly the independent channel partners, to obtain this expertise and to sell the new product offerings effectively could have an adverse impact on our sales in future periods. We do not have a comprehensive network of resellers, value added resellers, and similar entities and we may not be successful in developing a global sales network with qualified and experienced channel partners. Any of these problems may result in the loss of or delay in customer acceptance, diversion of product development resources, damage to our reputation, or increased service costs, any of which could have a material adverse effect on our business, financial position, results of operations and cash flows.~~ The market for our products and services has not been established with precision as the commercialization of space is a relatively new development and is rapidly evolving. Our views of the total addressable market are based on a number of third- party reports and management estimates, which may or may not accurately reflect future market size and growth. As a result, our views of the total addressable market may prove to be incorrect. We face intense competition that may cause us to ~~have to~~ either reduce our prices for our products and services or ~~to~~ lose market share. We operate in highly competitive industries that are evolving and many of our competitors are larger and have substantially greater resources than we have. Our products and services compete with satellite and aerial imagery and related products and services offered by a range of private and government providers. Our current or future competitors may have superior technologies or greater financial **resources** , **more qualified or experienced** personnel ~~and~~ **or** other resources than we have. The value of our products and services may also be diluted by related products and services that are **made** available free of charge. Competition in our imagery services business is highly diverse, and while our competitors offer different products **and services** , there is often competition for contracts that are part of governmental budgets. Our major existing and potential competitors for our products and services include commercial satellite imagery companies, state- owned imagery providers, aerial imagery companies, free sources of imagery and unmanned aerial vehicles. We also face competition from companies that provide geospatial data analytic information and services to the U. S. government, including defense ~~prime~~ contractors. Our competitors or potential competitors could, in the future, offer satellite- based imagery or other products and services with more attractive features than **those of** our products and services. The emergence of new remote imaging technologies or the continued growth of low- cost imaging satellites could negatively affect our marketing efforts. More importantly, if competitors develop and launch satellites or other imagery- content sources with more advanced **or sophisticated** capabilities and technologies than ours, or offer products and services at lower prices than ours, our business and results of operations could be harmed. Due to competitive pricing pressures, such as new product introductions by us or our competitors or other factors, the selling price of our products and services may further decrease. If we are unable to offset decreases in our average selling prices by increasing our sales volumes or by adjusting our product mix, our revenue and operating margins may decline and our financial position may be harmed. The U. S. government and foreign governments may develop, construct, launch and operate their own imagery satellites with capabilities **comparable or** similar to ours, which could reduce their need to rely on us and other commercial suppliers. In addition, such governments could sell or provide free of charge Earth imagery from their satellites and thereby compete with our products and services. Also, **our** ~~governments~~ **government customers** may at times make our imagery freely available for humanitarian purposes, which could impair our revenue growth with non- governmental organizations. In addition, some of our foreign competitors currently benefit from, and others may benefit in the future from, subsidies and other protective measures by their home countries where governments are providing financial support, including significant investments in the development of new technologies. Government support of this nature greatly reduces the commercial risks associated with satellite development activities for these competitors **and increases their competitiveness advantage** . This market environment may result in increased pressures on our pricing and other competitive factors. Some of our competitors have made or could make acquisitions of businesses that allow them to offer more competitive and comprehensive solutions. As a result of such acquisitions, our current or potential competitors may be able to accelerate the adoption of new technologies that better address customer needs, devote greater resources to bring these products and services to market, initiate or withstand substantial price competition, or develop and expand their product and service offerings more quickly than we do. These competitive pressures in our market or our failure to compete effectively may result in fewer orders, reduced revenue and margins, and loss of market share. In addition, industry consolidation may impact customers' perceptions of the viability of smaller or even mid- size companies and consequently customers' willingness to purchase from such firms. We may not compete successfully against our current or potential competitors. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition, and results of operations could be adversely affected. In addition, companies competing with us may have a different pricing or distribution model. Increased competition could result in fewer customer orders, price reductions, reduced margins, and loss of market share, any of which could harm our business and results of operations. We have incurred significant losses each year since our inception and we may never achieve or maintain profitability. As of December 31, ~~2022~~ **2023** , we had an accumulated deficit of $ ~~545~~ **599** . ~~1~~ **0** million. As we continue to expand our business ~~,~~ and the breadth of our operations, upgrade our infrastructure, expand into new markets, invest in research and development, invest in sales and marketing, including expanding our sales organization, and incur costs associated with general administration, including expenses related to being a public company and hiring additional employees, we expect that our costs of revenue and operating expenses will continue to increase. As we seek to grow our customer base, we may also incur increased losses because the costs associated with acquiring and growing our customers and with research and development are generally incurred upfront, while our revenue from customer contracts is generally recognized over the contract term. We may not be able to increase our revenue at a rate sufficient to offset increases in our costs of revenue and operating expenses in the near term or at all, which would prevent us from achieving or maintaining profitability in the future. Any failure by us to achieve, and then sustain or increase, profitability on a consistent basis could adversely affect our business, financial condition, and results of operations. If we are unable to become profitable, we may not be able to execute our business plan, our prospects may be harmed, and our stock price may be adversely affected and decline. ~~The global COVID- 19 pandemic has created operational challenges that have negatively affected our business and operations. As a result of the COVID- 19 pandemic, our workforce has been operating in a hybrid environment. We are monitoring and evaluating the impacts on our operations and work force from the transition to a hybrid work environment, such as our ability to sustain productivity and the mental health of our workforce, to maintain and grow our culture in a hybrid environment, to comply with regulations and laws for workers we have hired in new states, to mitigate the physical and cybersecurity risks that stem from a decentralized work environment, and to manage the continued delays in the supply chain. The longer- term impacts of the various operational challenges associated with the transition to a hybrid work environment could continue to harm our business and results of operations.~~ Risks Related to Our Operations Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber- attacks, could result in a loss or degradation of service, unauthorized disclosure of data, or theft or tampering of intellectual property, ~~any~~ **and give rise to potential harm to customers, remediation and other expenses under a variety** of ~~which could materially adversely impact~~ **domestic and international laws or other laws or common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to** our business **and operations** . Our operations, products, solutions, analysis and intellectual property are inherently at risk of loss, inappropriate access or use, or tampering by both insider threats and external bad actors. In particular, as a defense contractor, we face ~~various~~ **an increased potential of** cyber and other security threats, including **: •** attempts to gain unauthorized access to **our** sensitive information ~~and~~ **,** networks **, operations and assets both cyber and physical** ; **•** insider threats; **•** threats to the safety of our directors, officers and employees; **•** threats to the security and viability of our facilities, infrastructure and supply chain; **•** and threats from state- sponsored and otherwise sophisticated actors, terrorist acts or other acts of aggression. Our customers and partners (including our supply chain **, software** and **data providers,** joint ventures and ~~our~~ service providers) face similar threats and growing requirements. ~~Customer or partner proprietary, classified, or sensitive information stored on our networks is at risk. Although we utilize various procedures and controls to monitor and mitigate the risk of these threats, there can be no assurance that these procedures and controls will be sufficient. We have suffered incidents of physical intrusions to our facilities in the past. Any further incidents or other security breaches or incidents suffered by us or those on which we rely could lead to losses or unauthorized disclosure of sensitive information or capabilities; unauthorized access to infrastructure or equipment theft or loss of, or unauthorized access to, use of, or other processing of data; harm to personnel, infrastructure or products; regulatory actions; and / or financial liabilities. Further, any such event, or any perception any such event has occurred, could result in private claims, demands and litigation, regulatory investigations and other proceedings, fines, penalties, and other liabilities as well as potential damage to our reputation as a government contractor and provider of cyber- related or cyber- protected goods and services. Cyber and other security threats are continuously evolving and include, but are not limited to: malicious software,~~

~~destructive malware, attempts to gain unauthorized access to data, disruption or denial of service attacks, phishing and other social engineering attacks, and other physical and electronic security breaches and incidents that could lead to disruptions in mission critical systems; unauthorized release of confidential, personal or otherwise protected information (our information or that of our employees, customers or partners); corruption of data, networks or systems; harm to individuals; and loss of assets. Threats to and vulnerabilities in our systems and infrastructure and those of our partners may result from human error, fraud or malice on the part of our employees, third- party service providers and other partners or by malicious third parties, including state- sponsored organizations with~~ **With regard** ~~significant financial and technological resources, or from accidental technological failure. Some actors now engage and are expected~~ to ~~continue to engage in cyber- attacks, including without limitation nation- state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, and the third parties upon which we rely, may be vulnerable to a heightened risk of these attacks, including retaliatory cyber- attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services. In addition, we could be impacted by cyber threats or other disruptions or vulnerabilities found in products we use or in our partners' or customers' systems that are used in connection with our business. Any of these events, if not prevented or effectively mitigated, could damage our reputation, require remedial actions and other actions in response, and lead to loss of business and harm to our market position, regulatory investigations and proceedings, potential claims, litigation, and other proceedings, fines, penalties, and liability and other financial losses. We may face difficulties or delays in identifying, responding to, and otherwise mitigating security breaches and incidents, and in the event of any security event, we may be required or find it appropriate to expend increased financial and other resources in an effort to prevent and otherwise address security breaches and incidents. We provide systems, products and services to various customers (both governmental and commercial) who also face cyber threats. Our systems, products and services may themselves be subject to cyber threats and / or they may not be able to detect or properly deter threats, or effectively mitigate resulting losses. These losses could adversely affect our customers and our company. The impact of these various factors is difficult to predict, but one or more of them could result in the loss of information or capabilities, harm to individuals or property, damage to our reputation, loss of business, contractual or regulatory actions and potential liabilities, and perception or report that any such security breach or incident may harm our reputation and market position, any of which could have a material adverse effect on our financial position, results of operations and / or cash flows. We could be forced to expend significant financial and operational resources in response to any actual or perceived security breach or security incident, including in repairing system damage, increasing cybersecurity protection costs by deploying additional personnel and modifying or enhancing our protection technologies, investigating and remediating any information security vulnerabilities, notifying affected individuals and otherwise remediating or responding to any such breach or incident, and litigating and resolving regulatory investigations and other proceedings and legal claims and litigation, all of which could divert resources and the attention of our management and key personnel. We do not currently process classified data on our systems. However, a cyber or physical security event that involves classified or other sensitive government information or certain controlled technical information, could subject us to civil or criminal penalties and could result in loss of our facility security clearance and other accreditations, loss of our government contracts, loss of access to classified information, loss of export privileges or debarment as a government contractor. Cybersecurity risks and~~ cyber incidents ~~could result~~ in **particular** ~~the compromise of confidential data or critical data systems and give rise to potential harm to customers~~ , ~~remediation and other~~ -- **the** ~~expenses under consumer protection laws or other laws or common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business and operations. Cyber incidents can result from deliberate attacks or unintentional events. We collect and store on our networks sensitive information, including intellectual property, proprietary business information and personal data of individuals, such as our customers and employees. The~~ secure maintenance of this information and technology is critical to our business operations. We have implemented multiple layers of security measures designed to protect the confidentiality, integrity, availability and privacy of this data and the systems and devices that store and transmit such data. We utilize current security technologies, and our defenses are monitored and routinely tested internally. **However** ~~Despite these efforts~~ , ~~threats from malicious persons and groups, new vulnerabilities and advanced new attacks against information systems create risk of~~ cybersecurity ~~incidents. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures. These~~ threats can come from a variety of sources, ranging in sophistication from an individual hacker to malfeasance by employees, consultants or other service providers to state- sponsored attacks. Cyber threats may be generic, or they may be custom- crafted against our information systems. Over the past several years, cyber- attacks have become more prevalent and much harder to detect and defend against. Our network and storage applications and other systems used in our business and operations may be vulnerable to cyber- attack, malicious intrusion, ransomware or other malicious software, malfeasance, loss of data privacy or other significant disruption and may be subject to unauthorized access by hackers, employees, consultants or other service providers. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our employees, contractors and temporary staff. Further, **because our teams are distributed and our employees often work** ~~with the COVID- 19 pandemic having resulted in a significant number of people working~~ remotely, the cybersecurity risks we face may be heightened by an increased attack surface across our business and those of our service providers and other third parties we work with. **During times** ~~Additionally, in connection with Russia' s actions in Ukraine, cybersecurity researchers have warned~~ of **war and other major conflicts, we,**

and the third parties upon which we rely, may be vulnerable to a heightened risk of these attacks, including retaliatory cyber- attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these incidents or techniques, timely discover ~~the~~ **them** ~~potential~~ **,** ~~for~~ - **or** ~~increases cybersecurity activity~~ **implement adequate preventative measures** . There can be no assurance that we will not be subject to cybersecurity incidents that bypass our security measures, impact the integrity, availability or privacy of data, including data that may be subject to privacy or security laws or disrupt our information systems, devices or business. As a result, cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our enterprise, information systems and data from attack, damage or unauthorized access remain a priority for us. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cybersecurity vulnerabilities. The occurrence of any of these events, or the perception any such event has occurred, could result in: • harm to **or a loss of** customers **and partners** ; • business interruptions ~~and~~ **,** delays **and losses; • costly remediation and prevention efforts** ; • the loss, misappropriation, corruption or unauthorized access to, or alteration or unavailability of data; • the loss of the ability to communicate with our satellites or for our satellites to communicate with our ground stations; • **government and regulatory investigations,** claims, demands and litigation, including potential class action litigation, and potential liability under privacy, security and ~~consumer protection laws or~~ other applicable laws; • ~~notification to governmental agencies, the media and / or affected individuals pursuant to various federal, state and international privacy and security laws; •~~ regulatory fines **, penalties** and sanctions; • reputational damage; **and** • increase to insurance premiums **. Moreover** ~~; and • foreign~~ , **given our customer base** ~~federal and state governmental inquiries~~ , ~~investigations and~~ **a cyber or physical security event that involves classified or** other ~~proceedings~~ **sensitive government information or certain controlled technical information, could subject us to civil or criminal penalties and could result in loss of our facility security clearance and other accreditations, loss of our government contracts, loss of access to classified information, loss of export privileges or debarment as a government contractor** . Any of the foregoing events could have a material, adverse effect on our financial position and operating results and harm our business reputation. We maintain cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Risks related to cybersecurity will increase as we continue to grow the scale and functionality of our geospatial data and analytics platform and process, store, and transmit increasingly large amounts of our customers' information and data, which may include proprietary or confidential data or personal data. We depend on computing infrastructure operated by Amazon Web Services (" AWS "), Microsoft, and other third parties, including other SaaS companies, to support some of our customers and any errors, disruption, performance problems, or failure in their or our operational infrastructure could adversely affect our business, financial condition, and results of operations. We rely on the technology, infrastructure, and software applications, including software- as- a- service offerings, of certain third parties, such as AWS and Microsoft Azure, in order to operate some or all of certain key features or functions of our business, including deployment of our cloud- based imagery services and other geospatial and data analytic services, customer relationship management activities, billing and order management, and financial accounting services. We do not have control over the operations of the facilities of the third parties that we use. If any of these third- party services experience errors, disruptions, security issues, or other performance deficiencies, if they are updated such that they become incompatible, if these services, software, or hardware fail or become unavailable due to extended outages, interruptions, defects, or otherwise, or if they are no longer available on commercially reasonable terms or prices (or at all), these issues could result in errors or defects in the delivery of our products and services that include the development, integration, and operations of satellite and ground systems, our revenue and margins could decline, ~~or~~ our reputation and brand could be damaged, we could be exposed to legal or contractual liability, our expenses could increase, our ability to manage our operations could be interrupted, and our processes for managing our sales and servicing our customers could be impaired until equivalent services or technology, if available, are identified, procured, and implemented, all of which may take significant time and resources, increase our costs, and ~~could~~ adversely affect our business. Many of these third- party providers attempt to impose limitations on their liability for such errors, disruptions, defects, performance deficiencies, or failures, and if enforceable, we may have additional liability to our customers or third- party providers. Our business is dependent upon our ability to keep pace with the latest technological changes. The market for our products and services is characterized by rapid technological change and evolving industry standards and, as we try to define a new market for ~~first~~ **space** - **based intelligence** ~~to- know insights~~ , the need to evolve is even more acute. Failure to respond in a timely and cost- effective way to these technological developments would result in serious harm to our business and operating results. We have derived, and we expect to continue to derive, a substantial portion of our revenue from providing products and services that are based upon today' s leading technologies and that are capable of adapting to future technologies. As a result, our success will depend, in part, on our ability to develop and market service offerings that respond in a timely manner to the technological advances and needs of our customers, and evolving industry standards. We believe that, in order to remain competitive in the future, we will need to continue to invest significant financial resources to develop new offerings and technologies or to adapt or modify our existing offerings and technologies, including through internal research and development, acquisitions and joint ventures or other teaming arrangements. These expenditures could divert our attention and resources from other projects, and we cannot be sure that these expenditures will ultimately lead to the timely development of new offerings and technologies or identification of and expansion into new markets. Due to the design complexity of our products, we may, in the future, experience delays in completing the development and introduction of new products. Any delays could result in increased costs of development or deflect resources from other projects. In addition, there can be no assurance that the market for our products and services will develop or continue to expand or that we will be successful in newly identified markets as we currently anticipate. The failure of our technology to gain market acceptance could significantly reduce our revenue and harm our business. Market acceptance of our commercial high- resolution imagery and related products and services depends on a number of factors, including ~~the~~ **their** quality, scope, timeliness, sophistication, **and** price and the availability of substitute products and services. We cannot be sure that our competitors will not develop competing technologies that gain market acceptance in advance of our technologies or develop technologies that better meet the needs of our customers. The possibility exists that our competitors might develop new technology or offerings that might cause our existing technology and offerings to become obsolete. If we fail to develop, manufacture, and market innovative technologies or services that meet customers' requirements or our technologies and services fail to achieve market acceptance more rapidly as compared to our competitors, our ability to procure new contracts could be negatively impacted and our business may not continue to grow in line with historical rates or at all. If we are unable to achieve sustained growth, we may be unable to execute our business strategy, expand our business or fund other liquidity needs and our business, financial condition, and results of operations could be materially and adversely affected. Our business involves significant risks and uncertainties that may not be covered by insurance. For example, if one or more of our satellite launches result in catastrophic failure or one or more of our in- orbit satellites or payloads fail, and we have not obtained insurance coverage or have not obtained sufficient insurance coverage, we could be required to record significant impairment charges for the satellite or payload. We endeavor to obtain insurance coverage from established insurance carriers to cover certain risks and liabilities related to our business. However, the amount of insurance coverage that we maintain may not be adequate to cover all claims or liabilities **, and even if adequate, may delay constellation or platform upgrades, which would negatively impact our ability to meet customer commitments and revenue expectations** . Existing coverage may be canceled while we remain exposed to the risk and it is not possible to obtain insurance to protect against all operational risks, natural hazards and liabilities. While we maintain insurance to cover certain risks and liabilities related to our business, we have not historically obtained and may not maintain launch or in- orbit insurance coverage for our satellites to address the risk of potential systemic anomalies, failures, collisions with our satellites or other satellites or debris, or catastrophic events affecting the existing satellite system. If one or more of our in- orbit uninsured satellites or payloads fail, one or more of our uninsured satellites is destroyed during failed launch, or if we have not obtained sufficient insurance for a particular event, we could be required to record significant impairment charges for the satellite or payload. We may review the purchase of launch insurance on a case- by- case basis evaluating the launch history of our launch provider ~~, number of satellites to be deployed on the launch vehicle~~ , the status of our constellation, our ability to launch additional satellites in the near term, and the cost of insurance, among other factors. We will evaluate risks associated with our satellite business and strive to ensure that such risks are appropriately insured. In some instances, we may not maintain launch or in- orbit insurance coverage for our satellites. Although we maintain insurance policies, we cannot provide assurance that this insurance will be adequate to protect us from all material judgments and expenses related to potential future claims or that these levels of insurance will be available in the future at economical prices or at all. A successful liability claim could result in substantial cost to us. Even if we are fully insured as it relates to a claim, the claim could nevertheless diminish our brand and divert management' s attention and resources, which could have a negative impact on our business, financial condition, and results of operations. In addition, even though we carry business interruption insurance policies, any business interruption losses could exceed the coverage available or be excluded from our insurance policies. Any disruption of our ability to operate our business could result in a material decrease in our revenue or significant additional costs to replace, repair or insure our assets, which could have a material adverse impact on our business, financial condition, and results of operations. Issues in the use of artificial intelligence (" AI "), including machine learning, in our geospatial data and analytics platforms may result in reputational harm or liability. AI is enabled by or integrated into some of our geospatial data and analytics platforms and is a growing element of our business offerings. As with many developing technologies, AI presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient, of poor quality, or contain biased information. Inappropriate or controversial data practices by data scientists, engineers, and end- users of our systems could impair the acceptance of AI solutions. If the recommendations, forecasts, or analyses that AI applications assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. Some AI scenarios present ethical issues. Though our technologies and business practices are designed to mitigate many of these risks, if we enable or offer AI solutions that are controversial because of their purported or real impact on our financial condition and operations or the financial condition and operations of our customers, we may experience competitive harm, legal liability and brand or reputational harm. Our products and services are complex and could have unknown defects or errors, which may increase our costs, harm our reputation with customers, give rise to costly litigation, or divert our or our customers' resources from other purposes. We devote substantial resources to research and development, which could cause our operating results to decline. Our products and services, including our satellites, satellite systems, and ground station infrastructure, are extremely complex and must operate successfully with complex hardware and software from other vendors. Despite testing, our **BlackSky** Spectra ~~AI~~ platform and products ~~have contained~~ -- **contain** defects and errors and may in the future contain defects or errors, or experience performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our customers for a period of time. We also employ sophisticated design and testing processes and practices for our satellites and satellite systems, which include a range of stringent factory and on- site acceptance tests with criteria and requirements that are jointly developed with customers. Our systems may not be successfully implemented, pass required acceptance criteria, or operate or give the desired output, or we may not be able to detect and fix all defects **and errors** in the satellites and our products and services. These problems could result in expensive and time- consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, diversion of our personnel' s attention from our product development efforts, exposure to liability for damages, damaged customer relationships, and harm to our reputation, any of which could materially harm our results of operations. In addition, increased development costs could be substantial and could reduce our operating margins. The existence of any defects, errors, or failures in our products **and services** or the misuse of our products **or services** could also lead to lawsuits against us, result in injury, death, or property damage, and significantly damage our reputation and support for our products and services in general. Alleviating any of these problems could require additional significant expenditures of our capital and other resources and could cause interruptions, delays, or cessation of our product licenses, which could cause us to lose existing or potential customers and could adversely affect our business, financial condition, results of operations, and growth prospects. In addition, our products and services integrate a wide variety of other elements, and our products and services must successfully interoperate with products from other vendors and our customers' **own technologies** ~~internally developed software~~ . As a result, when problems occur for a customer using our products and services, it may be difficult to identify the sources of these problems. The occurrence of software errors or errors in data, whether or not caused by our products and services, could delay or reduce market acceptance of our products and services and have an adverse effect on our business and financial performance, and any necessary revisions may cause us to incur significant expenses. In addition, we may not deliver or maintain interoperability quickly or cost- effectively, or at all. These efforts require capital investment and engineering resources. If we fail to maintain the compatibility of our products and services with our customers' network and security infrastructures, our customers may not be able to fully adopt our offerings, and we may, among other consequences, experience reduced **adoption of or** demand for our products and services, which could adversely affect our business, financial condition, and results of operations. Further, the incorrect or improper implementation or use of our software, our failure to train customers on how to benefit from full utilization of our platform, or our failure to provide support services to our customers may result in errors or loss of data and as a result, dissatisfied customers, negative publicity, and harm to our reputation and brand, or legal claims against us. We have limited experience with respect to determining the optimal prices and pricing structures for our products and services. We expect that we may need to change our pricing model from time to time, including as a result of competition, global economic conditions, reductions in our customers' spending levels generally, changes in product mix, pricing studies or changes in how information technology infrastructure is broadly consumed. Similarly, as we introduce new products and services, or as a result of the evolution of our existing products and services, we may have difficulty determining the appropriate price structure for our products and services. In addition, as new and existing competitors introduce new products or services that compete with ours, or revise their pricing structures, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, as we continue to target selling our products and services to larger organizations, these larger organizations may demand substantial price concessions. As a result, we may be required from time to time to revise our pricing structure or reduce our prices, which could adversely affect our business, financial condition, and results of operations. If we fail to meet our service level commitments, our business, results of operations and financial condition could be adversely affected. Our agreements with customers and resellers may provide for service level commitments, which contain specifications regarding the availability and performance of our products and services such as assured access and guaranteed capacity. Any failure of or disruption to our infrastructure could impact the performance of our satellites and the availability of our products and services to our customers. If we are unable to meet our stated service level commitments or if we suffer extended periods of poor performance or unavailability of our products and services, we may be contractually obligated to provide affected customers with service credits for future subscriptions, and, in certain cases, face contract termination with refunds of prepaid amounts. If we suffer performance issues or downtime that exceeds the service level commitments under our contracts with our customers, our business, financial condition, and results of operations would be adversely affected. Our business, financial condition, results of operations, and prospects may be harmed if we are unable to cross- sell our solutions. A significant component of our growth strategy is to increase the cross- selling of our products and services to current and future customers, however, we may not be successful in doing so if our customers find our additional solutions to be unnecessary or unattractive. We have invested, and intend to continue to invest, significant resources in developing and acquiring additional solutions, which resources may not be recovered if we are unable to successfully cross- sell these solutions to customers using our existing solutions. Any failure to sell additional solutions to current and future customers could harm our business, financial condition, results of operations, and prospects. Any failure to offer high- quality technical support may harm our relationships with our customers and have a negative impact on our business and financial condition. Our customers depend on our customer support team to resolve technical and operational issues relating to our products and services. Our ability to provide effective customer support **globally** is largely dependent on our ability **to maintain self- service support resources and** to attract, train, and retain qualified personnel with experience in supporting customers with products and services such as ours ~~. The number of our customers has grown significantly and that has and will put additional pressure on our customer support team, especially as we expand our hours of operation. We may be unable to respond quickly enough to accommodate short- term increases in customer demand for technical support. We also may be unable to modify the scope and delivery of our technical support to compete with changes in the technical support provided by our competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect our operating results~~ . As we continue to grow our operations and expand internationally, we need to be able to provide efficient customer support that meets our customers' needs globally at scale and our customer support team will face additional challenges, including those associated with delivering support, training, and documentation in languages other than English **, and partner collaboration** ~~. If we are unable~~ to ~~provide efficient~~ **deliver the necessary in- language** customer support ~~globally at scale, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could negatively impact our operating results. In addition, we provide self- service support resources to our customers. Some of these resources rely on engagement and collaboration with other partners. If we are unable to continue to develop self- service support resources that are easy to use and that our customers utilize to resolve their technical issues, customers may continue to direct support requests~~

~~to our customer support team instead of relying on our self- service support resources and our customers' experience with our geospatial data and analytics platform may be negatively impacted~~ . Any failure to maintain high- quality support, or a market perception that we do not maintain high- quality support, could harm our reputation, our ability to sell our products and services to existing and prospective customers, and our business, financial condition, and results of operations. We are obligated to develop and maintain proper and effective internal control over financial reporting. If we identify material weaknesses in the future, or otherwise fail to develop and maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be adversely affected, which may adversely affect investor confidence in our company and the value of our Class A common stock. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Exchange Act Rule 13a- 15 (f). Our internal control over financial reporting is designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. We may discover control deficiencies in the future, and we cannot assure you that we will not have a material weakness in future periods. If we are unable to successfully remediate any future material weakness and otherwise to establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in us and the value of our Class A common stock could be materially and adversely affected. Similarly, if our remedial measures are insufficient to address any future material weakness on a timely basis, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results. Additionally, the process of **maintaining** ~~designing and implementing~~ internal control over financial reporting required to comply with Section 404 of the Sarbanes- Oxley Act of 2002 **is and** will **continue to** be time consuming, costly and complicated. Moreover, the effectiveness of our controls and procedures may be limited by a variety of factors, including: • faulty human judgment and simple errors, omissions or mistakes; • fraudulent action of an individual or collusion of two or more people; • inappropriate management override of procedures; and • the possibility that any enhancements to controls and procedures may still not be adequate to assure timely and accurate financial control. Our ability to use net operating loss carryforwards and certain other tax attributes may be limited. As of December 31, ~~2022~~ **2023** , we had $ ~~53~~ **57** . ~~1~~ **8** million of tax- effected U. S. federal net operating loss carryforwards available to reduce future taxable income. It is possible that we will not generate sufficient taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under legislative changes made in December 2017, U. S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but **, for taxable years beginning after 2020,** the deductibility of such net operating losses is limited to 80 % of taxable income. Limitations under state law may differ. In addition, our **U. S.** federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the U. S. Internal Revenue Code of 1986, as amended (the " Code "), respectively, and similar provisions of state law. Under those sections of the Code, if a corporation undergoes an " ownership change, " the corporation' s ability to use its pre- change net operating loss carryforwards and other pre- change attributes, such as research tax credits, to offset its post- change income or tax may be limited. In general, an " ownership change " will occur if there is a cumulative change in our ownership (by value) by " 5- percent shareholders " that exceeds 50 percentage points over a rolling three- year period. Similar rules may apply under state tax laws. We completed our analysis of historical " ownership changes " for purposes of Section 382 and Section 383 of the Code and believe an immaterial portion of our cumulative **U. S.** federal net operating loss carryforwards will expire unutilized. Risks Related to Our Government Contracts We have contracts with the U. S. government, and we may enter into additional contracts with the U. S. government in the future, and this subjects a large part of our business to statutes and regulations applicable to companies doing business with the government, including the Federal Acquisition Regulation (" FAR "). These government contracts customarily contain provisions that give the government substantial, and ~~sometime~~ **sometimes** unilateral, rights and remedies, many of which are not typically found in commercial contracts and which are unfavorable to contractors. The FAR governs all aspects of government contracting, including contractor qualifications and acquisition procedures. The FAR provisions in U. S. government contracts must be complied with in order for the contract to be awarded and ~~provides~~ - **provide** for government audits and reviews of contract procurement, performance and administration. For instance, ~~most~~ **the** U. S. government **will have** ~~agencies include provisions that allow~~ the ~~government~~ **right** to unilaterally terminate ~~or~~ **and may have the right to unilaterally** modify contracts for its convenience, and in that event, the counterparty to the contract may generally recover only its incurred or committed costs and settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, the defaulting party may be liable for any extra costs incurred by the government in procuring undelivered items from another source. Government contracts often also contain provisions and are subject to laws and regulations that provide government customers with additional rights and remedies not typically found in commercial contracts. These rights and remedies allow government customers, among other things, to: • Terminate existing contracts for convenience with no prior notice; • Reduce orders under or otherwise modify contracts unilaterally; • For contracts subject to the ~~Truth~~ **Truthful** ~~in Negotiations~~ **Cost or Pricing Data** Act, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not current, accurate, and complete; • For some contracts, (i) demand a refund, make a forward price adjustment, or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (ii) reduce the contract price under triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated; • Cancel multi- year contracts and related orders if funds for contract performance for any subsequent year become unavailable **, or if government programs are subject to a continuing resolution** ; • Decline to exercise an option **on** ~~to renew~~ a multi- year contract; • Claim rights in solutions, systems, or technology produced by us, appropriate such work- product for their continued use without continuing to contract for our services, and disclose such work- product to third parties, including other government agencies and our competitors, which could harm our competitive position; • Prohibit future procurement awards with a particular agency due to a finding of organizational conflicts of interest ~~based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor' s judgment~~ ; • Subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction, or modification of the awarded contract; • Suspend or debar us from doing business with the applicable government; and • Control or prohibit the export of our **products, intellectual property or** services. In addition, government contracts normally contain additional requirements that may increase our costs of doing business, reduce our gross margins, and expose us to liability for failure to comply with these terms and conditions. These requirements include, for example: • specialized disclosure and accounting requirements unique to government contracts; • financial and compliance audits that may result in potential liability or price adjustments, recoupment of government funds for misapplication or identification of costs, civil and criminal penalties, or administrative sanctions such as suspension or debarment from doing business with the U. S. government; • public disclosures of certain contract and company information; • mandatory socioeconomic compliance requirements, including labor requirements, non- discrimination and affirmative action programs and environmental compliance requirements; and • requirements to procure certain materials, components and parts from specific countries or supply sources approved by the customer. Government contracts are also generally subject to greater scrutiny by the government, which can initiate reviews, audits and investigations regarding our compliance with government contract requirements. New regulations or procurement requirements (including, for example regulations regarding counterfeit and corrupt parts, supply chain diligence and cybersecurity) or changes to current requirements could increase our costs and risk of non- compliance. In addition, if we fail to comply with government contracting laws, regulations and contract requirements, our contracts may be subject to termination, and we may be subject to financial and / or other liability under our contracts, the Federal Civil False Claims Act (including treble damages and other penalties), or criminal law. In particular, the False Claims Act' s " whistleblower " provisions also allow private individuals, including present and former employees, to sue on behalf of the U. S. government. Any penalties, damages, fines, suspension, or damages could adversely affect our ability to operate our business and our financial results. Our role as a contractor to agencies and departments of the U. S. government results in our being routinely subject to investigations and reviews relating to compliance with various laws and regulations, including those associated with organizational conflicts of interest, procurement integrity, bid integrity and claim presentation, among others. These investigations may be conducted without our knowledge. Adverse findings in these investigations or reviews can lead to criminal, civil or administrative proceedings, and we could face civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with U. S. government agencies. In addition, we could suffer serious harm to our reputation and competitive position if allegations of impropriety were made against us, whether or not true. If our reputation or relationship with U. S. government agencies were impaired, or if the U. S. government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our revenue would decline. Further, changes in government policies, priorities, regulations, use of commercial data providers to meet U. S. government imagery needs, government agency mandates, funding levels through agency budget reductions, the imposition of budgetary constraints or a decline in government support or deferment of funding for programs in which we or our customers participate could result in contract terminations, delays in contract awards, reduction in contract scope, performance penalties or breaches of our contracts, the failure to exercise contract options, the cancellation of planned procurements and fewer new business opportunities, all of which could negatively impact our business, financial condition, results of operations and cash flows. In addition, continued uncertainty related to recent and future disruptions in U. S. federal government operations, such as government shutdowns, the U. S. budget and / or failure of the U. S. government to enact annual appropriations, such as long- term funding under a continuing resolution, could have a material adverse impact on our revenue, earnings and cash flow and may negatively impact regulatory approvals and guidance that are important to our operations. We face other risks and uncertainties associated with defense- related contracts, which may have a material adverse effect on our business. Our products and services are incorporated into many different domestic and international defense programs. Whether our contracts are directly with the U. S. government, a foreign government, or one of their respective agencies, or indirectly as a subcontractor or team member, our contracts and subcontracts are subject to special risks. For example: • Changes in government administration and national and international priorities, including developments in the geopolitical environment, could have a significant impact on national or international defense spending priorities and the efficient handling of routine contractual matters. These changes could have a negative impact on our business in the future. • Because we contract to supply goods and services to the U. S. and foreign governments and their prime and subcontractors, we compete for contracts in a competitive bidding process. We may compete directly with other suppliers or align with a prime or subcontractor competing for a contract. We may not be awarded the contract if the pricing or product offering is not competitive, either at our level or the prime or subcontractor level. In addition, in the event we are awarded a contract, we are subject to protests by losing bidders of contract awards that can result in the reopening of the bidding process, re- evaluation and new award of the contract to another bidder. In addition, we may be subject to multiple rebid requirements over the life of a defense program in order to continue to participate in such program, which can result in the loss of the program or significantly reduce our revenue or margin from the program. The government' s requirements for more frequent technology refreshes on defense programs may lead to increased costs and lower long term revenue. • Consolidation among defense industry contractors has resulted in a few large contractors with increased bargaining power relative to us. The increased bargaining power of these contractors may adversely affect our ability to compete for contracts and, as a result, may adversely affect our business or results of operations in the future. Our customers include U. S. government contractors who must comply with and are affected by laws and regulations relating to the formation, administration, and performance of U. S. government contracts. In addition, when we contract with the U. S. government, we must comply with these laws and regulations. A violation of these laws and regulations could result in the imposition of fines and penalties to us or our customers or the termination of our or their contracts with the U. S. government. As a result, there could be a delay in our receipt of orders from our customers, a termination of such orders, or a termination of contracts between us and the U. S. government. ~~•~~A large portion of our contracts are with U. S. and international defense contractors or directly with the U. S. government on a commercial item basis, eliminating the requirement to disclose and certify cost data. To the extent that there are interpretations or changes in the FAR regarding the qualifications necessary to sell commercial items, there could be a material impact on our business and operating results. For example, there have been legislative proposals to narrow the definition of a " commercial item " (as defined in the FAR) or to require cost and pricing data on commercial items that could limit or adversely impact our ability to contract under commercial item terms. Changes could be accelerated due to changes in our mix of business, in federal regulations, or in the interpretation of federal regulations, which may subject us to increased oversight by the Defense Contract Audit Agency ~~(" DCAA ")~~ for certain of our products or services. Such changes could also trigger contract coverage under the Federal Cost Accounting Standards (" CAS "), further impacting our commercial operating model and requiring compliance with a defined set of business systems criteria. Growth in the value of certain of our contracts has increased our compliance burden, requiring us to implement new business systems to comply with such requirements. Failure to comply with applicable CAS requirements could adversely impact our ability to win future CAS-type contracts. ~~•~~We are subject to the Defense Federal Acquisition Regulation Supplement (" DFARS ") and the Department of Defense (" DoD ") and other federal cybersecurity requirements, in connection with our defense work for the U. S. government and defense ~~prime~~ contractors. Amendments to DoD cybersecurity requirements, such as through amendments to the FAR or DFARS, may increase our costs or delay the award of contracts if we are unable to certify that we satisfy such cybersecurity requirements. ~~•~~The U. S. government or a defense ~~prime~~ contractor customer could require us to relinquish data rights to a product in connection with performing work on a defense contract, which could lead to a loss of valuable technology and intellectual property in order to participate in a government program. ~~•~~We are subject to various U. S. federal export ~~-~~control statutes and regulations, which affect our business with, among others, international defense customers. In certain cases, the export of our products and technical data to foreign persons, and the provision of technical services to foreign persons related to such products and technical data, may require licenses from the U. S. Department of Commerce or the U. S. Department of State. The time required to obtain these licenses, and the restrictions that may be contained in these licenses, may put us at a competitive disadvantage with respect to competing with international suppliers who are not subject to U. S. federal export control statutes and regulations. In addition, violations of these statutes and regulations can result in civil and, under certain circumstances, criminal liability as well as administrative penalties which could have a material adverse effect on our business, financial condition, and results of operations. ~~•~~Sales to our U. S. ~~prime~~ defense contractor customers as part of foreign military sales ~~(" FMS ")~~ programs combine several different types of risks and uncertainties highlighted above, including risks related to government contracts, risks related to defense contracts, timing and budgeting of foreign governments, and approval from the U. S. and foreign governments related to the programs, all of which may be impacted by macroeconomic and geopolitical factors outside of our control, including **factors related to the conflict in the Middle East or** Russia' s actions in Ukraine. ~~•~~We derive a portion of our revenue from programs with governments and government agencies that are subject to security restrictions (e. g., contracts involving classified information, classified contracts, and classified programs), which preclude the dissemination of information and technology that is classified for national security purposes under applicable law and regulation. In general, access to classified information, technology, facilities, or programs requires appropriate personnel security clearances, is subject to additional contract oversight and potential liability, and may also require appropriate facility clearances and other specialized infrastructure. Therefore, certain of our employees with appropriate security clearances may require access to classified information in connection with the performance of a U. S. government contract. We must comply with security requirements pursuant to the National Industrial Security Program Operating Manual (" NISPOM ") administered by the Defense Counterintelligence and Security Agency (" DCSA "), and other U. S. government security protocols when accessing sensitive information. Failure to comply with the NISPOM or other security requirements may subject us to civil or criminal penalties, loss of access to sensitive information, loss of a U. S. government contract, or potentially debarment as a government contractor. Further, ~~the~~ DCSA has transitioned its review of a contractor' s security program to focus on the protection of controlled unclassified information and assets. Failure to meet DCSA' s ~~new,~~ broader requirements could adversely impact ~~the~~ **our** ability to win new business as a government contractor. ~~•~~We may need to invest additional capital to build out higher level security infrastructure / obtain certain security accreditations to win contracts, and maintain them, related to defense programs with higher level security requirements. Failure to invest in such infrastructure may limit our ability to obtain new contracts with defense programs or maintain existing contracts that contain such contractual or regulatory security requirements. If we win contracts that require a higher level of security infrastructure / accreditation status and do not maintain such standards / accreditations, then it could result in contract termination that has a material adverse effect on our business, financial condition and results of operations, and reputational harm. Changes in U. S. government policy regarding use of commercial data or space infrastructure providers, or material delay or cancellation of certain U. S. government programs, may have a material adverse effect on our revenue and our ability to achieve our growth objectives. Current U. S. government policy encourages the U. S. government' s use of commercial data and space infrastructure providers to support U. S. national security objectives. We are considered by the U. S. government to be a commercial data provider. U. S. government policy is subject to change and any change in policy away from supporting the use of commercial data and space infrastructure providers to meet U. S. government imagery and space infrastructure needs, or any material delay or cancellation of planned U. S. government programs, could materially adversely affect our revenue and our ability to achieve our growth objectives. If our subcontractors or suppliers fail to perform their contractual obligations, our performance and reputation as a contractor and our ability to obtain future business could suffer. As a prime contractor to the U. S. government, from time to time we rely upon other companies as subcontractors to perform work we are obligated to perform for our customers. As we secure more work under certain of our contracts, we may require an increasing level of support from subcontractors that provide complementary and supplementary services to our offerings. We are responsible for the work performed by our subcontractors, even though in some cases we have limited involvement in that work. If one or more of our subcontractors fails to satisfactorily perform the agreed- upon services on a timely basis or violates U. S. government contracting policies, laws or regulations, our ability to perform our obligations as a prime contractor or meet our customers' expectations may be compromised. In extreme cases, performance or other deficiencies on the part of our subcontractors could result in a customer terminating our contract for default. A termination for default could expose us to liability, including liability for the agency' s costs of re- procurement, could damage our reputation and could hurt our ability to compete for future contracts. We also are required to procure certain materials and parts from supply sources approved by the U. S. government. The inability of a supplier to meet our needs or the appearance of counterfeit parts in our products could have a material adverse effect on our financial position, results of operations or cash flows. Risks Related to Our Satellites and Ground Stations Our current primary research and development objectives focus on the development of our satellites and our products and services. We have limited operational experience with our satellites, and our Gen- 3 satellites are still in development and may not be completed on time or at all and the costs associated with ~~it~~ **development** may be greater than expected. While we estimate the gross costs associated with designing, building and launching our Gen- 3 satellites will be significant, there can be no assurance that we will complete this on a timely basis, on budget or at all. Design, manufacture and launch of satellite systems are highly complex and historically have been subject to delays and cost over- runs. If we do not complete development of these satellites in our anticipated timeframes or at all, our ability to grow our business will be adversely affected. The successful development, integration, and operations of our satellites and our products and services involves many uncertainties, some of which are beyond our control, including, but not limited to: • ~~timing~~ **delays** in finalizing satellite design and specifications; • **issues with** performance of satellites and our space system meeting design specifications; • failure of satellites and our space system as a result of technological or manufacturing difficulties, design issues or other unforeseen matters; • engineering and / or manufacturing performance failing or falling below expected levels of output or efficiency; • increases in costs of materials; • changes in project scope; • ~~our ability~~ **inability** to obtain additional applicable approvals, licenses or certifications from regulatory agencies, if required, ~~and~~ **or to** ~~maintaining~~ --- **maintain** current approvals, licenses or certifications; • **issues with** performance of manufacturing facilities that we use despite risks that disrupt productions, such as natural disasters, catastrophic events or labor disputes; • **issues with** performance of a limited number of suppliers for certain raw materials and supplied components, the accuracy of supplier representations as to the suitability of such raw materials and supplied components for our products, and their willingness to do business with us; • **issues with** performance of our internal and third- party resources that support our research and development activities; • ~~our ability~~ **inability** to protect our intellectual property critical to the design and function of our satellites and our products and services; • ~~our ability~~ **inability** to continue funding and maintaining our research and development activities; • ~~successful~~ **failure to** ~~completion~~ **complete** ~~of~~ demonstration missions; and • the impact of **geopolitical events** ~~the COVID- 19 pandemic~~ on us, our customers and suppliers, and the global economy. If any of the above events occur, they could have a material adverse effect on our ability to continue to develop, integrate and operate our satellites and related infrastructure, products and services, which would materially adversely affect our business, financial condition and results of operations. Loss of, or damage to, a satellite and the failure to obtain data or alternate sources of data for products and services may have an adverse impact on our business, financial condition, and results of operations. If our satellites and related equipment have shorter useful lives than we anticipate, we may be required to recognize impairment charges. We rely on data collected from a number of sources including data obtained from our satellites and from third parties. We may become unable or limited in our ability to collect such data. For example, satellites can temporarily go out of service and be recovered, or cease to function for reasons beyond our control, including the quality of design and construction, the supply of fuel, the expected gradual environmental degradation of solar panels, the durability of various satellite components and the orbits and space environments in which the satellites are placed and operated. Electrostatic storms, collisions with other objects (including, but not limited to, space debris and other spacecrafts) or actions by malicious actors, including cyber related, could also damage the satellites and subject us to liabilities for any damages caused to other spacecrafts. Additionally, in certain instances, governments may discontinue for periods of time the access to or operation of a satellite for any particular area on the Earth and for various reasons may not permit transmission of certain data, whether from a satellite owned by the government or not. Satellites can experience malfunctions, commonly referred to as anomalies, which have occurred and may occur in the future in our satellites. Any single anomaly could materially and adversely affect our ability to utilize the satellite. Anomalies may also reduce the expected capacity, commercial operation and / or useful life of a satellite, thereby reducing the revenue that could be generated by that satellite or create additional expenses due to the need to provide replacement or back- up satellites or satellite capacity earlier than planned and could have a material adverse effect on our business. For example, we have previously experienced the loss of a satellite that never went into commercial operations as a result of an anomaly, as well as a launch failure in which we lost two satellites before getting to orbit. In addition, if a satellite experiences a malfunction, our backup satellite capacity may be insufficient to meet all of our customers' needs or cause service interruptions, and we may need to potentially blackout or reduce service to certain customers, which would adversely affect our relationships with our customers and result in loss of revenue. Although we work closely with our satellite manufacturer to determine and eliminate the cause of anomalies in new satellites and provide for redundancies of many critical components in the satellites, we may not be able to prevent the impacts of anomalies in the future. Satellites have certain redundant systems which can fail partially or in their entirety and accordingly satellites may operate for extended periods without all redundant systems in operation, but with single points of failure. The failure of satellite components could cause damage to or loss of the use of a satellite before the end of its expected operational life. Certain of our satellites are nearing the end of their expected operational lives. As satellites near the end of their expected operational lives, we expect the performance of each satellite to decline gradually ~~near the end of its expected operational life~~. We can offer no assurance that satellites will maintain their prescribed orbits or remain operational **throughout their expected operational lives** and we may not have replacement satellites that are immediately available. We evaluate our satellites for impairment and test for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Certain of the anomalies previously disclosed may be considered to represent a significant adverse change in the physical condition of a particular satellite. There can be no assurance as to the actual operational life of a satellite or that the operational life of individual components will be consistent with their design life. A number of factors will impact the ~~useful~~ **operational** lives of our satellites, including, among other things, the quality of their design and construction, the durability of their component parts and availability of any replacement components, and the occurrence of any anomaly or series of anomalies or other risks affecting the satellites during launch and in orbit. In addition, any improvements in technology may make obsolete our existing satellites or any component of our satellites prior to the end of their lives. If our satellites and related equipment have shorter useful lives than we currently anticipate, this may lead to delays in increasing the rate of our commercial payloads and declines in actual or planned revenue, which would have a material adverse effect on our business, financial condition, and results of operations. Long- lived assets, including goodwill and intangible assets, are tested annually for impairment in the fourth quarter or whenever there is an indication that an asset may be impaired. Disruptions to our business, unexpected significant declines in our operating results, adverse technological events or changes in the regulatory markets in which we operate may result in impairment charges to our tangible and intangible assets. Any future impairment charges could substantially affect our reported results. Satellites are subject to construction and launch delays, launch failures, damage or destruction during launch, the occurrence of which can materially and adversely affect our operations. Delays in the construction of future satellites and the procurement of requisite components ~~and launch vehicles~~, limited availability of appropriate launch windows, possible delays in obtaining regulatory approvals, satellite damage or destruction during launch, launch failures, or incorrect orbital placement could have a material adverse effect on our business, financial condition, and results of operations. The loss of, or damage to, a satellite due to a launch failure **has historically resulted, and** could result **,** in significant delays in anticipated revenue to be generated by that satellite and / or significant impairment charges. ~~For example, on May 15, 2021, a rocket carrying two of our satellites suffered a failure during flight, resulting in the loss of both satellites and, an impairment loss of $ 18. 4 million.~~ Any significant delay in the commencement of service of a satellite could delay or potentially permanently reduce the revenue anticipated to be generated by that satellite. In addition, if the loss of a satellite were to occur, we may not be able to accommodate affected customers with our other satellites or data from ~~another~~ -- **other** ~~source~~ **sources** until a replacement satellite ~~is~~ **becomes** available, and we may not have on hand, or be able to obtain in a timely manner, the necessary funds to cover the cost of any necessary satellite replacement **or data supplement** . An extended launch delay beyond planned contingency, launch failure, underperformance, delay or perceived delay could have a material adverse effect on our business prospects, financial condition, and results of operations. The manufacturing, testing, launching and operation of satellites involves complex processes and technology. Our satellites employ advanced technologies and sensors that are exposed to severe environmental stresses that have **affected** and could affect the performance of our ~~satellite~~ **satellites** . Hardware component problems could lead to deterioration in performance or loss of functionality of a satellite. In addition, human operators may execute improper implementation commands that may negatively impact a satellite' s performance. Exposure of our satellites to an unanticipated catastrophic event, such as a meteor shower or a collision with space debris, could reduce the performance of, or completely destroy, the affected satellite. Even if a satellite is operated properly, minor technical flaws in the satellite' s sensors could significantly degrade their performance, which could materially affect our ability to collect imagery and market our products and services successfully. We cannot provide assurances that our satellites will continue to operate successfully in space throughout their expected operational lives. Even if a satellite is operated properly, technical flaws in that satellite' s sensors or other technical deficiencies or anomalies could significantly hinder its performance, which could materially affect our ability to collect imagery and market our products and services successfully. While certain software deficiencies may be corrected **or mitigated** remotely, most, if not all, of the satellite anomalies or debris collision damage cannot be corrected **or mitigated** once the satellites are placed in orbit. Further, although we have some ability to actively maneuver our satellites to avoid potential collisions with space debris or other ~~spacecraft~~ **spacecrafts** , this ability is limited by, among other factors, uncertainties and inaccuracies in the projected orbit location of and predicted conjunctions with debris objects tracked and cataloged by the U. S. government. Additionally, some space debris is too small to be tracked and therefore its orbital location is completely unknown; nevertheless, this debris ~~is~~ **may** still **be** large enough to potentially cause severe damage or a failure of our satellites should a collision occur. If we suffer a partial or total loss of a deployed satellite, we could need a significant amount of time and could incur substantial expense to replace that satellite. We may experience other problems with our satellites that may reduce their performance. During any period of time in which a satellite is not fully operational, we may lose most or all of the revenue that would have otherwise been derived from that satellite. Our inability to repair or replace a defective satellite or correct **or mitigate** any other technical problem in a timely manner could result in a significant loss of revenue. If a satellite experiences a significant anomaly such that it becomes impaired or is no longer functional, it could significantly impact our business, prospects and profitability. In 2018, we formed LeoStella, a joint venture owned 50- 50 between us and Thales Alenia Space US Investment LLC (" Thales "). LeoStella currently manufactures our Gen- 2 and Gen- 3 satellites, is assisting with the design of our Gen- 3 satellites and has certain exclusivity and / or right of first refusal and right of last offer rights with respect to the supply of our satellites and certain related services to us, subject to certain exceptions. Our ability to execute our business strategy and grow our satellite constellation depends on efficient, proper, **timely,** and uninterrupted operations at our satellite ~~manufacturers~~ - **manufacturer** . A significant disruption to our satellite ~~manufacturers~~ - **manufacturer** could have a material adverse effect on our business, financial condition and results of operations. Our reliance on our satellite ~~manufacturers~~ -

manufacturer poses a number of risks, including lack of control over the manufacturing process and ultimately over the quality and timing of delivery of our satellites. An infrastructure failure at a manufacturer’ s facilities could result in the destruction of satellites under construction or inventory, manufacturing delays or additional costs incurred. LeoStella has limited operations and does not currently maintain back- up manufacturing facilities or operations. In addition, our arrangement with LeoStella limits our ability to use an alternative manufacturer for our satellites. A change in our relationship with LeoStella could result in a material adverse effect on our business, financial condition, and results of operations. A decision to change manufacturers would result in longer times for design and production as we develop relationships with new suppliers. We are dependent on a limited number of vendors to provide certain key raw materials, supplied components, products or services, including launch transport and launch services. The inability of these key vendors to meet our needs could have a material adverse effect on our business, financial condition, and results of operations. Many raw materials and components, particularly for the construction of satellites and management of certain remote ground terminals and direct access facilities, are procured or subcontracted on a single or sole- source basis. Similarly, at this time, there are only a handful of companies who offer launch services and transportation services for our satellites and ground station equipment. Our ability to manage inventory, meet delivery requirements, and maintain launch schedules may be constrained by our suppliers’ inability to scale production and adjust delivery of long- lead time products during times of volatile demand. Our inability to fill our supply needs would jeopardize our ability to fulfill obligations under commercial and government contracts, which could, in turn, result in reduced sales, contract penalties or terminations and damage to customer relationships and could have a material adverse effect on our business, financial condition, results of operations, or cash flows. **Likewise** ~~In the same vein~~ , if the number of companies offering these products and services on which our business relies does not grow in the future or there is a consolidation among companies who offer these services, this could result in a shortage of materials and services, which may cause prices to increase or delays in our schedule, increase costs, cause gaps in our service, or otherwise adversely affect our ability to meet customer demand. Any of these situations could have a material adverse effect on our business, financial condition, and results of operations. While delays are common in the space industry, especially launch delays, any delay in a launch could result in a delay in recognizing revenue which could materially impact our financial statements or result in negative impacts to our earnings during a specified time period, which could have a material effect on our business, financial condition, and results of operations. In addition, if these vendors are unable to meet our needs because they fail to perform adequately, are unable to match new technological requirements or problems, or are unable to dedicate engineering and other resources necessary to provide the services contracted for, our business, financial condition, and results of operations may be adversely affected. While alternative sources for key raw materials, supplied components, products, services, and technologies may exist, we may not be able to develop these alternative sources quickly and cost- effectively, which could materially impair our ability to operate our business. Furthermore, these vendors may request changes in pricing, payment terms or other contractual obligations, which could cause us to make substantial additional investments. Moreover, the imposition of tariffs or import / export restrictions on raw materials or supplied components could have a material adverse effect on our operations. We have in the past experienced and may in the future experience delays in manufacturing or operation as we go through the requalification process with any replacement third- party supplier, as well as the limitations imposed by the ITAR, EAR, or other restrictions on transfer of sensitive technologies. Our satellites may not be able to capture Earth images due to weather, natural disasters or other external factors, or as a result of our constellation of satellites having restrained capacity. Our satellites may not be able to capture Earth images, either with sufficient clarity or detail, or at all, due to the occurrence of a variety of factors including cloud cover or haze; adverse weather conditions including hurricanes or tornadoes, fires or volcano eruptions; or other factors that are outside our control. Adverse weather conditions, such as clouds or haze, may also cause our satellites to experience technical difficulties communicating with the ground terminals or collecting imagery in the same quality or volume that was intended. In addition, space weather, such as solar flares, could take our satellites out of orbit, disrupt our ground communication networks, and affect the decay rate of our satellites. Further, if there is high demand on our constellation to capture images in a certain area, we may have difficulty tasking sufficient satellite coverage to capture high- resolution images in ~~another~~ **this** region. The occurrence of any of the foregoing could result in lengthy interruptions in our services and / or damage our reputation, which could have a material adverse effect on our business, revenue, financial condition, and results of operations. As a result of the foregoing, customers may not be able to procure images they want, which could adversely affect our relationship with such customers and our general reputation. Prolonged adverse periods of weather, natural disasters, or other external factors, such as restrained capacity, can worsen these impacts. Natural disasters, unusual weather conditions, epidemic outbreaks, terrorist acts and political events could impact our ground operations infrastructure, which could harm our business, prospects, financial condition and results of operations. We operate an extensive ground infrastructure, including sites worldwide. These ground stations are used for controlling our satellites and downloading imagery to eventually be provided to our customers. We may experience a partial or total loss of one or more of these facilities due to natural disasters (tornado, earthquake **,** flood, hurricane or other natural events), fire, acts of war (including **the conflict in the Middle East, and** Russia’ s actions in Ukraine) or terrorism or other catastrophic events. A failure at any of these facilities could cause a significant loss of service for our customers. Additionally, we may experience a failure in the necessary equipment at our satellite control center, at the back- up facility, or in the communication links between these facilities and remote teleport facilities. A failure or operator error affecting tracking, telemetry and control operations might lead to a break- down in the ability to communicate with one or more satellites or cause the transmission of incorrect instructions to the affected satellites, which could lead to a temporary or permanent degradation in satellite performance or to the loss of one or more satellites. Intentional or non- intentional electromagnetic or radio frequency interference, including by nation state actors or their agents, could result in a failure of our ability to deliver satellite services to our customers. A failure at any of our facilities or in the communications links between our facilities or interference with our satellite signal could cause our revenue to decline materially and could adversely affect our ability to market our services and harm our business, prospects, financial condition and results of operations. Risks Related to Our Intellectual Property Our technologies contain " open source " software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business. Many of our products are designed to include software licensed from third parties under " open source " licenses. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create **under such licenses** ~~based upon the open source software~~ , and that we license these modifications or derivative works under the terms of a particular open source license or other license granting third-parties certain rights of further use. If we combine our proprietary technologies with open source software in a certain manner, we could, under certain provisions of the open source licenses, be required to release the source code of our proprietary software. In addition to risks related to license requirements, use of open source software can lead to greater risks than use of third- party commercial software, as open source licensors generally do not provide updates, warranties, support, indemnities, assurances of title, or controls on origin of the software. Likewise, some open source projects have known security and other vulnerabilities and architectural instabilities, or are otherwise subject to security attacks due to their wide availability, and are provided on an " as- is " basis. We have implemented processes to help alleviate these risks, including a review process for evaluating open source software and using software tools to review our source code for identifying open source software, but we cannot be sure that such processes will be **comprehensive,** accurate or effective. In addition, open source license terms may be ambiguous and many of the risks associated with usage of open source software cannot be eliminated, and could, if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to re- engineer our technology, to release proprietary source code, to remove features or functionalities, or to take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, financial condition, results of operations and growth prospects. In addition, if the open source software we use is no longer maintained by the relevant developer or open source community, then it may be more difficult to make the necessary revisions to our software, including modifications to address security vulnerabilities, which could impact our ability to mitigate cybersecurity risks or fulfill our contractual obligations to our customers. We may also face claims from others seeking to enforce the terms of an open source license, including by demanding release under certain open source licenses of the open source software, derivative works or our proprietary source code that was developed using such software. Such claims, with or without merit, could result in litigation, could be time- consuming and expensive to settle or litigate, could divert our management' s attention and other resources, could require us to lease some of our proprietary code, or could require us to devote additional research and development resources to change our technologies, any of which could adversely affect our business. Many of these risks associated with usage of open source software could be difficult to eliminate or manage, and could, if not properly addressed, negatively affect the performance of our offerings and our business. We rely on the availability of licenses to third- party technology that may be difficult to replace or that may cause errors or delay delivery of our services should we not be able to continue or obtain a commercially reasonable license to such technology. We rely on software and other intellectual property licensed from third parties. It may be necessary in the future to renew licenses relating to various aspects of these platforms or to seek new licenses for existing or new platforms or other products. There can be no assurance that the necessary licenses would be available on commercially acceptable terms, if at all. Third parties may terminate their licenses with us for a variety of reasons, including actual or perceived failures or breaches of security or privacy, or reputational concerns, or they may choose not to renew their licenses with us. In addition, we may be subject to liability if third- party software that we license is found to infringe, misappropriate, or otherwise violate intellectual property or other rights of others. The loss of, or inability to obtain, certain third- party licenses or other rights or to obtain such licenses or rights on reasonable terms, or the need to engage in litigation regarding these matters, could result in product **and service** roll- backs ~~,~~ **and** delays in product **and service** releases until equivalent or comparable technology can be identified, acquired, licensed, or developed, if at all, and integrated into our technologies, and may have a material adverse effect on our business, financial condition, and results of operations. Moreover, the inclusion in our technologies of software or other intellectual property licensed from third parties on a nonexclusive basis could limit our ability to differentiate our products and services from offerings of our competitors and could inhibit our ability to ~~provide the current~~ **maintain or meet service** level **commitments or expectations** of **our** ~~service to~~ existing **and prospective** customers. In addition, any data that we license from third parties for **use or** potential use with our technologies may contain errors or defects, which could negatively impact our products and services. This may have a negative impact on how our products and services are perceived by our current and potential customers and could materially damage our reputation and brand. Changes in or the loss of third- party licenses could lead to our technologies becoming inoperable or the performance of our technologies being materially reduced resulting in our potentially needing to incur additional research and development costs to ensure continued performance of our products and services or a material increase in the costs of licensing, and we may experience decreased demand for our products and services. We may be unable to protect our intellectual property rights. Disclosure of trade secrets could cause harm to our business. To protect our proprietary rights, we rely on a combination of trademarks and trade secret laws, and confidentiality agreements and license agreements with consultants, subcontractors, vendors and customers. Our efforts to protect our intellectual property and proprietary rights may not be sufficient. Although we apply rigorous standards, documents and processes to protect our intellectual property, there is no absolute assurance that the steps taken to protect our technology will prevent misappropriation or infringement. Our ability to enforce and protect our intellectual property rights may be limited in certain countries outside the United States, which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by us. Competitors also may harm our sales by designing products that mirror the capabilities of our products or technology without infringing on our intellectual property rights. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue. We attempt to protect our trade secrets and other proprietary information by entering into confidentiality, licensing and invention assignment agreements or other contracts with similar provisions with third parties, our employees and consultants. However, these agreements can be breached and, if they are, there may not be an adequate remedy available to us. In addition, others may independently discover or reverse engineer our trade secrets and proprietary information, and in such cases we could not assert any trade secret or proprietary rights against such party. Litigation may be necessary to enforce or protect our intellectual property rights ~~,~~ **or** our trade secrets or determine the validity and scope of the proprietary rights of others. Litigating a claim that a party illegally or unlawfully obtained and uses our trade secret without authorization is difficult, expensive and time consuming, and the outcome is unpredictable. If we are unable to protect our intellectual property, our competitors could market services or products similar to our services and products, which could reduce demand for our offerings. Any litigation to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others could result in substantial costs and diversion of resources, with no assurance of success. Our technology may violate the proprietary rights of third parties and our intellectual property may be misappropriated or infringed upon by third parties, each of which could have a negative impact on our operations. If any of our technology violates proprietary rights of any third party, including copyrights and patents, such third party may assert infringement claims against us. Certain software and other intellectual property used by us or in our satellites, systems and products make use of or incorporate licensed software components or other licensed technology. These components are developed by third parties over whom we have no control. Any claims brought against us may result in limitations on our ability to use the intellectual property subject to these claims. We may be required to redesign our satellites, systems ~~or~~ **,** products **or services** or to obtain licenses from third parties to continue offering our satellites, systems ~~or~~ **,** products **or services** without substantially re- engineering such products or systems. Our intellectual property rights may be invalidated, circumvented, challenged, infringed or required to be licensed to others. An infringement or misappropriation could harm any competitive advantage we currently derive or may derive from our proprietary rights. Risks Related to Our Indebtedness and **Alternative** Financings ~~Our business is capital intensive, and we may not be able to adequately finance our capital needs through operations, or by raising capital, including funding future satellites, or we may be able to do so only on terms that significantly restrict our ability to operate our business.~~ The implementation of our business strategies, such as expanding our satellite constellation and our products and services offerings, requires a substantial outlay of capital. As we pursue our business strategies and seek to respond to opportunities and trends in our industry, our actual capital expenditures may differ from our expected capital expenditures, and there can be no assurance that we will be able to satisfy our capital requirements in the future. We currently expect that our ongoing liquidity requirements for sustaining our operations will be satisfied by cash on hand, cash generated from our existing and future operations and by raising additional capital by equity financings, supplemented, where necessary or advantageous, by available credit. However, we cannot provide assurances that our businesses will generate sufficient cash flow from operations in the future or that additional capital will be available in amounts sufficient to enable us to execute our business strategies. Our ability to increase our debt financing and / or renew our existing credit facility may be limited by our existing financial and non-financial covenants, credit objectives, or the conditions of the debt capital market generally. Furthermore, our current financing arrangement contains certain restrictive financial and non- financial covenants that may impact our access to those facilities and significantly limit future operating and financial flexibility. We have in the past **received** , and may continue in the future to ~~,~~ receive **,** government grants and funding for research and development activities and other business initiatives. Any agreement or grant of this nature with the government may be accompanied by contractual obligations applicable to us, which may result in the grant money becoming repayable if certain requirements are not met. A failure to meet contractual obligations under such agreements and grants and a consequent requirement to repay money received could negatively impact our business, financial condition, and results of operations. Our ability to generate the amount of cash needed to pay interest and principal on our outstanding indebtedness and our ability to refinance all or a portion of our indebtedness or obtain additional financing ~~depends~~ **depend** on many factors beyond our control. Our ability to make scheduled payments on, or to refinance our obligations under, our existing debt agreements depends on our financial and operating performance and prevailing economic and competitive conditions. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, raise additional equity capital, or restructure our debt. However, there is no assurance that such alternative measures may be successful or permitted under the agreements governing our indebtedness and, as a result, we may not be able to meet our scheduled debt service obligations. In the absence of such results of operations and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations, which could harm our business, financial condition, and results of operations. We cannot guarantee that we will be able to refinance our indebtedness or obtain additional financing on satisfactory terms or at all, including due to existing liens on our assets or our level of indebtedness and the debt incurrence restrictions imposed by the agreements governing our indebtedness. Further, the cost and availability of credit are subject to changes in the economic and business environment. If conditions in major credit markets deteriorate, our ability to refinance our indebtedness or obtain additional financing on satisfactory terms, or at all, may be negatively affected. The agreements governing our debt permit us, under some circumstances, to incur certain additional indebtedness or obligations. To the extent that we incur additional indebtedness or such other obligations, the risks associated with our leverage described above, including our possible inability to service our debt, would increase. Our debt agreements contain restrictions that may limit our flexibility in operating our business. Our existing loan agreement and related documents contain, and instruments governing any future indebtedness of ours would likely contain, a number of covenants that will impose significant operating and financial restrictions on us. These restrictions could limit our ability to plan for or react to market conditions and could otherwise restrict corporate activities. Any failure to comply with these covenants could result in a default under our loan agreement or instruments governing any future indebtedness of ours. Additionally, our existing indebtedness is secured by substantially all of our assets. Upon a default, unless waived, the lenders under our secured credit facility could elect to terminate their commitments, cease making further loans, foreclose on our assets pledged to such lenders to secure our obligations under our credit agreement and force us into bankruptcy or liquidation. In addition, a default under our secured credit facility could trigger a cross default under agreements governing any future indebtedness. Our results of operations may not be sufficient to service our indebtedness and to fund our other expenditures, and we may not be able to obtain financing to meet these requirements. If we experience a default under our existing loan agreements or instruments governing our future indebtedness, our business, financial condition, and results of operations may be adversely impacted. In addition, a ~~material~~ portion of our cash is pledged as cash collateral for letters of credit and bank guarantees which support certain of our real estate leases, customer contracts, and other obligations. While these obligations remain outstanding and are cash collateralized, we do not have access to and cannot use the pledged cash for our operations or to repay our other indebtedness. As of December 31, ~~2022~~ **2023** , we were in compliance with all covenants and restrictions associated with our existing loan agreement. Changes in our credit ratings **or** ~~, adverse~~ macroeconomic conditions **may** ~~or adverse developments affecting~~ --- **affect** ~~the financial services industry, such as actual events or~~ **our** ~~concerns involving~~ liquidity ~~and default~~ , ~~may negatively affect our liquidity, increase~~ **increasing** borrowing costs and ~~limit~~ **limiting** our financing options. Macroeconomic conditions, such as increased volatility or disruption in the credit markets, could adversely affect our ability to refinance existing debt or obtain additional financing at terms satisfactory to us, thereby affecting our resources to support operations or to fund new initiatives. In addition, if our credit ratings are lowered, borrowing costs for future long- term debt or short- term credit facilities may increase and our financing options, including our access to the unsecured credit market, could be limited. We may also be subject to restrictive covenants that would reduce our flexibility. ~~Additionally, events involving limited liquidity or defaults in the financial services industry, or concerns or rumors about events of this kind, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (" SVB ") was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. We subsequently diversified our cash and cash equivalent holdings across multiple banks. Although our ongoing cash management strategy is to maintain deposit accounts at multiple financial institutions, there can be no assurance that this strategy will be successful. If other banks and financial institutions enter receivership or become insolvent in the future, our ability to access our cash and cash equivalents may be threatened and could have a material adverse effect on our business and financial condition. Also, a recent ruling by the Delaware Court of Chancery introduced uncertainty as to whether Section 242 (b) (2) of the Delaware General Corporation Law (" DGCL ") would have required a separate vote of the holders of a majority of Osprey' s then- outstanding shares of Class A common stock to approve an amendment to our certificate of incorporation in connection with the merger. The Company' s September 8, 2021 charter amendment received a majority of affirmative votes of each class of outstanding common stock, and the Company continues to believe that such vote is sufficient to approve an amendment of the Company' s charter; however in order to resolve any potential uncertainty, we filed a petition under Section 205 of the DGCL with the Delaware Court of Chancery. If we are not successful in the Section 205 proceeding, our ability to pursue equity or debt financing transactions could be impacted, which may limit our financing options.~~ Risks Related to Our Regulatory, Environmental and Legal Issues We are subject to a wide variety of laws and regulations relating to various aspects of our business, including employment and labor, licensing, export, tax, privacy and data security, health and safety, communications, and environmental issues. Laws and regulations at the foreign, federal, state and local levels frequently change, especially in relation to new and emerging industries, and we cannot always reasonably estimate the impact from, or the ultimate cost of compliance with, current or future regulatory or administrative changes **, such as regulations on the use of AI** . We monitor these developments and devote a significant amount of management' s time and external resources towards compliance with these laws, regulations and guidelines, and such compliance places a significant burden on management' s time and other resources, and it may limit our ability to expand into certain jurisdictions. Moreover, changes in law, the imposition of new or additional regulations or the enactment of any new or more stringent legislation that impacts our business could require us to change the way we operate and could have a material adverse effect on our sales, profitability, cash flows and financial condition. For example, our products and services may be subject to state sales and use taxes to which we may not be compliant, and taxability is generally determined by statutory state laws, as well as an assessment of nexus. Whether the sale of our products and services is subject to additional states' sales and use taxes is uncertain, due in part to the unique nature and delivery of our products and services, as well as applicability of whether our customers are exempt from tax. There is a risk that one or more states may seek to impose sales or use tax or other tax collection obligations on us for past sales and it could have a material adverse impact on our sales, profitability, cash flows and financial condition. Failure to comply with these laws or regulations or failure to satisfy any criteria or other requirement under such laws or regulations, such as with respect to obtaining and maintaining licenses, certificates, authorizations and permits critical for the operation of our business, may result in civil penalties or private lawsuits, or result in a delay or the denial, suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating our business. For example, our business requires licenses and permits from the Federal Communications Commission (the " FCC ") and review by and / or coordination with other agencies of the U. S. Government, including the Department of Defense, the National Oceanic and Atmospheric Administration (" NOAA ") and the National Aeronautics and Space Administration (" NASA "), as well as foreign regulators, such as the New Zealand Space Agency. License approval can include an interagency review of safety, operational, radio frequency interference, national security, and foreign policy and international obligations implications, as well as a review of foreign ownership. Since our satellites have space- qualified photographic equipment installed, we are also subject to licensing and compliance requirements and regulations administered by NOAA' s Commercial Remote Sensing Regulatory Affairs office. The rules and regulations of U. S. and foreign authorities, and their interpretation and application, may change, and such authorities may adopt regulations that impact our ability to collect imagery or otherwise limit or restrict our operations as presently conducted or currently contemplated. Such authorities may also make changes in the licenses of our competitors that affect our spectrum. These changes in rules or regulatory policy may significantly affect our business. For example, the FCC ~~recently~~ adopted rules requiring the deorbiting of certain satellites – including those maintained by BlackSky – after five years to mitigate the risk of orbital debris. The FCC continues to consider the imposition of additional rules and reporting obligations that could affect us and our operations; in addition, some legislators have discussed vesting additional authority in NASA in certain areas related to our operations. Application of these laws to our business may negatively impact our performance in various ways, limiting the collaborations we may pursue, further regulating the export and re- export of our products, services, and technology from the U. S. and abroad, and increasing our costs and the time necessary to obtain required authorization. The adoption of a multi- layered regulatory approach to any one of the laws or regulations to which we are or may become subject, particularly where the layers are in conflict, could require alteration of our manufacturing processes or operational parameters which may adversely impact our business. In addition, the U. S. government could in the future exercise " shutter control " authority – the interruption of service by limiting imagery collection and / or distribution as necessary to meet significant U. S. government national security or foreign policy interests or international obligations – which, for example, could limit the resolution, collection or distribution of imagery over certain geographies. We cannot anticipate whether or under what circumstances the U. S. government would exercise its " shutter control " authority, nor can we reasonably determine what costs and terms would be negotiated between us and the U. S. government in such event. Further, because regulations in each country are different, we may not be aware if some of our partners or persons with whom we or they do business do not hold the requisite licenses and approvals. Our failure to provide services in accordance with the terms of our licenses or our failure to operate our satellites or ground stations as required by our licenses and applicable laws and government regulations could result in the imposition of government sanctions on us, including the suspension or cancellation of our licenses. Our failure or delay in obtaining the approvals required to operate in other countries would limit or delay our ability to expand our operations into those countries. Our failure to obtain industry-standard or government- required certifications for our products could compromise our ability to generate revenue and conduct our business in other countries. Any imposition of sanctions, loss of license or failure to obtain the authorizations necessary to use our assigned radio frequency spectrum and to distribute our products in the U. S. or foreign jurisdictions could cause us to lose sales, hurt our reputation and impair our ability to pursue our business plan. If we do not maintain regulatory authorizations for our existing satellites, associated ground facilities and terminals, and services we provide, or obtain authorizations for our future satellites, associated ground facilities and terminals, and services we provide, we may not be able to operate our existing satellites or expand our operations. We hold FCC licenses for our satellite constellation and earth stations (collectively, our " satellite system ") and, because our satellites have space- qualified photographic equipment installed, licenses from NOAA' s Commercial Remote Sensing Regulatory Affairs office. As we build out our satellite constellation, we will require new licenses from the FCC and NOAA or modifications to existing licenses. Changes to our satellite system may also require prior FCC and / or NOAA approval. From time to time, we may have pending applications for permanent or temporary changes in frequencies and technical design. From time to time, we have filed or will need to file applications to replace or add satellites to our satellite constellation. The FCC has waived certain application processing rules for certain of the frequencies on which we operate but there is no guarantee that the FCC will continue to waive those rules. The FCC licenses are also subject to modification by the FCC. In addition, the FCC licenses require coordination with various entities, including other federal government agencies. There can be no assurance that the FCC or NOAA will renew the licenses we hold, modify the licenses we currently hold, grant new licenses, or that coordination conditions can continue to be met. If the FCC or NOAA revokes, modifies or fails to renew the licenses we hold, or fails to grant a new license or modification in a timely manner, or if we fail to satisfy any of the conditions of our respective licenses, we may not be able to continue to provide our products and services. In addition, the operation of ground station assets in non- U. S. jurisdictions may require either direct or indirect licensing from non- U. S. regulatory bodies. We believe our current operations adhere to FCC, NOAA and non- U. S. licensing jurisdiction requirements. In some cases, we rely upon partners or persons with whom we or they do business to obtain and maintain required non- U. S. regulatory approvals. However, if we or they do not maintain the authorizations necessary to operate our existing satellites, we will not be able to operate the satellites covered by those authorizations, unless we obtain authorization from another licensing jurisdiction. Some of our authorizations provide waivers of regulations. If we do not maintain these waivers, we will be subject to operational restrictions or interference that will affect our use of existing satellites. Loss of a satellite authorization could cause us to lose the revenue from services provided by that satellite at a particular orbital location or using a particular frequency band, to the extent these services cannot be provided by satellites at other orbital locations or with a different frequency band or be subject to additional bond requirements. Our launch and operation of planned satellites and ground stations may require additional regulatory authorizations from the FCC, NOAA, and / or a non- U. S. licensing jurisdiction. Obtaining launch windows for planned satellites and ground stations, preparing for launch, and working with the requisite equipment in foreign jurisdictions may require coordination with U. S. and foreign regulators. If any of our current operations are deemed not to be in compliance with applicable regulatory requirements, we may be subject to various sanctions, including fines, loss of authorizations, or denial of applications for new authorizations or renewal of existing authorizations. It is not uncommon for licenses for new satellites to be granted just prior to launch. If we do not obtain required authorizations in the future, we will not be able to operate our planned satellites. If we obtain a required authorization but we do not meet milestones regarding the construction, launch and operation of a satellite by deadlines that may be established in the authorization, we may lose our authorization to operate a satellite using certain frequencies in an orbital location. Any authorizations we obtain may also impose operational restrictions or permit interference that could affect our use of planned satellites. Coordination results may adversely affect our ability to use our satellites in certain frequency bands for our proposed service or coverage area, or may delay our ability to launch satellites and thereby operate our proposed services. We are required to record frequencies and operational parameters of our satellites with the International Telecommunication Union and to coordinate with other satellite operators and national administrations the use of these frequencies and operational parameters in order to avoid interference to or from other satellites. The results of coordination may adversely affect our use of our satellites using certain frequencies, as well as the type of applications or services that we can accommodate. If we are unable to coordinate our satellites by specified deadlines, we may not be able to use our satellites or certain frequencies for our proposed service or coverage area or we may lose interference protection for our satellites. The use of our satellites may also be temporarily or permanently adversely affected if the operation of other satellite networks does not conform to coordination agreements resulting in the acceptable interference levels being exceeded (such as due to operational errors associated with the transmissions to other satellite networks). Loss of existing export control approvals or the inability to obtain required new approvals for the use of particular components, the transfer of company technologies, or the provision of analytical products or related services may have an adverse impact on our business, financial condition, and results of operations. Many of our products, services, and technologies are regulated by the U. S. Department of State' s Directorate of Defense Trade Controls (" DDTC ") under the International Traffic in Arms Regulations (" ITAR ") and / or the U. S. Department of Commerce' s Bureau of Industry and Security (" BIS ") under the Export Administration Regulations (" EAR "). We are required to obtain licenses or authorizations from U. S. government regulators in order to disclose technical data / technology associated with the development of our satellites, export of our satellites and related equipment for the launch, **and** shipment of equipment to foreign ground stations, and to provide defense services to foreign persons. As we build out our satellite constellation or provide services to additional customers, we may require new licenses from DDTC or BIS, or modifications to existing licenses. These licenses may also impose certain conditions on us or our customers. There can be no assurance that DDTC or BIS will renew the licenses we hold, modify the licenses we currently hold, or grant new licenses. The delayed receipt of or failure to obtain licenses in a timely manner may interrupt the completion of contracts or result in our inability to continue to provide our products and services. ~~.~~ We are subject to international trade and governmental export and import controls and economic sanctions programs that could impair our ability to compete in international markets or subject us to liability if we violate these controls. The export of our software, satellites and ground station equipment, and the provision of services and related technical data, in some cases, are subject to U. S. and international export control laws and regulations and trade and economic sanctions including the ITAR, the EAR, **and** trade and economic sanctions maintained by the Office of Foreign Assets Control (" OFAC "). As such, an export license may be required to export or reexport our software and services to certain countries and end- users for certain end- uses. In addition, as we grow, we may hire employees in jurisdictions outside of the United States or engage a professional employer organization to hire and employ such persons, which may subject us to foreign export and import rules and regulations, as well as international sanctions, foreign direct investment requirements, and other international trade rules. If we do not maintain our existing authorizations or obtain future export licenses in accordance with the export control laws and regulations, we may be unable to export our software or ground station equipment or provide services and related technical information to non- U. S. persons and companies. If we were to fail to comply with such export ~~controls-~~ **control** laws and regulations, economic sanctions, international trade regulations, or other similar laws, we could be subject to both civil and criminal penalties, including substantial fines, possible incarceration for employees and managers for willful violations, and the possible loss of our export or import privileges. Obtaining the necessary export license for a particular sale or offering may not be possible, may be time- consuming and may result in the delay or loss of sales opportunities to the extent non- U. S. competitors are not subject to OFAC or similar export control laws and regulations. Furthermore, export control laws and economic sanctions in many cases prohibit the export of software and services to certain embargoed or sanctioned countries, governments and persons, as well as for prohibited end- uses. Monitoring and ensuring compliance with these complex export controls and sanctions is particularly challenging because our offerings are available throughout the world. Even though we take precautions to ensure that we and our partners comply with all relevant export and import control laws and regulations, any failure by us or our partners to comply with such laws and regulations could have negative consequences for us, including reputational harm, government investigations and penalties. In addition, various countries regulate the import of certain encryption software and technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products and services or could limit our end-customers' ability to implement our products in those countries. Because we incorporate encryption functionality into our products, we are subject to certain of these provisions. Changes in our products or changes in export and import regulations in such countries may create delays in the introduction of our products and services into international markets, prevent our end-customers with international operations from deploying our products globally or, in some cases, prevent or delay the export or import of our products and services to certain countries, governments or persons altogether. The following developments could result in decreased use of our products and services by, or in our decreased ability to export or sell our products to, existing or potential end- customers with international operations: any change in export or import laws or regulations, economic sanctions or related legislation; shift in the enforcement or scope of existing export, import or sanctions laws or regulations; or change in the countries, governments, persons, or technologies targeted by such export, import or sanctions laws or regulations. Any decreased use of our products or services or limitation on our ability to export to or sell our products or services in international markets could adversely affect our business, financial condition and operating results. U. S. export control laws and regulations are continuing to evolve, as are our products and services. For example, the U. S. State Department, the U. S. Department of Commerce, and other cognizant U. S. government agencies are evaluating the imposition of additional export restrictions on so-called " emerging and foundational technologies. " Any changes to or further extension of U. S. export control laws and regulations could negatively impact our ability to provide our products and services internationally, or to retain talent required for further development of our products or services. While we educate our employees on export controls, utilize contractual provisions to require our employees and vendors to comply with export laws, and utilize experts to assist with export compliance, our compliance efforts may not be sufficient. As a growing part of our business strategy, we leverage third parties, including resellers, representatives, and agents, to conduct our business abroad and are expanding our efforts to directly contract with foreign parties, which increases our risk for compliance with ITAR, EAR, and other export laws. Despite the significant challenges in asserting and maintaining control and compliance by these third parties, we may be held liable for third parties' actions. Any failure on the part of these third parties to comply could harm our reputation, inhibit our plans for expansion, or either lead to extensive liability to private parties or subject us to penalties from government regulators, which could adversely impact our business, results of operations, and financial condition. Failure to comply with anti- bribery and anti- corruption laws could subject us to penalties and other adverse consequences. We are subject to the United States Foreign Corrupt Practices Act (" FCPA "), the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the United States Travel Act, and other anti-corruption and anti- bribery laws and regulations in the jurisdictions in which we do business, both domestic and abroad. Anti-corruption and anti- bribery laws have been enforced aggressively in recent years and are interpreted broadly. These laws and regulations generally prohibit companies, their employees, business partners, third- party intermediaries, representatives, and agents from authorizing, offering, or providing, directly or indirectly, improper payments to government officials, political candidates, political parties, or commercial partners for the purpose of obtaining or retaining business or securing an improper business advantage. We have interactions with foreign officials, including in furtherance of sales to governmental or quasi-governmental entities in the United States and in non- U. S. countries. As a growing part of our business strategy, we leverage third parties to conduct our business abroad, and our third- party business partners, representatives, and agents may also have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We may be held liable for the corrupt or other illegal activities of our employees or such third parties even if we do not explicitly authorize such activities. The FCPA and other applicable laws and regulations also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have implemented policies and procedures to address compliance with such laws, we cannot assure you that our employees, business partners, third- party intermediaries, representatives, and agents will not engage in conduct in violation of our policies or applicable law for which we might ultimately be held responsible. Our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions. Violations of the FCPA and other applicable anti- bribery and anti- corruption laws may result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, as well as severe criminal or civil sanctions, settlements, prosecution, enforcement actions, fines, damages, or suspension or debarment from government contracts, all of which could have an adverse effect on our reputation, business, stock price, financial condition, results of operations, and growth prospects. In addition, responding to any investigation or action will likely result in a significant diversion of management' s attention and resources and significant defense costs and other professional fees. We may be subject to assertions that taxes must be collected based on gross receipts, sales and use of our services and **the** location of our remote employees in various states, which could expose us to liability and cause material harm to our business, financial condition, and results of operations. Our products and services may be subject to gross receipts, sales and use taxes in certain states and taxability is generally determined by statutory state laws and regulations, as well as an assessment of physical and economic nexus. Whether sales of our products and services are subject to additional states' sales and use taxes is uncertain, due in part to the unique nature of our products and services, the delivery method of our products and services, whether our customer is subject to tax as a government entity, as well as changing state laws and interpretations of those laws. One or more additional states may seek to impose sales or use tax or other tax collection obligations on us, whether based on sales by us or our resellers or customers, including for past sales. A successful assertion that we should be collecting sales or other related taxes on our products and services could result in substantial audit defense fees and tax liabilities for past sales, discourage customers from offering or billing for our products and services, or otherwise cause material harm to our business, financial condition, and results of operations. Changes in tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions. We are and will be generally subject to tax laws, regulations, and policies of several taxing jurisdictions. Changes in **applicable** tax laws **and regulations** , as well as other factors, **including the possibility of retroactive effect,** could cause us to experience fluctuations in our tax obligations and effective tax rates and **could** ~~otherwise adversely~~ affect our tax positions and / or our tax liabilities. ~~For example, in August~~ **During the third quarter of** 2022 **, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) act of 2022, which includes an advance manufacturing investment tax credit, among** ~~the~~ **other** ~~United States enacted~~ **provisions, and the inflation Reduction Act of 2022, which includes implementation of** a ~~1 %~~ **new alternative minimum tax and a one percent** excise tax on **share** ~~stock buybacks, which could affect our common stock~~ repurchases, **among** ~~and a 15 % alternative minimum tax on adjusted financial statement income as part of the~~ **other** ~~Inflation Reduction Act of 2022~~ **provisions, were signed into law** . ~~Further~~ **In addition** , many countries, and organizations such as the Organization for Economic Cooperation and Development, have **implemented or have** proposed **to** ~~implementing~~ --- **implement** changes to existing tax laws, including a proposed 15 % global minimum tax. ~~Any of~~ **We are currently not subject to** ~~these~~ -- **the** ~~developments~~ **enacted alternative minimum tax or proposed global minimum tax. Changes in** ~~or~~ **our tax provisions or an increase or decrease in our tax liabilities, whether due to** changes in **applicable** ~~federal, state, or international tax~~ laws **and regulations, the interpretation** or ~~tax rulings~~ **application thereof,** could **have a material** ~~adversely~~ -- **adverse** ~~affect~~ **effect on** our **financial position,** ~~effective tax rate and our operating~~ results **of operation** ~~. There can be no assurance that our effective tax rates, tax payments, or tax credits~~ and **cash flows** ~~incentives will not be adversely affected by these or other developments or changes in law~~ . We may become involved in litigation that may materially adversely affect us. From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including intellectual property, commercial, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time- consuming, divert management' s attention and resources, cause us to incur significant expenses or liability or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business. Increasing regulatory focus on privacy issues and expanding laws may impact our business or expose us to increased liability. We collect and process customer data and other data relating to individuals, which may include personal data. Due to the sensitivity of the personal information and data we manage and expect to manage in the future, as well as the nature of our customer base, the security features of our information systems are critical. A variety of federal, state and foreign laws and regulations govern the collection, use, retention, sharing and security of this information. Laws and regulations relating to privacy, data protection and consumer protection are evolving and subject to potentially differing interpretations. These requirements may not be harmonized, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations both in the United States ~~(such as the California Consumer Privacy Act, the California Privacy Rights Act, and similar laws proposed and enacted in other U. S. states, including legislation enacted in Virginia, Colorado, Utah and Connecticut)~~ and abroad ~~(such as the European Union' s General Data Protection Regulation or the United Kingdom' s version of the GDPR)~~. These statutes and any other state, federal, or foreign legislation that is passed could increase our potential liability, add layers of complexity to compliance in the markets in which we operate, increase our compliance costs and adversely affect our business. Any actual or perceived failure to comply with applicable laws or regulations relating to privacy, data protection, or information security, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, restrictions upon our operations, as well as harm to our reputation and market position ~~. Additionally, we store customer information and content and if our customers fail to comply with contractual obligations or applicable laws, it could result in litigation or reputational harm to us. These requirements could impact demand for our offerings and services and result in more onerous contract obligations~~. We are subject to environmental laws and regulations which could result in material liabilities or obligations. In addition, our operations have involved the handling, storage and disposal of hazardous materials, which could result in potential exposure to environmental liabilities. We are subject to various U. S. federal, state, local and non-U. S. laws and regulations related to environmental protection, including the discharge, treatment, storage, disposal and remediation of hazardous substances and wastes. We could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, as well as third- party claims for property damage or personal injury, if we were to violate or become liable under environmental laws or regulations. In addition, new laws and regulations, more stringent enforcement of existing laws and regulations, or the discovery of previously unknown contamination could result in material obligations and costs. Permits issued pursuant to certain environmental laws are required for our operations, and these permits are subject to renewal, modification and, in some cases, revocation. In addition, under environmental laws, ordinances or regulations, a current or previous owner or operator of property may be liable for the costs of removal or remediation of some kinds of petroleum products or other hazardous substances on, under, or in its property, adjacent or nearby property, or offsite disposal locations, without regard to whether the owner or operator knew of, or caused, the presence of the contaminants, and regardless of whether the practices that resulted in the contamination were legal at the time they occurred. We could be subject to future liabilities under environmental laws at our current or former facilities, adjacent or nearby properties or offsite disposal locations if any such properties are discovered to be contaminated with hazardous substances **. Intelsat has a right of first offer with respect to the sale of BlackSky Holdings, Inc., (which is our subsidiary), which might discourage, delay or prevent a sale of BlackSky Technology, Inc., and therefore, depress the trading price of our Class A common stock. In October 2019, BlackSky Holdings, Inc. (which is our subsidiary) entered into a Right of First Offer Agreement with Intelsat (the " Right of First Offer Agreement "). Pursuant to the terms of the Right of First Offer Agreement, prior to commencing or engaging in a sale of our subsidiary BlackSky Holdings, Inc., BlackSky Holdings, Inc. is obligated to provide written notice of any such proposed sale to Intelsat and Intelsat will have the opportunity to provide BlackSky Holdings, Inc. with an offer to purchase BlackSky Holdings, Inc. (an " Intelsat Offer "). Pursuant to the terms of the Right of First Offer Agreement, if BlackSky Holdings, Inc. does not accept an acquisition offer made by Intelsat, BlackSky Holdings, Inc. would be permitted to negotiate and enter into an alternative sale transaction, so long as the total enterprise value for BlackSky Holdings, Inc. and its subsidiaries is greater than 110 % of the value implied by any Intelsat Offer. The Right of First Offer Agreement is scheduled to expire on October 31, 2026. This description of the Right of First Offer Agreement is only a summary. You should also refer to a copy of the complete Right of First Offer Agreement, which has been filed with the SEC as an exhibit to this Annual Report on Form 10- K. The Right of First Offer Agreement may delay our ability to undertake a sale of BlackSky Holdings, Inc. and, since BlackSky Holdings, Inc. is our main operating subsidiary, the existence of the Right of First Offer Agreement could limit the price that investors might be willing to pay in the future for our shares of Class A common stock. The Right of First Offer Agreement could also deter potential acquirers of BlackSky Technology Inc**. Joint ventures, partnerships, and strategic alliances may have a material adverse effect on our business, results of operations and prospects. We expect to continue to enter into joint ventures, partnerships, and strategic alliances as part of our long- term business strategy. Joint ventures, partnerships, strategic alliances, and other similar arrangements involve significant investments of both time and resources, and there can be no assurances that they will be successful. They may present significant challenges and risks, including that they may not advance our business strategy, we may get an unsatisfactory return on our investment or lose some or all of our investment, they may distract management and divert resources from our core business, they may expose us to unexpected liabilities, or we may choose a partner that does not cooperate as we expect them to and that fails to meet its obligations or that has economic, business, or legal interests or goals that are inconsistent with ours. For example, in 2018 we formed LeoStella, a 50- 50 joint venture focusing on building small imaging satellites for sale on a commercial basis, with Thales, from which we procure our satellites. LeoStella operates in a highly competitive environment and the interests of Thales may not be aligned with ours, or may change over time, which could affect the effectiveness and success of the joint venture. Entry into certain joint ventures, partnerships, or strategic alliances now or in the future may be subject to government regulation, including review by U. S. or foreign government entities related to foreign direct investment. If a joint venture or similar arrangement were subject to regulatory review, such regulatory review might limit our ability to enter into the desired strategic alliance and thus limit our ability to carry out our long- term business strategy. As our joint ventures, partnerships, and strategic alliances come to an end or terminate, we may be unable to renew or replace them on comparable terms, or at all. When we enter into joint ventures, partnerships, and strategic alliances, our partners may be required to undertake some portion of sales, marketing, implementation services, engineering services, or software configuration that we would otherwise provide. In such cases, our partner may be less successful than we would have otherwise been absent the arrangement. In the event we enter into an arrangement with a particular partner, we may be less likely (or unable) to work with one or more direct competitors of our partner with which we would have worked absent the arrangement. We may have interests that are different from our joint venture partners and / or which may affect our ability to successfully collaborate with a given partner. Similarly, one or more of our partners in a joint venture, partnership, or strategic alliance may independently suffer a bankruptcy or other economic hardship that negatively affects its ability to continue as a going concern or successfully perform on its obligation under the arrangement. In addition, customer satisfaction with our products provided in connection with these arrangements may be less favorable than anticipated, negatively impacting anticipated revenue growth and results of operations of arrangements in question. Further, some of our strategic partners offer competing products and services or work with our competitors. As a result of these and other factors, many of the companies with which we have joint ventures, partnerships, or strategic alliances may choose to pursue alternative technologies and develop alternative products and services in addition to or in lieu of ours, either on their own or in collaboration with others, including our competitors. If we are unsuccessful in establishing or maintaining our relationships with these partners, our ability to compete in a given marketplace or to grow our revenue would be impaired, and our results of operations may suffer. Even if we are successful in establishing and maintaining these relationships with our partners, we cannot assure you that these relationships will result in increased customer usage of our systems, products or technologies or increased revenue. Further, winding down joint ventures, partnerships, or other strategic alliances can result in additional costs, litigation, and negative publicity. Any of these events could adversely affect our business, financial condition, results of operations, and growth prospects. Risks Relating to Ownership of Our Class A Common Stock ~~Sales of a substantial number of shares of our Class A common stock in the public market could cause our stock price to fall. If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our Class A common stock in the public market, our stock price could decline. Pursuant to our resale registration statement on Form S- 3 declared effective by the SEC in October 2022, certain stockholders may sell shares of our Class A common stock, subject to applicable limitations under Rule 144. Further, in March 2023 we completed a private placement, issuing an aggregate of 16, 403, 677 shares of our Class A common stock and accompanying warrants to purchase the same number of shares. We are obligated to file a resale registration statement with the SEC to register the 16, 403, 677 shares sold in the private placement, which shares will be eligible for resale following effectiveness of the resale registration statement, subject to applicable resale restrictions. Actual sales of our Class A common stock, or the perception that these sales might occur, pursuant to current or future resale registration statements may adversely affect the prevailing market prices of our securities. If we sell shares of our Class A common stock in future financings, or existing warrant holders exercise warrants, you may experience immediate dilution and, as a result, our stock price may decline. We may from time to time issue additional shares of Class A common stock and as a result our stockholders would experience immediate dilution. In addition, as opportunities present themselves, we may enter into financing arrangements, including the issuance of debt securities, preferred stock or Class A common stock, including Class A common stock at a discount to prevailing market prices. For example, our shelf registration statement on Form S- 3, declared effective in December 2022, provides for aggregate offerings of up to $ 200. 0 million of our securities, inclusive of up to $ 75. 0 million of shares of our Class A common stock through an at- the- market offering program. In addition, our private placement in March 2023 included the sale of warrants to purchase shares of our Class A common stock. As of March 20, 2023, the number of shares of our common stock outstanding was 138, 734, 688. This number does not include shares of our Class A common stock issuable upon the exercise of warrants. Until exercised, the shares issuable upon the exercise of warrants are not included in the number of our outstanding shares and the dilutive impact of such warrant exercises may be difficult to compute. If we issue Class A common stock, or securities convertible into our Class A common stock, in future financings, or if any of our outstanding warrants are exercised, our existing stockholders will experience dilution and our stock price may decline. Intelsat has a right of first offer with respect to the sale of BlackSky Holdings, Inc., our main operating subsidiary, which might discourage, delay or prevent a sale of our operating subsidiary, and therefore, depress the trading price of our Class A common stock. In October 2019, our subsidiary BlackSky Holdings, Inc. (" BlackSky Holdings") entered into a Right of First Offer Agreement with Intelsat (the " Right of First Offer Agreement "). Pursuant to the terms of the Right of First Offer Agreement, prior to commencing or engaging in a sale of our subsidiary, BlackSky Holdings is obligated to provide written notice of any such proposed sale to Intelsat and Intelsat will have the opportunity to submit a competing offer to purchase BlackSky Holdings (an " Intelsat Offer "). Pursuant to the terms of the Right of First Offer Agreement, if BlackSky Holdings does not accept an Intelsat Offer, BlackSky Holdings would be permitted to negotiate and enter into an alternative sale transaction, as long as the total enterprise value for BlackSky Holdings and its subsidiaries is greater than 110 % of the value implied by any Intelsat Offer. The Right of First Offer Agreement expires on October 31, 2026. The Right of First Offer Agreement may negatively impact our ability to undertake a sale of BlackSky Holdings and could deter potential acquirers of BlackSky Technology Inc., which could therefore limit the price that investors are willing to pay for shares of our Class A common stock.~~ Our stock price may fluctuate significantly and you could lose all or part of your investment as a result. The trading price of our Class A common stock has been, and may continue to be, volatile. The stock market has experienced extreme volatility in the past and may experience similar volatility moving forward. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your shares at an attractive price due to a number of factors such as those listed in this Risk Factors section and the following: • results of operations that vary from the expectations of securities analysts and investors; • results of operations that vary from those of our competitors; • changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors; • declines in the market prices of stocks generally; • strategic actions by us or our competitors; • announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments; • any significant change in our management; • changes in general economic or market conditions or trends in our industry or markets; • changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business; • future sales of our Class A common stock or other securities; • investor perceptions or the investment opportunity associated with our Class A common stock relative to other investment alternatives; • the public' s response to press releases or other public announcements by us or third parties, including our filings with the SEC; • litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors; • guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance; • the development and sustainability of an active trading market for our stock; • actions by institutional or activist stockholders; • changes in accounting standards, policies, guidelines, interpretations or principles; • general economic and political conditions such as recessions, interest rates, fuel prices, trade wars, pandemics ~~(such as COVID- 19)~~ , currency fluctuations and acts of war (including ongoing geopolitical tensions related to **the conflict in the Middle East or** Russia' s actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by ~~Russia~~ **other countries** in response to such sanctions) or terrorism; and • the effects of natural disasters, terrorist attacks and the spread and / or abatement of infectious diseases ~~, such as COVID- 19~~ , including with respect to potential operational disruptions, labor disruptions, increased costs, and impacts to demand related thereto. These broad market and industry fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low. In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we are involved in securities litigation, it could have a substantial cost and divert resources and the attention of our executive management from our business regardless of the outcome of such litigation. We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies could make it more difficult to compare our performance with other public companies, and make our Class A common stock less attractive to investors. We are an " emerging growth company, " as defined in the Jumpstart Our Business Startups Act (" JOBS Act "). For as long as we continue to be an emerging growth company, we are eligible for and intend to take advantage of exemptions from various reporting requirements applicable to other public companies but not to " emerging growth companies, " including: • not being required to have an independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes- Oxley Act of 2002; • reduced disclosure obligations regarding executive compensation in our periodic reports and ~~annual~~ **Annual** ~~report~~ **Report** on Form 10- K; and • exemptions from the requirements of holding non- binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the stockholders may not have access to certain information that they may deem important. We will remain an emerging growth company until the earliest of: • the last day of the fiscal year in which we have at least $ 1. ~~07~~ **235** billion in annual revenue; • the date we qualify as a " large accelerated filer, " with at least $ 700. 0 million of equity securities held by non- affiliates; • the date on which we have issued, in any three- year period, more than $ 1. 0 billion in non- convertible debt securities; or • the last day of the fiscal year ending after the fifth anniversary of the Osprey ~~IPO~~ **Technology Acquisition Corp. (" Osprey") initial public offering** . Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We may elect to take advantage of this extended transition period and as a result, our financial statements may not be comparable with similarly situated public companies. We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our Class A common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our Class A common stock. Further, as a smaller reporting company we may take advantage of certain reduced disclosure requirements, such as, among others, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which the market value of our common stock held by non- affiliates is equal to or exceeds $ 250 million as of the end of that fiscal year' s second quarter ~~,~~ or, if the market value of our common stock held by non- affiliates is less than $ 700 million as of the end of that fiscal year' s second quarter, we will remain a smaller reporting company until our annual revenue is equal to or exceeds $ 100 million. To the extent we take advantage of reduced disclosure requirements available to smaller reporting companies, a comparison of our financial statements to those of other public companies may be difficult. Because there are no current plans to pay cash dividends on our Class A common stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it. We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our Class A common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we incur. As a result, you may not receive any return on an investment in our Class A common stock unless you sell our Class A common stock for a price greater than that which you paid for it. If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline. The trading market for our Class A common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We have no influence over these analysts, some of whom may have limited expertise with our business model and operations. Furthermore, if one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline. **We have broad discretion in the use of our assets and may not use them effectively. We cannot specify with certainty the particular uses of our assets, including cash that we received from our merger. Our management will have broad discretion in the use of our assets. Our management may spend a portion or all of BlackSky' s cash or utilize BlackSky' s assets in ways that our stockholders may not agree with or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business, financial condition, results of operations and prospects. Pending their use, we may invest our cash in a manner that does not produce income or that loses value.** Anti- takeover provisions in our organizational documents could delay or prevent a change of control. Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things: • a classified board of directors whose members serve staggered three- year terms; • the ability of our board of directors to issue one or more series of preferred stock; • advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; • certain limitations on convening special stockholder meetings; • limiting the ability of stockholders to act by written consent; • providing that our board of directors is expressly authorized to make, alter or repeal our bylaws; and • the removal of directors only for cause and only upon the affirmative vote of holders of at least 66 2 / 3 % of the voting power of our issued and outstanding capital stock entitled to vote in the election of directors, voting together as a single class. These anti- takeover provisions could make it more difficult for a third party to acquire us, even if the third- party' s offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. See " Description of Securities " filed as an Exhibit to this Annual Report on Form 10- K for more information. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. Our amended and restated certificate of incorporation provides that, subject to limited exceptions, any (1) derivative action or proceeding brought on behalf of us, (2) action asserting a claim of breach of a duty (including any fiduciary duty) owed by any of our current or former directors, officers, stockholders, employees or agents to us or our stockholders, (3) action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents arising out of or relating to any provision of the **Delaware General Corporation Law ("** DGCL **")** or our amended and restated certificate of incorporation or our amended and restated bylaws (each, as in effect from time to time) or (4) action asserting a claim against us or any of our current or former directors, officers, stockholders, employees or agents governed by the internal affairs doctrine of the State of Delaware shall, to the fullest extent permitted by applicable law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court lacks subject matter jurisdiction thereof, another state or federal court located within the State of Delaware, provided that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint against any person in connection with any offering of our securities, asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to consent to the provisions of our amended and restated certificate of incorporation described above. This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. General ~~Risks~~ - **Risk Factors** Our employees or others acting on our behalf may engage in misconduct or other improper activities, which could cause us to lose contracts or cause us to incur costs. We are exposed to the risk that employee fraud or other misconduct from our employees or others acting on our behalf could occur. Misconduct by employees or others could include intentional failures to comply with U. S. government procurement regulations, engaging in unauthorized activities, insider threats to our cybersecurity, or falsifying time records. Misconduct by our employees or others acting on our behalf could also involve the improper use of our customers' sensitive or classified information, which could result in regulatory sanctions against us, serious harm to our reputation, a loss of contracts and a reduction in revenue, or cause us to incur costs to respond to any related governmental inquiries. It is not always possible to deter misconduct, and the precautions we take to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could cause us to lose contracts or cause a reduction in revenue. In addition, alleged or actual misconduct by employees or others acting on our behalf could result in investigations or prosecutions of persons engaged in the subject activities, which could result in unanticipated consequences or expenses and management distraction for us regardless of whether we are alleged to have any responsibility. We may in the future experience such misconduct, despite our various compliance programs. Misconduct or improper actions by our employees, agents, subcontractors, suppliers, business partners and / or joint ventures could subject us to administrative, civil or criminal investigations and enforcement actions; monetary and non- monetary penalties; liabilities; and the loss of privileges and other sanctions, including suspension and debarment, which could negatively impact our reputation and ability to conduct business and could have a material adverse effect on our financial position, results of operations and cash flows. We use our judgment and estimates relating to our critical accounting policies including accounting for contracts, and any changes in such estimates or errors in our underlying assumptions could have an adverse effect on our overall financial performance. The preparation of our financial statements in conformity with Generally Accepted Accounting Principles in the United States of America (" GAAP ") requires management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. When agreeing to contractual terms, our management makes assumptions and projections about future conditions and events, many of which extend over long periods. These projections assess the productivity and availability of labor, complexity of the work to be performed, cost and availability of materials, impact of delayed performance and timing of product deliveries. Contract accounting requires judgment relative to assessing risks, estimating contract revenue and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenue and costs at completion is complicated and subject to many variables. For example, assumptions are made regarding the length of time to complete a contract since costs also include expected increases in wages, prices for materials and allocated fixed costs. Similarly, assumptions are made regarding the future impact of our efficiency initiatives and cost reduction efforts. Incentives, awards or penalties related to performance on contracts are considered in estimating revenue and profit rates and are recorded when there is sufficient information to assess anticipated performance. Suppliers' assertions are also assessed and considered in estimating costs and profit rates. Because of the significance of the judgment and estimation processes described above, it is possible that materially different amounts could be obtained if different assumptions were used or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances or estimates may have a material adverse effect upon the profitability of one or more of the affected contracts, future period financial reporting and performance. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock. Significant judgments, estimates, and assumptions used in preparing our consolidated financial statements include, or may in the future include, those related to revenue recognition, stock- based compensation, ~~common stock~~ **recoverability of goodwill, warrant** valuations, and income taxes. Future acquisitions may adversely affect our financial condition. As part of our strategy for growth, in the future we may explore acquisitions or strategic alliances, which ultimately may not be completed or be beneficial to us. The risks associated with pursuing acquisitions include the difficulty of assimilating solutions, operations, and personnel; inheriting liabilities such as intellectual property infringement claims; the failure to realize anticipated revenue and cost projections and expected synergies; and the diversion of management' s time and attention. We may not be successful in overcoming such risks, and any acquisitions and strategic alliance may negatively impact our business. In addition, such acquisitions and investments may in the future contribute to fluctuations in our quarterly financial results. These fluctuations could arise from transaction- related costs and charges associated with eliminating redundant expenses or write- offs of impaired assets recorded in connection with acquisitions and investments. These costs or charges could negatively impact our financial results for a given period, cause quarter- to- quarter variability in our financial results, or negatively impact our financial results for future periods. We are exposed to risks related to geopolitical and economic factors, laws and regulations and our international business subjects us to numerous political and economic factors, legal requirements, cross- cultural considerations and other risks associated with doing business globally. Our operations and performance depend significantly on global macroeconomic, specific foreign country and U. S. domestic economic conditions. Adverse conditions in the macroeconomic environment, such as the ongoing geopolitical tensions related to **the conflict in the Middle East or** Russia' s actions in Ukraine, resulting sanctions imposed by the United States and other countries, and retaliatory actions taken by ~~Russia~~ **other countries** in response to such sanctions, may result in a decreased demand for our products and services, constrained credit and liquidity, reduced government spending and volatility in equity and foreign exchange markets. In addition, to the extent the global economy experiences a significant downturn or volatility, we may be exposed to impairments of certain assets if their values deteriorate. Tighter credit due to economic conditions may diminish our future borrowing ability and increase borrowing costs under our existing credit facilities. Customers' ability to pay for our products and services may also be impaired, which could lead to an increase in our allowance for doubtful accounts and write- offs of accounts receivable. If any of the foreign economies in which we do business deteriorates or suffers a period of uncertainty, our business and performance may be negatively impacted through reduced customer and government spending, changes in purchasing cycles or timing, reduced access to credit for our customers, or other factors impacting our international sales and collections. Furthermore, customer spending levels in any foreign jurisdiction may be adversely impacted by changes in domestic policies, including tax and trade policies. The services we provide internationally are sometimes in countries with unstable governments, economic or fiscal challenges, military or political conflicts and / or developing legal systems. This may increase the risk to our employees, subcontractors or other third parties, and / or increase the risk of a wide range of liabilities, as well as loss of property. We cannot predict the timing, strength, or duration of any crisis, economic slowdown or any subsequent recovery generally, or for any industry in particular. Although certain aspects of the effects of a crisis or an economic slowdown may provide potential new opportunities for our business, we cannot guarantee that the net impact of any such events will not be materially negative. Accordingly, if the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, and results of operations could be adversely affected. ~~We have broad discretion in the use of our assets and may not use them effectively. We cannot specify with certainty the particular uses of our assets, including cash that we received from our merger. Our management will have broad discretion in the use of our assets. Our management may spend a portion or all of BlackSky' s cash or utilize BlackSky' s assets in ways that our stockholders may not agree or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business financial condition, results of operations and prospects. Pending their use, we may invest our cash in a manner that does not produce income or that loses value.~~