

Risk Factors Comparison 2024-02-27 to 2023-02-28 Form: 10-K

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Our operations and financial results are subject to various risks and uncertainties, including those described below. Investors should consider carefully the risks and uncertainties described below, in addition to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline.

Risks Related to Our Business We have incurred significant losses since inception, we expect to incur losses in the future and we may not be able to achieve or maintain profitability. We have incurred significant losses since inception. We incurred net losses of \$ **502.3 million**, ~~\$ 500.2 million~~ ~~and \$ 352.9 million~~ ~~and \$ 644.9 million~~ for the years ended December 31, **2023**, ~~2022~~ ~~and 2021 and 2020~~, respectively. **We** ~~While we~~ have generated limited revenue from **our commercial spaceflight operations, which commenced in June 2023**, flying payloads into space, scientific research services, and fees related to our Future Astronaut community membership and Future Astronaut community event ~~events~~ **events**. ~~It~~ ~~we have not yet started commercial human spaceflight operations, and it is difficult for us to predict our future operating results~~ **as we shift our flight cadence from monthly to quarterly and expect to pause our Unity spaceflights in mid- 2024 as we develop our Delta Class spaceships**. As a result, our losses may be larger than anticipated, and we may not achieve profitability when expected, or at all, and even if we do, we may not be able to maintain or increase profitability. We expect our operating expenses to increase over the next several years as we ~~scale~~ **prepare for and commence the commercial launch of our human spaceflight operations, continue to attempt to streamline our manufacturing process, develop our next generation spaceflight vehicles, which include our Delta Class spaceships and our next generation motherships, ultimately** increase our flight cadence, hire more employees and continue research and development efforts relating to new products and technologies. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow. Furthermore, if our future growth and operating performance fail to meet investor or analyst expectations, or if we have future negative cash flow or losses resulting from our investment in acquiring future astronauts or expanding our operations, this could have a material adverse effect on our business, financial condition and results of operations. The success of our business will be highly dependent on our ability to effectively market and sell ~~human spaceflights~~ **human spaceflights**. ~~We~~ **Although we commenced commercial operations in June 2023, we** have generated only limited revenue from spaceflight, and we expect that our success will be highly dependent, especially in the foreseeable future, on our ability to effectively market and sell ~~human spaceflight experiences~~ **human spaceflight experiences**. We have limited experience in marketing and selling ~~human spaceflights~~ **human spaceflights**, which we refer to as our astronaut experience. If we are unable to utilize our current sales organization effectively, or to expand our sales organization as needed, to adequately target and engage our potential ~~future~~ **future** astronauts, our business may be adversely affected. To date, we have primarily sold the reservations for our astronaut experience ~~to future astronauts~~ through direct sales and have sold a limited number of seats each year. Our success depends, in part, on our ability to attract new ~~future~~ **future** astronauts in a cost- effective manner. While we had a backlog of approximately ~~800~~ **750** future astronauts as of December 31, ~~2022~~ **2023**, we are making, and we expect that we will need to continue to make, significant investments in order to attract new ~~future~~ **future** astronauts. Our sales growth depends on our ability to implement strategic initiatives and these initiatives may not be effective in generating sales growth. In addition, marketing campaigns, which we have not historically utilized, can be expensive and may not result in the acquisition of ~~future~~ **new** astronauts in a cost- effective manner, if at all. Further, as our brand becomes more widely known, future marketing campaigns or brand content may not attract new ~~future~~ **future** astronauts at the same rate as past campaigns or brand content. If we are unable to attract new ~~future~~ **future** astronauts, our business, financial condition and results of operations will be harmed. The market for commercial ~~human spaceflight~~ **human spaceflight** has not been established with precision. It is still emerging and may not achieve the growth potential we expect or may grow more slowly than expected. The market for commercial ~~human spaceflight~~ **human spaceflight** has not been established with precision and is still emerging. Our estimates for the total addressable market for commercial ~~human spaceflight~~ **human spaceflight** are based on a number of internal and third- party estimates, including our current backlog, the number of consumers who have expressed interest in our astronaut experience, assumed prices at which we can offer our astronaut experience, assumed flight cadence, our ability to leverage our current manufacturing and operational processes and general market conditions. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct. The conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the annual total addressable market for our astronaut experience, as well as the expected growth rate for the total addressable market for that experience, may prove to be incorrect. We anticipate ~~commencing commercial spaceflight operations~~ **commencing commercial spaceflight operations** ~~pausing flights in mid- 2024~~ **pausing flights in mid- 2024** with a ~~single~~ **single** ~~our current~~ **our current** spaceflight system ~~, which has~~ ~~as yet to complete flight testing~~ **we develop our next generation spaceflight vehicles**. Delays in **the development of our Delta Class spaceships, including successful completing** ~~completing~~ **completion of** the flight test program **, and the final development of our existing spaceflight system** would adversely impact our business, financial condition and results of operations. We **are currently developing our next generation spaceflight vehicles, which include our Delta Class spaceships and our next generation motherships, which we expect will allow us to increase our annual flight rate.**

Although we commence commercial operations with a single our Unity spaceflight system in June the second quarter of 2023, we expect to pause Unity spaceflights in mid- 2024 and re- commence flying with both the spaceship and the carrier craft being needed to conduct commercial spaceflight operations. Following each flight test we undertake, we analyze the resulting data and determine whether additional changes to the spaceflight system are required. Historically, changes have been required and implementing those changes has resulted in additional delay and expense. For example, an unanticipated in-flight flights incident involving an earlier model of SpaceShipTwo manufactured and operated by a third-party contractor, led to the loss of that spaceship and significant delays in the planned launch of our spaceflight system as we addressed design and safety concerns, including with applicable regulators. If issues like this arise or recur, if our remediation measures and process changes do not continue to be successful or if we experience issues with manufacturing improvements or design and safety of either the spaceship or the carrier craft that comprise our spaceflight system, the anticipated launch of our commercial human spaceflight operations could be delayed. Any inability to operate our spaceflight system after commercial launch at our anticipated flight rate could adversely impact our business, financial condition and results of operations. Even if we complete development and commence commercial human spaceflight operations, we currently are dependent on a single spaceflight system. To be successful, we will need to maintain a sufficient flight rate, which will be negatively impacted if we are not able to operate that system for any reason. We may be unable to operate our Delta Class spaceships in 2025 current spaceflight system at our anticipated flight rate for a number of reasons, in advance of revenue service including, but not limited to, unexpected-- expected weather patterns, maintenance issues, pilot error, design and engineering flaws, natural disasters, epidemics or pandemics (including COVID- 19), changes in governmental regulations or in the status of our regulatory approvals or applications or other events that force us to begin cancel or reschedule flights. Our spaceflight systems are highly sophisticated and depend on complex technology, and we require them to meet rigorous performance goals that may from time to time necessitate that we replace critical components or hardware. Our ability to operate in 2026 airspace may also be superseded by the U. S. Department of Defense priority missions. In the event we need to replace any components or hardware of our spaceflight system, there are limited numbers of replacement parts available, some of which have significant lead time associated with procurement or manufacture, so any failure of our systems or their components or hardware could result in reduced numbers of flights and significant delays to our planned growth. Our ability to grow our business depends on the successful development of our spaceflight systems and related technology, which is subject to many uncertainties, some of which are beyond our control. Our current primary research and development objectives focus on the development of our existing and any additional spaceflight systems and related technology. If we do not complete this the development of our next generation spaceflight vehicles in our anticipated timeframes or at all, our ability to grow our business will be adversely affected. The successful development of our spaceflight systems and related technology involves many uncertainties, some of which are beyond our control, including: • timing in finalizing spaceflight systems design and specifications; • successful completion of flight test programs, including flight safety tests; • our ability to obtain additional applicable approvals, licenses or certifications from regulatory agencies, if required, and maintaining current approvals, licenses or certifications; • performance of our manufacturing facilities despite risks that disrupt productions, such as natural disasters and hazardous materials; • performance of a limited number of suppliers for certain raw materials and supplied components; • performance of our third-party contractors that support our research and development activities; • performance of our third- party contractors to design and manufacture our next generation carrier aircraft as well as manufacture key subassemblies for our next generation spaceships; • our ability to maintain rights from third parties for intellectual properties critical to our research and development activities; • our ability to continue funding and maintain our current research and development activities; and • the impact of the COVID- 19, or an outbreak of another highly infectious or contagious disease or other health concern, on us, our customers, suppliers and distributors, and the global economy. Any inability to operate our spaceflight systems at our anticipated flight rate could adversely impact our business, financial condition and results of operations. We are currently dependent on a single spaceflight system consisting of a spaceship, VSS Unity, and mothership carrier aircraft, VMS Eve. We are currently developing our next generation spaceflight vehicles, which include our Delta Class spaceships and our next generation motherships, which we expect will allow us to increase our annual flight rate. However, in light of such development, we expect to pause Unity spaceflights in mid- 2024 and re- commence flying with test flights for our Delta Class spaceships in 2025, in advance of revenue service expected to begin in 2026. To be successful, we will need to maintain a sufficient flight rate, which will be negatively impacted if we are not able to operate our spaceflight systems for any reason. In addition to the expected pause on Unity spaceflights while we continue to develop our Delta Class spaceships, we may be unable to operate our spaceflight systems at our anticipated flight rate for a number of other reasons outside of our control, including, but not limited to, unexpected weather patterns, maintenance issues, pilot error, design and engineering flaws, natural disasters, epidemics or pandemics (including COVID- 19), changes in governmental regulations or in the status of our regulatory approvals or applications or other events that force us to cancel or reschedule flights. Our spaceflight systems are highly sophisticated and depend on complex technology, and we require them to meet rigorous performance goals that may from time to time necessitate that we replace critical components or hardware. Our ability to operate in airspace may also be superseded by the U. S. Department of Defense priority missions. In the event we need to replace any components or hardware of our spaceflight system, there are limited numbers of replacement parts available, some of which have significant lead time associated with procurement or manufacture, so any failure of our systems or their components or hardware could result in reduced numbers of flights and significant delays to our planned growth. Unsatisfactory safety performance of our spaceflight systems or security incidents at our facilities could have a material adverse effect on our business, financial condition and results of operation. We manufacture and operate highly sophisticated spaceflight systems and offer a specialized astronaut experience that depends on complex technology. While we have built operational processes to ensure that the design, manufacture, performance and

servicing of our spaceflight systems meet rigorous performance goals, there can be no assurance that we will not experience operational or process failures and other problems, including through manufacturing or design defects, pilot error, natural disasters, cyber- attacks, or other intentional acts, that could result in potential safety risks. In addition, we may experience threats to the security of our facilities and employees or threats from terrorist or other acts. We work cooperatively with our suppliers, subcontractors, venture partners and other parties, such as our lessors, to address and prepare for these risks, but in some instances, we must rely on safeguards put in place by these third parties, some of which we may not control. There can be no assurance that our preparations, or those of third parties, will be able to prevent any such incidents. Any actual or perceived safety issues may result in significant reputational harm to our businesses, in addition to tort liability, maintenance, increased safety infrastructure and other costs that may arise. Such issues with our spaceflight systems, facilities, or customer safety could result in delaying or cancelling planned flights, increased regulation or other systemic consequences. Our inability to meet our safety standards or adverse publicity affecting our reputation as a result of accidents, mechanical failures, damages to customer property or medical complications could have a material adverse effect on our business, financial condition and results of operation. We may not be able to convert our orders in backlog or inbound inquiries about flight reservations into revenue. As of December 31, ~~2022-2023~~, our backlog represents orders from approximately ~~800-750~~ future astronauts for which we have not yet recognized spaceflight revenue. While many of these orders were accompanied by a significant deposit, the deposits are largely refundable and the reservations may be cancelled under certain circumstances without penalty. As a result, we may not receive revenue from these orders and deposits, and any order backlog or other deposits we report may not be indicative of our future revenue. **In addition to our planned pause of Unity spaceflights in mid- 2024, Many many other** events may cause a delay in our ability to fulfill reservations or cause planned spaceflights to not be completed at all, some of which may be out of our control, including unexpected weather patterns, maintenance issues, natural disasters, epidemics or pandemics (including COVID- 19), changes in governmental regulations or in the status of our regulatory approvals or applications or other events that may force us to cancel or reschedule flights. If we **further** delay spaceflights or if future astronauts reconsider their astronaut experience, those **individuals** ~~future astronauts~~ may seek to cancel their planned spaceflight, and may obtain a full or partial refund. We have not yet tested flights at our anticipated full passenger capacity of our **Delta Class spaceship spaceships . While we have successfully completed six commercial flights with our Unity spaceflight system, we are continuing to develop our Delta Class spaceships and our next generation motherships, with which we anticipate commencing revenue service in 2026**. We have not yet tested flights **of our Delta Class spaceships at our their** full passenger capacity of six persons. The success of our ~~human~~ spaceflight operations will depend on our achieving and maintaining a sufficient level of passenger capacity on our spaceflights. We have not yet tested flights with this full cabin, and it is possible that the number of passengers per flight may not meet our expectations for a number of factors, including maximization of the passenger experience and satisfaction. Any decrease from our assumptions in the number of passengers per flight could adversely impact our ability to generate revenue at the rate we anticipate. Any delays in the development and manufacture of additional spaceflight systems and related technology **, including our Delta Class spaceships and next generation motherships,** may adversely impact our business, financial condition and results of operations. We have previously experienced, and may experience in the future, delays or other complications in the design, manufacture, launch, production, delivery and servicing ramp of new spaceflight systems and related technology, including due to the COVID- 19 pandemic, as well as other factors. If delays like this arise or recur **, in particular in connection with the development of our Delta Class spaceships and next generation motherships**, if our remediation measures and process changes do not continue to be successful or if we experience issues with planned manufacturing improvements or design and safety, we could experience issues in sustaining the ramp of our spaceflight system ~~or~~, delays in increasing production further **or commencing revenue service on our expected timeframes or at all**. If we encounter difficulties in scaling our delivery or servicing capabilities, if we fail to develop and successfully commercialize spaceflight technologies, if we fail to develop such technologies before our competitors, or if such technologies fail to perform as expected, are inferior to those of our competitors or are perceived as less safe than those of our competitors, our business, financial condition and results of operations could be materially and adversely impacted. If we are unable to adapt to and satisfy customer demands in a timely and cost- effective manner, our ability to grow our business may suffer. The success of our business depends in part on effectively managing and maintaining our existing spaceflight system, manufacturing more spaceflight systems, operating a sufficient number of spaceflights to meet customer demand and providing ~~future astronauts with~~ an astronaut experience that meets or exceeds ~~their~~ expectations. If for any reason we are unable to manufacture new spaceflight systems or are unable to schedule spaceflights as planned, this could have a material adverse effect on our business, financial condition and results of operations. If our current or future spaceflight systems do not meet expected performance or quality standards, including with respect to customer safety ~~and satisfaction~~, this could cause ~~operational~~ delays **. In addition, any delay in manufacturing new spacecraft as planned could cause us to operate our existing spaceflight system more frequently than planned and in such a manner that may increase maintenance costs**. Further, flight operations within restricted airspace require advance scheduling and coordination with government range owners and other users, and any high priority national defense assets will have priority in the use of these resources, which may impact our cadence of spaceflight operations or could result in cancellations or rescheduling. Any operational or manufacturing delays or other unplanned changes to our ability to operate spaceflights could have a material adverse effect on our business, financial condition and results of operations. We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy. If our operations ~~continue to~~ grow as planned, of which there can be no assurance, we will need to expand our sales and marketing, research and development, customer and commercial strategy, products and services, supply, and manufacturing and distribution functions. We will also need to ~~continue to~~ leverage our manufacturing and operational systems and processes, and there is no guarantee that we will be able to scale the business and the manufacture of spacecraft as currently planned or within the planned timeframe. The ~~continued~~ expansion of our business may also require additional manufacturing and operational facilities, as

well as space for administrative support, and there is no guarantee that we will be able to find suitable locations or partners for the manufacture and operation of our spaceflight systems. **However, in November 2023, we announced a workforce reduction of approximately 185 employees, constituting approximately 18 % of our workforce, in order to decrease costs and strategically realign our resources.** Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring, training and managing an increasing number of pilots and employees, finding manufacturing capacity to produce our spaceflight systems and related equipment, and delays in production and spaceflights. These difficulties may result in the erosion of our brand image, divert the attention of management and key employees and impact financial and operational results. In addition, in order to continue to expand our fleet of spacecraft and increase our presence around the globe, we expect to incur substantial expenses as we continue to attempt to streamline our manufacturing process, increase our flight cadence, hire more employees, and continue research and development efforts relating to new products and technologies and expand internationally. If we are unable to drive commensurate growth, these costs, which include lease commitments, headcount and capital assets, could result in decreased margins, which could have a material adverse effect on our business, financial condition and results of operations. Our prospects and operations may be adversely affected by changes in consumer preferences and economic conditions that affect demand for our spaceflights. Because our business is currently concentrated on a single, discretionary product category, commercial ~~human~~ spaceflight, we are vulnerable to changes in consumer preferences or other market changes. The global economy has in the past, and will in the future, experience recessionary periods and periods of economic instability. During such periods, our potential ~~future~~ astronauts may choose not to make discretionary purchases or may reduce overall spending on discretionary purchases, which may include not scheduling spaceflight experiences or cancelling existing reservations for spaceflight experiences. There could be a number of other effects from adverse general business and economic conditions on our business, including insolvency of any of our third- party suppliers or contractors, decreased consumer confidence, decreased discretionary spending and reduced consumer demand for spaceflight experiences. Moreover, future shifts in consumer spending away from our spaceflight experience for any reason, including decreased consumer confidence, adverse economic conditions or heightened competition, could have a material adverse effect on our business, financial condition and results of operations. If such business and economic conditions are experienced in future periods, this could reduce our sales and adversely affect our profitability, as demand for discretionary purchases may diminish during economic downturns, which could have a material adverse effect on our business, financial condition and results of operations. Adverse publicity stemming from any incident involving us or our competitors, or an incident involving a commercial airline or other air travel provider, could have a material adverse effect on our business, financial condition and results of operations. We are at risk of adverse publicity stemming from any public incident involving our company, our people or our brand. If our personnel or one of our spaceflight systems, ~~or the personnel or spacecraft of one of our competitors or the personnel of,~~ aircraft **or other vehicle** of a commercial airline ~~or,~~ governmental agency **or other specialty adventure company**, were to be involved in a public incident, accident or catastrophe, this could create an adverse public perception of spaceflight and result in decreased customer demand for spaceflight experiences, which could cause a material adverse effect on our business, financial conditions and results of operations. Further, if our personnel or our spaceflight systems were to be involved in a public incident, accident or catastrophe, we could be exposed to significant reputational harm or potential legal liability. Any reputational harm to our business could cause future astronauts with existing reservations to cancel their spaceflights and could significantly impact our ability to make future sales. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident or catastrophe. In the event that our insurance is inapplicable or not adequate, we may be forced to bear substantial losses from an incident or accident. Due to the inherent risks associated with commercial spaceflight, there is the possibility that any accident or catastrophe could lead to the loss of human life or a medical emergency. ~~Human spaceflight~~ **Spaceflight** is an inherently risky activity that can lead to accidents or catastrophes impacting human life. For example, on October 31, 2014, VSS Enterprise, an earlier model of SpaceShipTwo manufactured and operated by a third- party contractor, had an accident during a rocket- powered test flight. The pilot was seriously injured, the co- pilot was fatally injured and the vehicle was destroyed. As part of its 2015 accident investigation report, the National Transportation Safety Board (the “NTSB”) determined that the probable cause of the accident related to the failure by a third- party contractor to consider and protect against the possibility that a single human error could result in a catastrophic hazard to the vehicle. After the accident, we assumed responsibility for the completion of the flight test program and submitted a report to the NTSB that listed the actions we were taking for reducing the likelihood and effect of human error. This included modification of the feather lock control mechanism to add automatic inhibits that would prevent inadvertent operation during safety critical periods of flight. We have implemented and repeatedly demonstrated the efficacy of these actions, including implementing more rigorous protocols and procedures for safety- critical aircrew actions, requiring additional training for pilots that focuses on response protocols for safety critical actions, and eliminating certain single- point human performance actions that could potentially lead to similar accidents. We believe the steps we have taken are sufficient to address the issues noted in the NTSB’s report; however, it is impossible to completely eliminate the potential for human error, and there is a possibility that other accidents may occur in the future as a result of human error or for a variety of other reasons, some of which may be out of our control. Any such accident could result in substantial losses to us, including reputational harm and legal liability, and, as a result, could have a material adverse effect on our business, financial condition and results of operations. We may require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all. In the future, we could be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. For example, unfavorable economic conditions, whether related to the COVID- 19 pandemic, inflation, interest rates or otherwise have resulted in, and may continue to result in, significant disruption and volatility of global financial markets that could adversely impact our ability to access capital. We may sell equity securities **(including through our “at-**

the- market offering ” program) or debt securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities ~~in subsequent transactions~~, our current investors may be materially diluted. Any debt financing, if available, may involve restrictive covenants and could reduce our operational flexibility or profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures. Certain future operational facilities may require significant expenditures in capital improvements and operating expenses to develop and foster basic levels of service needed by the spaceflight operation, and the ongoing need to maintain existing operational facilities requires us to expend capital. As part of our growth strategy, we may utilize additional spaceports outside the United States. Construction of a spaceport or other facilities in which we conduct our operations may require significant capital expenditures to develop, and in the future we may be required to make similar expenditures to expand, improve or construct adequate facilities for our spaceflight operations. While Spaceport America was funded by the State of New Mexico and we intend to pursue similar arrangements in the future, we cannot assure that such arrangements will be available to us on terms similar to those we have with the State of New Mexico or at all. If we cannot secure such an arrangement, we would need to use cash flows from operations or raise additional capital in order to construct additional spaceports or facilities. In addition, as Spaceport America and any other facilities we may utilize mature, our business will require capital expenditures for the maintenance, renovation and improvement of such existing locations to remain competitive and maintain the value of our brand standard. This creates an ongoing need for capital, and, to the extent we cannot fund capital expenditures from cash flows from operations, we will need to borrow or otherwise obtain funds. If we cannot access the capital we need, we may not be able to execute on our growth strategy, take advantage of future opportunities or respond to competitive pressures. If the costs of funding new locations or renovations or enhancements at existing locations exceed budgeted amounts or the time for building or renovation is longer than anticipated, our business, financial condition and results of operations could be materially adversely affected. We rely on a limited number of suppliers for certain raw materials and supplied components. We may not be able to obtain sufficient raw materials or supplied components to meet our manufacturing and operating needs, or obtain such materials on favorable terms, which could impair our ability to fulfill our orders in a timely manner or increase our costs of production. Our ability to produce our current and future spaceflight systems and other components of operation is dependent upon sufficient availability of raw materials and supplied components, such as nitrous oxide, valves, tanks, special alloys, helium and carbon fiber, which we secure from a limited number of suppliers. Our reliance on suppliers to secure these raw materials and supplied components exposes us to volatility in the prices and availability of these materials. We may not be able to obtain sufficient supply of raw materials or supplied components, on favorable terms or at all, which could result in delays in manufacture of our spacecraft or increased costs. For example, there are only a few nitrous oxide plants around the world and if one or more of these plants were to experience a slowdown in operations or to shutdown entirely, including as a result of the COVID- 19 pandemic **or an outbreak of another highly infectious or contagious disease or other health concern**, we may need to qualify new suppliers or pay higher prices to maintain the supply of nitrous oxide needed for our operations. In addition, we have in the past and may in the future experience delays in manufacture or operation as we go through the requalification process with any replacement third- party supplier, as well as the limitations imposed by ITAR and other restrictions on transfer of sensitive technologies. Additionally, the imposition of tariffs on such raw materials or supplied components could have a material adverse effect on our operations. Prolonged disruptions in the supply of any of our key raw materials or components, difficulty qualifying new sources of supply, implementing use of replacement materials or new sources of supply or any volatility in prices could have a material adverse effect on our ability to operate in a cost- efficient, timely manner and could cause us to experience cancellations or delays of scheduled spaceflights, customer cancellations or reductions in our prices and margins, any of which could harm our business, financial condition and results of operations. Our spaceflight systems and related equipment may have shorter useful lives than we anticipate. Our growth strategy depends in part on the **successful continued operation of our current spaceflight system and timely related equipment, as well as the manufacture of our Delta Class spaceships** other spaceflight systems in the future. Each spaceflight system has a limited useful life, which is driven by the number of cycles that the system undertakes. While the vehicle is designed for a certain number of cycles, known as the design life, there can be no assurance as to the actual operational life of a spaceflight system or that the operational life of individual components will be consistent with its design life. A number of factors impact the useful lives of the spaceflight systems, including, among other things, the quality of their design and construction, the durability of their component parts and availability of any replacement components, the actual combined environment experienced compared to the assumed combined environment for which the spaceflight systems were designed and tested and the occurrence of any anomaly or series of anomalies or other risks affecting the spaceflight systems during launch, flight and reentry. In addition, we are continually learning, and as our engineering and manufacturing expertise and efficiency increases, we aim to leverage this learning to be able to manufacture our spaceflight systems and related equipment using less of our currently installed equipment, which could render our existing inventory obsolete. Any continued improvements in spaceflight technology may make obsolete our existing spaceflight systems or any component of our spacecraft prior to the end of its life. If the spaceflight systems and related equipment have shorter useful lives than we currently anticipate, this may lead to greater maintenance costs than previously anticipated such that the cost to maintain the spacecraft and related equipment may exceed their value, which would have a material adverse effect on our business, financial condition and results of operations. Failure of third- party contractors could adversely affect our business. We are dependent on various third- party contractors to develop and provide critical technology, systems and components required for our spaceflight system. For example, each spaceflight currently requires replenishment of certain components of our rocket motor propulsion system that we obtain from third- party contractors. Should we experience complications with any of these components, which are critical to the operation of our spacecraft, we may need to delay or cancel scheduled spaceflights. We face the risk that any of our contractors may not fulfill their contracts and deliver their products or services on a timely basis, or at all. We have experienced, and may in the future experience, operational complications with our contractors. The ability of our contractors to effectively satisfy our

requirements could also be impacted by such contractors' financial difficulty or damage to their operations caused by fire, terrorist attack, military conflict, natural disaster, pandemic, such as the COVID- 19 pandemic, or other events. The failure of any contractors to perform to our expectations could result in shortages of certain manufacturing or operational components for our spacecraft or delays in spaceflights and harm our business. In addition, the failure of third- party providers to design and manufacture our next generation carrier aircraft as well as manufacture key subassemblies for our next generation spaceships in accordance with our expectations could result in delays to our next generation vehicles service dates and adversely impact our future flight rate. Our reliance on contractors and inability to fully control any operational difficulties with our third- party contractors could have a material adverse effect on our business, financial condition and results of operations. We expect to face intense competition in the commercial spaceflight industry and other industries in which we may develop products. The commercial spaceflight industry is still developing and evolving, but we expect it to be highly competitive. Currently, our primary competitor in establishing a commercial suborbital spaceflight offering is Blue Origin, a privately funded company founded in 2000. In addition, we are aware of several large, well- funded, public and private entities actively engaged in developing products within the aerospace industry, including SpaceX and Boeing. While SpaceX and Boeing are currently focused on providing orbital spaceflight transportation to government agencies, a fundamentally different product from ours, we cannot **provide assure assurance you** that one or more of these companies will not shift their focus to include suborbital spaceflight and directly compete with us in the future. We may also explore the application of our proprietary technologies for other uses ~~, such as high- speed point- to- point travel, where the industry is even earlier in its development.~~ Many of our current and potential competitors are larger and have substantially greater resources than we have and expect to have in the future. They may also be able to devote greater resources to the development of their current and future technologies or the promotion and sale of their offerings, or offer lower prices. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. Further, it is possible that domestic or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than we possess, will seek to provide products or services that compete directly or indirectly with ours in the future. Any such foreign competitor, for example, could benefit from subsidies from, or other protective measures by, its home country. We believe our ability to compete successfully as a commercial provider of **human** spaceflight does and will depend on a number of factors, which may change in the future due to increased competition, including the price of our offerings, consumer confidence in the safety of our offerings, consumer satisfaction for the experiences we offer, and the frequency and availability of our offerings. If we are unable to compete successfully, our business, financial condition and results of operations could be adversely affected. Our investments in developing new offerings and technologies and exploring the application of our existing proprietary technologies for other uses and those offerings, technologies or opportunities may never materialize. **We** ~~While our primary focus for the foreseeable future will be on commercializing and expanding access to human spaceflight, we~~ have invested certain of our resources in developing new technologies, services, products and offerings ~~, such as high- speed point- to- point travel~~ and expect that we may invest a more significant amount of resources to those purposes in the future. However, we may not realize the expected benefits of these investments. These anticipated technologies, services, products and offerings are unproven and subject to significant continued design and development efforts, may take longer than anticipated to materialize, if at all, and may never be commercialized in a way that would allow us to generate revenue from the sale of these technologies, services, products and offerings. Relatedly, if such technologies become viable offerings in the future, we may be subject to competition, some of which may have substantially greater monetary and knowledge resources than we have and expect to have in the future to devote to the development of these technologies. We may also seek to expand the application of our existing proprietary technology in new and unproven offerings. Further, under the terms of an amended and restated trademark license agreement (the " Amended TMLA "), our ability to operationalize some of the technologies may be dependent upon the consent of Virgin Enterprises Limited (" VEL"). Such competition or any limitations on our ability to take advantage of such technologies could impact our market share, which could have a material adverse effect on our business, financial condition and results of operations. Such research and development initiatives may also have a high degree of risk and involve unproven business strategies and technologies with which we have limited operating or development experience. They may involve claims and liabilities (including, but not limited to, personal injury claims), expenses, regulatory challenges and other risks that we may not be able to anticipate. There can be no assurance that consumer demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenue to offset any new expenses or liabilities associated with these new investments. Further, any such research and development efforts could distract management from current operations, and would divert capital and other resources from our more established offerings and technologies. Even if we were to be successful in developing new products, services, offerings or technologies, regulatory authorities may subject us to new rules or restrictions in response to our innovations that may increase our expenses or prevent us from successfully commercializing new products, services, offerings or technologies. The " Virgin " brand is not under our control, and negative publicity related to the Virgin brand name could materially adversely affect our business. We possess certain exclusive and non- exclusive rights to use the name and brand " Virgin Galactic " and the Virgin signature logo pursuant to the Amended TMLA. We believe the " Virgin " brand, is integral to our corporate identity and represents quality, innovation, creativity, fun, a sense of competitive challenge and employee- friendliness. We expect to rely on the general goodwill of consumers and our pilots and employees towards the Virgin brand as part of our internal corporate culture and external marketing strategy. The Virgin brand is also licensed to and used by a number of other companies unrelated to us and in a variety of industries, and the integrity and strength of the Virgin brand will depend in large part on the efforts and the licensor and any other licensees of the Virgin brand and how the brand is used, promoted and protected by them, which will be outside of our control. Consequently, any adverse publicity in relation to the Virgin brand name or its principals, or in relation to another

Virgin- branded company over which we have no control or influence, could have a material adverse effect on our business, financial condition and results of operations. If we fail to adequately protect our proprietary intellectual property rights, our competitive position could be impaired and we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights. Our success depends, in part, on our ability to protect our proprietary intellectual property rights, including certain methodologies, practices, tools, technologies and technical expertise we utilize in designing, developing, implementing and maintaining applications and processes used in our spaceflight systems and related technologies. To date, we have relied primarily on trade secrets and other intellectual property laws, non- disclosure agreements with our employees, consultants and other relevant persons and other measures to protect our intellectual property, and intend to continue to rely on these and other means, including patent protection, in the future. However, the steps we take to protect our intellectual property may be inadequate, and we may choose not to pursue or maintain protection for our intellectual property in the United States or foreign jurisdictions. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create technology that competes with ours. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our technologies and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our technology and intellectual property. We rely in part on trade secrets, proprietary know- how and other confidential information to maintain our competitive position. Although we enter into non- disclosure and invention assignment agreements with our employees, enter into non- disclosure agreements with our ~~future~~ astronauts, consultants and other parties with whom we have strategic relationships and business alliances and enter into intellectual property assignment agreements with our consultants and vendors, no assurance can be given that these agreements will be effective in controlling access to and distribution of our technology and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products. We rely on licenses from third parties for intellectual property that is critical to our business, and we would lose the rights to use such intellectual property if those agreements were terminated or not renewed. We rely on licenses from third parties for certain intellectual property that is critical to our branding and corporate identity, as well as the technology used in our spacecraft. Termination of our current or future license agreements could cause us to have to negotiate new or restated agreements with less favorable terms or cause us to lose our rights under the original agreements. In the case of our branding, we do not own the Virgin brand or any other Virgin- related assets, as we license the right to use the Virgin brand pursuant to the Amended TMLA. Virgin controls the Virgin brand, and the integrity and strength of the Virgin brand will depend in large part on the efforts and businesses of Virgin and the other licensees of the Virgin brand and how the brand is used, promoted and protected by them, which will be outside of our control. For example, negative publicity or events affecting or occurring at Virgin or other entities who use the Virgin brand, including transportation companies and / or other entities unrelated to us that presently or in the future may license the Virgin brand, may negatively impact the public' s perception of us, which may have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects. In addition, there are certain circumstances under which the Amended TMLA may be terminated in its entirety, including our material breach of the Amended TMLA (subject to a cure period, if applicable), our insolvency, our improper use of the Virgin brand, our failure to commercially launch a spaceflight for paying passengers by a specified date, if we are unable to undertake any commercial flights for paying passengers for a specified period (other than in connection with addressing a significant safety issue), and our undergoing of a change of control to an unsuitable buyer, including a competitor of VEL' s group. Termination of the Amended TMLA would eliminate our rights to use the Virgin brand and may result in our having to negotiate a new or reinstated agreement with less favorable terms or cause us to lose our rights under the Amended TMLA, including our right to use the Virgin brand, which would require us to change our corporate name and undergo other significant rebranding efforts. These rebranding efforts may require significant resources and expenses and may affect our ability to attract and retain future astronauts, all of which may have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects. In the case of a loss of technology used in our spaceflight systems, we may not be able to continue to manufacture certain components for our spacecraft or for our operations or may experience disruption to our manufacturing processes as we test and requalify any potential replacement technology. Even if we retain the licenses, the licenses may not be exclusive with respect to such component design or technologies, which could aid our competitors and have a negative impact on our business. Protecting and defending against intellectual property claims may have a material adverse effect on our business. Our success depends in part upon successful prosecution, maintenance, enforcement and protection of our owned and licensed intellectual property, including the Virgin brand and other intellectual property that we license from Virgin under the Amended TMLA. Under the terms of the Amended TMLA, Virgin has the primary right to take actions to obtain, maintain, enforce and protect the Virgin brand. If, following our written request, Virgin elects to not take an action to maintain, enforce or protect the Virgin brand, we may do so, at our expense, subject to various conditions including that so long as doing so would not have a material adverse effect on Virgin, any of Virgin' s other licensees or the Virgin brand and we reasonably believe failing to do so would materially adversely affect our business. Should Virgin determine not to maintain, enforce or protect the Virgin brand, we and / or the Virgin brand could be materially harmed and we could incur substantial cost if we elect to take any such action. To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and

enforceability of our intellectual property rights. Our inability to protect our proprietary technology, as well as any costly litigation or diversion of our management's attention and resources, could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. The results of intellectual property litigation are difficult to predict and may require us to stop using certain technologies or offering certain services or may result in significant damage awards or settlement costs. There is no guarantee that any action to defend, maintain or enforce our owned or licensed intellectual property rights will be successful, and an adverse result in any such proceeding could have a material adverse impact on our business, financial condition, operating results and prospects. In addition, we may from time to time face allegations that we are infringing, misappropriating or otherwise violating the intellectual property rights of third parties, including the intellectual property rights of our competitors. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Irrespective of the validity of any such claims, we could incur significant costs and diversion of resources in defending against them, and there is no guarantee any such defense would be successful, which could have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects. Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could divert the time and resources of our management team and harm our business, our operating results and our reputation. We have government customers, which subjects us to risks including early termination, audits, investigations, sanctions and penalties. We derive limited revenue from contracts with NASA and may enter into further contracts with the U. S. or foreign governments in the future, and this subjects us to statutes and regulations applicable to companies doing business with the government, including the Federal Acquisition Regulation. These government contracts customarily contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts and which are unfavorable to contractors. For instance, most U. S. government agencies include provisions that allow the government to unilaterally terminate or modify contracts for 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. Some of our federal government contracts are subject to the approval of appropriations being made by the U. S. Congress to fund the expenditures under these contracts. In addition, government contracts normally contain additional requirements that may increase our costs of doing business, reduce our profits, 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 for price adjustments, recoupment of government funds after such funds have been spent, 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; and • mandatory socioeconomic compliance requirements, including labor requirements, non-discrimination and affirmative action programs and environmental compliance requirements. 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. In addition, if we fail to comply with government contract 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. If we commercialize **spaceflights** outside the United States, we will be exposed to a variety of risks associated with international operations that could materially and adversely affect our business. As part of our growth strategy, we expect to leverage our initial U. S. operations to expand internationally. In that event, we expect that we would be subject to additional risks related to entering into international business relationships, including: • restructuring our operations to comply with local regulatory regimes; • identifying, hiring and training highly skilled personnel; • unexpected changes in tariffs, trade barriers and regulatory requirements; • economic weakness, including inflation, or political instability in foreign economies and markets; • compliance with tax, employment, immigration and labor laws for employees living or traveling abroad; • foreign taxes, including withholding of payroll taxes; • the need for U. S. government approval to operate our spaceflight systems outside the United States; • foreign currency fluctuations, which could result in increased operating expenses and reduced revenue; • government appropriation of assets; • workforce uncertainty in countries where labor unrest is more common than in the United States; and • disadvantages of competing against companies from countries that are not subject to U. S. laws and regulations, including anti-corruption laws and anti-money laundering regulations, as well as exposure of our foreign operations to liability under these regulatory regimes. We could suffer increased costs, exposure to significant liability, reputational harm, **material financial penalties**, and other serious negative consequences if we **or our third-party service providers fail to protect confidential information and / or** sustain **cyberattacks** ~~cyber-attacks~~ or other **data security** ~~cybersecurity~~ **breaches** ~~incidents~~ that **disrupt** ~~adversely affect~~ our **business**, operations, **or financial condition**, or result in the dissemination of **information, including** proprietary or confidential information about us or our customers, suppliers or other third parties. We manage and store **confidential information (including** proprietary, **sensitive and personal** information **) and sensitive or confidential data** relating to our operations **on our systems**. We **own our systems but also rely** ~~may be~~ **subject to cyber-attacks on and breaches** **third parties for a range** of the information technology systems **we use and related products and services, including but not limited to cloud computing services. We and certain of our third-party service providers have been, and will continue to be, subject to cyberattacks and other incidents that threaten the confidentiality, integrity, and availability of our and our third-party service providers' systems and confidential information. While to date no such incidents have had a material impact on our operations for** ~~or~~ **these purposes. If**

financial condition, if we and our third- party service providers are unable to protect sensitive these systems or information stored therein, including or fail to complying--- comply with evolving federal, state and foreign information security and, data protection /or privacy laws, regulations , and other requirements, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Experienced computer programmers , state- sponsored organizations, hacktivists, and hackers may be able to penetrate our systems and network security and misappropriate or compromise our or our third- party service providers' information systems or confidential information or that of third parties, create system disruptions , or cause shutdowns. Threat actors (Computer programmers and hackers also may be able to develop and deploy viruses, worms, malware ,-(including ransomware) and other malicious software programs that attack our systems or otherwise exploit any security vulnerabilities of our systems or products. We face additional cybersecurity risks from social engineering / phishing, malfeasance from insiders, human or technological error. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties and integrate into our or our third- party service providers' systems, products or services may contain defects in design or manufacture, including " bugs ", malicious code, misconfigurations, and other problems or vulnerabilities that could unexpectedly interfere with the operation of our information systems. Cybersecurity Cyber-threats are expected to accelerate on a global basis in particular frequency and magnitude. They vary in technique and sources, are persistent, frequently change and are becoming increasingly are more sophisticated (including through artificial intelligence) , targeted and difficult to detect and prevent against. Given the rapidly evolving nature and proliferation of cyber-cybersecurity threats, there can be no assurance that our any cybersecurity risk management program (including employee training, operational and other technical security measures or other controls) implemented by us or our third- party service providers will be able to detect, prevent or, remediate , or enable recovery from security-cybersecurity incidents or data breaches in a timely manner or otherwise prevent unauthorized access to, material damage to, or interruption of our systems , confidential information, and operations. We are likely to face anticipated cybersecurity incidents cyber-attacks in the future. Accordingly, we may be vulnerable to losses and costs associated with the improper functioning, security breach or unavailability of our information systems as well as any systems used in acquired operations. In addition, breaches of our or our third- party service providers' security measures and, the unapproved use or disclosure of proprietary information or sensitive or confidential data about us or our suppliers, customers or other third parties and any other adverse impact to the availability, integrity or confidentiality of our information systems and information could expose us or any such affected third party to a risk of loss or misuse of this information, result in litigation and -(including class actions), regulatory investigations, potential liability for us, damage our brand and reputation , cause significant incident response, system restoration or otherwise remediation and future compliance costs, or other harm to our business, even if we were not responsible for the breach. Furthermore, we are exposed to additional risks because we rely in certain capacities on third- party services that support our internal and customer-facing operations, like data management and cloud service providers with possible security problems and security vulnerabilities beyond our control. Media or other reports of perceived security vulnerabilities to our systems or those of our third- party suppliers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation and, Any or all of the foregoing could have a materially impact-adverse effect on our business , results of operations, and financial condition . Given increasing cyber-security-cybersecurity threats, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our and our third- party service providers' systems and confidential information. There can also be no assurance that we or our third- party service providers will not experience business interruptions, data loss, ransom, misappropriation or corruption or theft or misuse of proprietary information or related litigation and investigation, any of which could have a material adverse effect on our financial condition and results of operations and harm our business reputation. Remote and hybrid working arrangements at our company (and at many third- party providers) also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non- corporate and home networks. The costs related to cyber cyberattacks or other security-cybersecurity threats incidents or disruptions may not be fully insured by our existing insurance policies or indemnified by other means , and we cannot guarantee that applicable insurance will be available to us in the future on economically reasonable terms or at all . Our disclosure controls and procedures address cybersecurity and include elements intended to ensure that there is an analysis of potential disclosure obligations arising from security cybersecurity breaches. Our business is subject to a wide variety of extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business. We are subject to a wide variety of laws and regulations relating to various aspects of our business, including with respect to our spaceflight system operations, employment and labor, health care, tax, privacy and data security, health and safety, 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 predict the impact from, or the ultimate cost of compliance with, current or future regulatory or administrative changes. 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. Failure to comply with these laws, 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 the suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating our business. For example, commercial space launches, reentry of our spacecraft and the operation of

our spaceflight system in the United States require licenses and permits from certain agencies of the Department of Transportation, including the FAA, and review by other agencies of the U. S. Government, including the Department of Defense, Department of State, and Federal Communications Commission. License approval includes an interagency review of safety, operational, **spectrum coordination**, national security, and foreign policy and international obligations implications, as well as a review of foreign ownership. Additionally, the FAA **Office of Commercial Space Transportation and other state government agencies also enforce enforces** informed consent and cross-waiver requirements for spaceflight participants and **have has** the authority to regulate training and medical requirements for crew. Certain related federal and state laws provide for indemnification **in excess of the financial responsibility requirements or our immunity business demonstrates to the FAA for each spaceflight** in the event of certain losses **third-party claims for bodily injury or property damage**. However, this indemnification is subject to limits, and money to be used for indemnification under federal laws is still subject to **approval by the FAA's preparation of and an Congress acceptable compensation plan, and the congressional appropriation of funds**. Furthermore, no such claim **regarding the immunity provided by these informed consent provisions has resulted been brought in New Mexico the FAA preparing a compensation plan or for congressional review** in federal courts, and we are unable to determine whether the protections provided by applicable laws or regulations would be upheld by U. S. or foreign courts. Moreover, regulation of our industry is still evolving, and new or different laws or regulations could affect our operations, increase direct compliance costs for us or cause any third-party suppliers or contractors to raise the prices they charge us because of increased compliance costs. For example, the FAA has recently released new licensing rules relating to commercial space launches, and our ability to achieve compliance with these rules by the 2026 deadline and maintain compliance thereafter could affect us and 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 United States 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. Potential conflicts between U. S. policy and international norms defining the altitude above the earth's surface where "space" begins and defining the status of, and obligations toward, spaceflight participants could introduce an additional level of legal and commercial complexity. We may not be in complete compliance with all such requirements at all times and, even when we believe we are in complete compliance, a regulatory agency may determine that we are not. We are subject to stringent U. S. export and import control laws and regulations. Unfavorable changes in these laws and regulations or U. S. government licensing policies, our failure to secure timely U. S. government authorizations under these laws and regulations, or our failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operation. Our business is subject to stringent U. S. import and export control laws and regulations as well as economic sanctions laws and regulations. We are required to import and export our products, software, technology and services, as well as run our operations in the United States, in full compliance with such laws and regulations, which include the U. S. Export Administration Regulations, the ITAR, and economic sanctions administered by the Treasury Department's Office of Foreign Assets Controls. Similar laws that impact our business exist in other jurisdictions. These foreign trade controls prohibit, restrict, or regulate our ability to, directly or indirectly, export, deemed export, re-export, deemed re-export or transfer certain hardware, technical data, technology, software, or services to certain countries and territories, entities, and individuals, and for end uses. If we are found to be in violation of these laws and regulations, it could result in civil and criminal liabilities, monetary and non-monetary penalties, the loss of export or import privileges, debarment and reputational harm. Pursuant to these foreign trade control laws and regulations, we are required, among other things, to (i) maintain a registration under the ITAR, (ii) determine the proper licensing jurisdiction and export classification of products, software, and technology, and (iii) obtain licenses or other forms of U. S. government authorization to engage in the conduct of our spaceflight business. The authorization requirements include the need to get permission to release controlled technology to foreign person employees and other foreign persons. Changes in U. S. foreign trade control laws and regulations, or reclassifications of our products or technologies, may restrict our operations. The inability to secure and maintain necessary licenses and other authorizations could negatively impact our ability to compete successfully or to operate our spaceflight business as planned. Any changes in the export control regulations or U. S. government licensing policy, such as those necessary to implement U. S. government commitments to multilateral control regimes, may restrict our operations. Given the great discretion the government has in issuing or denying such authorizations to advance U. S. national security and foreign policy interests, there can be no assurance we will be successful in our future efforts to secure and maintain necessary licenses, registrations, or other U. S. government regulatory approvals. **Compliance Failure to comply with ever evolving U. S. federal, state and foreign laws and, regulations and other requirements relating to privacy, data protection the processing of personal information and consumer protection involves significant expenditure, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and resources consumer protection, and any actual or perceived failure by us or third parties we rely upon to comply** could adversely affect our business, **results of operations** and our financial condition. We collect, store, **use, disclose and otherwise process, and use** personal information and other customer data, including **sensitive information (such as health and biometric information)**, of customers and, employees **and other individuals**, and we rely in part on third parties that are not directly under our control to manage certain of **these our** operations and to collect, store, **use, disclose and otherwise process and use** payment information. Due to the volume and sensitivity of the personal information and data we and these third parties **manage-process** and expect to **manage-process** in the future, as well as the nature of our customer base, the security features of our information systems are critical. **A-We and third parties we rely on are subject to a variety of U. S. federal, state and foreign laws and, regulations govern, standards and the other handling and requirements regarding privacy, the processing of personal information (including information security of this**

information), the European Union General Data Protection Regulation ("EU GDPR") and the United Kingdom General Data Protection Regulation and United Kingdom Data Protection Act 2018 (collectively, the "UK GDPR") (the EU GDPR and UK GDPR together, the "GDPR"). We are also subject to laws, regulations, standards and other requirements covering marketing and advertising activities conducted by telephone, email, mobile devices and the Internet. These laws, requirements, and regulations, their application and interpretation, are continuously evolving and subject to potentially differing interpretations. Additionally, as these requirements may be inconsistent from one jurisdiction to another or conflict with other rules or our practices, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations. We expect that new industry standards, laws and regulations will continue to evolve regarding privacy, data protection and information security in many jurisdictions, including the United States, the United Kingdom, the European Union, and other jurisdictions, which may apply to our business. The California Consumer Privacy Act as amended by the California Privacy Rights Act, the European General Data Protection Regulation ("GDPR-CCPA") went into effect in 2020 and imposes a range of obligations on covered businesses that process personal information of California residents. The enactment of the CCPA prompted a wave of similar legislative developments in the other states in the U. S. United Kingdom General Data Protection Regulation and Data Protection Act 2018 (collectively, which creates the potential for a patchwork of overlapping but different state laws. Since the CCPA went into effect, comprehensive privacy statutes that share similarities with the CCPA are now in effect and enforceable in Virginia, Colorado, Connecticut, and Utah, will soon be enforceable in several other "UK GDPR") states and are currently under review or being proposed in other U. S. states. Further, in order to comply with the varying state laws around data breaches, we must maintain adequate cybersecurity measures, which require significant investments in resources and ongoing attention. As we have expanded and may continue to expand our international presence, we are also subject to additional privacy requirements rules, many of which, such as the GDPR and national laws supplementing the GDPR, are significantly more stringent than those currently enforced in the United States. The GDPR imposes and UK GDPR require companies to meet stringent requirements regarding the handling of on companies that process personal data of individuals located in the European Economic Area ("EEA") and the UK are subject to its provisions. These more stringent requirements include comprehensive data privacy compliance obligations in relation to our collection, sharing, disclosure, transfer, use and other processing, sharing, disclosure, transfer and other use of data relating to an identifiable living individual or "personal data", including having a principal of accountability and the obligation lawful basis for our processing, providing certain rights to individuals and demonstrating compliance through policies, procedures, training and audit. The GDPR and UK GDPR also include significant penalties for non-compliance, which may result in monetary penalties of up to the higher of € 20. 0 million / GBP 17. 5 million or 4 % of a group's worldwide annual turnover. In addition to fines, a breach of the GDPR or UK GDPR other applicable laws relating to the processing of personal information (including in the U. S.) may result in regulatory investigations, reputational damage, orders to cease / change our data processing activities, enforcement notices, assessment notices (for a compulsory audit) and / or civil claims (including class actions). The GDPR and UK GDPR other laws regulate cross-border transfers of personal data out. For transfers of personal data outside of the EEA and the UK, entities may rely on standard contractual clauses (a standard form of contractual terms approved by the European Commission or the UK authorities, as applicable) as an adequate personal data transfer mechanism. We rely on the EU standard contractual clauses, UK Addendum to the EU standard contractual clauses and the UK International Data Transfer Agreement, as relevant, with respect to both intragroup and third-party transfers, in particular in relation to transfers to the United States. However, On July 16, 2020, the Court of Justice of the European Union ("CJEU") has invalidated the EU-US Privacy Shield Framework, or Privacy Shield, under which personal information could be transferred from the EEA (and the UK) to relevant self-certified U. S. entities. The CJEU further noted that reliance on the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism and potential alternative to the Privacy Shield) alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. European court In October 2022, President Biden signed and an regulatory decisions subsequent to Executive Order on 'Enhancing Safeguards for United States Intelligence Activities' which addressed concerns raised by the CJEU in relation decision of July 16, 2020 have taken a restrictive approach to international data transfers from the EEA to the United States and which formed the basis of the new EU-US Data Privacy Framework ("DPF"), as released on December 13, 2022. The DPF, and the UK Extension to the DPF, became effective as transfer mechanisms to U. S. entities self-certified on July 2023 and October 2023, respectively. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF to be challenged and international transfers to the U. S. and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As the enforcement landscape further develops, and supervisory authorities issue further guidance on international data transfers, we could suffer additional costs, complaints and / or regulatory investigations or fines; we may have to stop using certain tools and vendors and make other operational changes; we may have had to and will have to implement revised standard contractual clauses for existing intragroup, customer and vendor arrangements within required time frames; and / or it could otherwise affect the manner in which we provide our services, the geographic location or segregation of our systems and operations, and could adversely affect our business, operations and financial condition. We and our third-party providers are also subject to evolving U. S., EU and UK online services and digital privacy and data laws as well as privacy laws on cookies, pixels, tracking technologies and e-marketing. Recent European court and regulator decisions are driving increased attention to cookies and tracking technologies. In the EEA and the UK, informed consent is required for the placement of non-essential cookies, pixels and similar technologies that store information, or access information stored on, a user's device, and for direct e-marketing. If the trend of increasing

enforcement by regulators of the strict approach to opt-in consent for all but essential use cases, as seen in recent guidance and decisions continues, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. In addition, there has been a noticeable increase in class actions in the U. S. where plaintiffs have utilized a variety of laws, including state wiretapping laws, in relation to the use of cookies and other tracking technologies. In light of the complex and evolving nature of U. S., EU, EU Member State and UK online services and digital privacy and data laws as well as privacy laws on cookies, pixels and tracking technologies and e-marketing, there can be no assurances that we will be successful in our efforts to comply with such laws. Actual or potential violations of such laws could result in regulatory investigations, fines, orders to cease / change our use of such technologies and processing of personal data, as well as civil claims including class actions, and reputational damage and ongoing compliance costs. A significant data breach or any of which could harm our business, results of operations and financial condition. Any failure, or perceived failure, by us to comply with any U. S. federal, state or foreign privacy or, processing of personal information, consumer protection or e-marketing related laws, regulations, standards or other requirements principles or orders to which we may be subject or other legal obligations relating to privacy these matters, or consumer protection any significant data breach, could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by individuals, consumer rights groups, governmental entities or others or other penalties or liabilities, or require us to change our operations and / or cease using certain data sets. We could incur significant costs in investigating and Depending depending on such claims and, if found liable, pay significant damages or fines or be required to make changes to our business. Further, the these nature proceedings and any subsequent adverse outcomes may subject us to significant negative publicity and an erosion of trust. If any of the these events were to occur, our business, results of operations, and financial condition could be materially adversely affected. Failures in our or our third- party providers' information systems compromised, we may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident. Failures in our technology infrastructure could damage our business, reputation and brand and substantially harm our business and results of operations. If our main data center or third- party cloud provider facilities were to fail, or if we were to suffer an interruption or degradation of services at our main data center, we could lose confidential information, including important manufacturing and technical data, which could harm our business. Our facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, power losses, telecommunications failures, cybersecurity incidents (discussed above) and similar events. In the event that our or any third- party provider' s systems or service abilities are hindered by any of the events discussed above, our ability to operate may be impaired. A decision to close the facilities without adequate notice, or other unanticipated problems, could adversely impact our operations. Any of the aforementioned risks may be augmented if our or any third- party provider' s business continuity and disaster recovery plans prove to be inadequate. Our data center, third- party cloud, and managed service provider infrastructure also could be subject to break- ins, sabotage, intentional acts of vandalism, other misconduct, or other unforeseeable events impacting the confidentiality, integrity or availability of our information systems and infrastructure technology services. Significant unavailability of our services could cause users to cease using our services and materially and adversely affect our business, prospects, financial condition and results of operations. We use complex proprietary software in our technology infrastructure, which we seek to continually update and improve. Replacing such systems is often time-consuming and expensive, and can also be intrusive to daily business operations. Further, we may not always be successful in executing these upgrades and improvements, which may occasionally result in a failure of our systems. We may experience periodic system interruptions from time to time. Any slowdown or failure of our underlying technology infrastructure could harm our business, reputation and ability to acquire and serve our future astronauts, which could materially adversely affect our results of operations. Our disaster recovery plan or those of our third- party providers may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur. In addition, applicable insurance may not be available to us in the future on economically reasonable terms or at all. We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy. Our success depends, in significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly skilled personnel, including pilots, manufacturing and quality assurance, engineering, design, finance, marketing, sales and support personnel. Our senior management team has extensive experience in the aerospace industry, and we believe that their depth of experience is instrumental to our continued success. The loss of any one or more members of our senior management team, for any reason, including resignation or retirement, could impair our ability to execute our business strategy and have a material adverse effect on our business, financial condition and results of operations. Competition for qualified highly skilled personnel can be strong, and we can provide no assurance that we will be successful in attracting or retaining such personnel now or in the future. We have not yet started commercial spaceflight operations, and our estimates of the required team size to support our estimated flight rates may require increases in staffing levels that may require significant capital expenditure. Further, any inability to recruit, develop and retain qualified employees may result in high employee turnover and may force us to pay significantly higher wages, which may harm our profitability. Additionally, we do not carry key man insurance for any of our management executives, and the loss of any key employee or our inability to recruit, develop and retain these individuals as needed, could have a material adverse effect on our business, financial condition and results of operations. We are subject to many hazards and operational risks that can disrupt our business, including interruptions or disruptions in service at our primary facilities, which could have a material adverse effect on our business, financial condition and results of operations. Our operations are subject to many hazards and operational risks inherent to our business, including general business risks, product liability and damage to third parties, our infrastructure or properties that may be caused by fires,

floods and other natural disasters, power losses, telecommunications failures, terrorist attacks, human errors and similar events. Additionally, our manufacturing operations are hazardous at times and may expose us to safety risks, including environmental risks and health and safety hazards to our employees or third parties. Any significant interruption due to any of the above hazards and operational to the manufacturing or operation of our spaceflight systems at one of our primary facilities, including from weather conditions, growth constraints, performance by third- party providers (such as electric, utility or telecommunications providers), failure to properly handle and use hazardous materials, failure of computer systems, power supplies, fuel supplies, infrastructure damage, disagreements with the owners of the land on which our facilities are located, or damage sustained to our runway could result in manufacturing delays or the delay or cancellation of our spaceflights and, as a result, could have a material adverse effect on our business, financial condition and results of operations. In addition, Spaceport America is run by a state agency, the New Mexico Spaceport Authority, and there may be delays or impacts to operations due to considerations unique to doing business with a government agency. For example, governmental agencies often have an extended approval process for service contracts, which may result in delays or limit the timely operation of our Spaceport America facilities. Moreover, our insurance coverage may be inadequate to cover our liabilities related to such hazards or operational risks. In addition, passenger insurance may not be accepted or may be prohibitive to procure. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements. The occurrence of a significant uninsured claim, or a claim in excess of the insurance coverage limits maintained by us, could harm our business, financial condition and results of operations. 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, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. A class action complaint alleging violations of federal securities laws has also been filed against us in the Eastern District of New York alleging, among other things, that we and certain of our current and former officers and directors made false and misleading statements and failed to disclose certain information regarding the safety of its ships and success of its commercial flight program. Four derivative suits have also been filed in the Eastern District of New York, **as well as one derivative suit in the District of Delaware,** alleging, in some combination and among other claims, violations of federal securities laws and fiduciary duty breaches, including substantially similar allegations as those in the class action lawsuit. Attending to 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. Natural disasters, unusual weather conditions, epidemic outbreaks, terrorist acts, military conflicts, macroeconomic conditions and political events could disrupt our business and flight schedule. The occurrence of one or more natural disasters such as tornadoes, hurricanes, fires, floods and earthquakes, unusual weather conditions, epidemic or pandemic outbreaks (including COVID- 19), terrorist attacks, military conflicts or disruptive political events in certain regions where our facilities are located, or where our third- party contractors' and suppliers' facilities are located, could adversely affect our business. Natural disasters including tornados, hurricanes, floods and earthquakes may damage our facilities or those of our suppliers, which could have a material adverse effect on our business, financial condition and results of operations. Severe weather, such as rainfall, snowfall or extreme temperatures, may impact the ability for spaceflight to occur as planned, resulting in additional expense to reschedule the operation and customer travel plans, thereby reducing our sales and profitability. Terrorist attacks, actual or threatened acts of war or the escalation of current hostilities, such as the ongoing ~~conflict~~ **conflicts** between Russia and Ukraine **and Israel and Hamas**, or any other military or trade disruptions impacting our domestic or foreign suppliers of components of our products, may impact our operations by, among other things, causing supply chain disruptions and increases in commodity prices, which could adversely affect our raw materials or transportation costs. In addition, other potential supply chain disruptions, such as product recalls, labor supply or stoppages, reduced freight availability and increased costs, port disruption, manufacturing facility closures, the financial or operational instability of key suppliers and carriers, changes in diplomatic or trade relationships (including any sanctions, restrictions, and other responses such as those related to current geopolitical events), or other reasons, could impair our ability to develop our next generation vehicles. To the extent we are unable to mitigate the likelihood or potential impact of such events, there could be a material adverse effect on our operating and financial results. These events also could cause or act to prolong an economic recession or depression in the United States or abroad, such as the business disruption and related financial impact that resulted from the global COVID- 19 pandemic. To the extent these events also impact one or more of our suppliers or contractors or result in the closure of any of their facilities or our facilities, we may be ~~required to delay our commercial launch,~~ **required to delay our commercial launch,** be unable to maintain spaceflight schedules, provide other support functions to our astronaut experience or fulfill our other contracts. In addition, the disaster recovery and business continuity plans we have in place currently are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans and, more generally, any of these events could cause consumer confidence and spending to decrease, which could adversely impact our commercial spaceflight operations. Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide. Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including: • the number of flights we schedule for a period, the number of seats we are able to sell in any given spaceflight and the price at which we sell them; • unexpected weather patterns, maintenance issues, natural disasters or other events that force us to cancel or reschedule flights; • the cost of raw materials or

supplied components critical for the manufacture and operation of our spaceflight system; • any delays that we may experience in connection with the manufacture of our Delta Class spaceships and next generation motherships; • the timing and cost of, and level of investment in, research and development relating to our technologies and our current or future facilities; • developments involving our competitors; • changes in governmental regulations or in the status of our regulatory approvals or applications; • future accounting pronouncements or changes in our accounting policies; • the impact of epidemics or pandemics, including the business disruption and related financial impact resulting from the global COVID-19 pandemic; and • general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors. The individual or cumulative effects of the 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. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any guidance we may provide, or if the guidance we provide is below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated guidance we may provide.

~~The COVID-19 pandemic has disrupted and may continue to adversely affect our business operations and our financial results. The global spread of COVID-19 disrupted certain aspects of our operations and may adversely impact our business operations, including our ability to execute on our business strategy and goals. Specifically, the spread of COVID-19 and precautionary actions taken related to COVID-19 adversely impacted our operations, including our ability to complete the development of our spaceflight systems, or our spaceflight test programs, causing delays or disruptions in our supply chain, and decreasing our operational efficiency in space flight system manufacturing, maintenance, ground operations and flight operations. Many jurisdictions, including in California, New Mexico and the United Kingdom, where most of our workforce is located, imposed “shelter-in-place” orders, quarantines or similar orders or restrictions to control the spread of COVID-19 by restricting non-essential activities and business operations. Compliance with these orders disrupted our standard operations, including disruption of operations necessary to complete the development of our spaceflight systems and postponement of our scheduled spaceflight test programs. For example, consistent with the actions taken by governmental authorities, we initially reduced and then temporarily suspended on-site operations at our facilities in Mojave, Spaceport America, Washington D. C. and London in March 2020. Although all of our facilities have reopened, there can be no assurance that additional closures or re-closures will not be mandated in the future. The pandemic has also resulted in, and may continue to result in, significant disruption and volatility of global financial markets. This disruption and volatility may adversely impact our ability to access capital, which could in the future negatively affect our liquidity and capital resources. Given the impact of the pandemic, responsive measures taken by governmental authorities and the uncertainty about its impact on society and the global economy, we cannot predict the extent to which it will further affect our global operations. To the extent COVID-19 adversely affects our business operations and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section. In addition, if in the future there is a further outbreak of COVID-19 or a variation thereof, or an outbreak of another highly infectious or contagious disease or other health concern, the Company may be subject to similar risks as posed by COVID-19.~~ We are subject to environmental regulation and may incur substantial costs. We are subject to federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water, greenhouse gases and the management of hazardous substances, oils and waste materials. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and remediate hazardous or toxic substances or petroleum product releases at or from the property. Under federal law, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Compliance with environmental laws and regulations can require significant expenditures. In addition, we could incur costs to comply with such current or future laws and regulations, the violation of which could lead to substantial fines and penalties. We may have to pay governmental entities or third parties for property damage and for investigation and remediation costs that they incurred in connection with any contamination at our current and former properties without regard to whether we knew of or caused the presence of the contaminants. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of waste directly attributable to us. Even if more than one person may have been responsible for the contamination, each person covered by these environmental laws may be held responsible for all of the clean-up costs incurred. Environmental liabilities could arise and have a material adverse effect on our financial condition and performance. We do not believe, however, that pending environmental regulatory developments in this area will have a material effect on our capital expenditures or otherwise materially adversely affect our operations, operating costs, or competitive position. We may be adversely affected by global climate change or by legal, regulatory or market responses to such change. Increasing stakeholder environmental, social and governance (“ESG”) expectations, physical and transition risks associated with climate change, and emerging ESG regulation and policy requirements may pose risk to our market outlook, brand and reputation, financial outlook, cost of capital, global supply chain and production continuity, which may impact our ability to achieve long-term business objectives. Changes in environmental and climate change laws or regulations could lead to additional operational restrictions and compliance requirements upon us or our products, require new or additional investment in product designs, result in carbon offset investments or otherwise could negatively impact our business and / or competitive position. Increasing aircraft performance standards and requirements on manufacturing and product air pollutant emissions, especially greenhouse gas (“GHG”) emissions, may result in increased costs or reputational risks and could limit our ability to manufacture and / or market certain of our products at acceptable costs, or at all. Physical impacts of climate change, increasing global chemical restrictions and bans,

and water and waste requirements may drive increased costs to us and our suppliers. Additionally, if we fail to achieve or improperly report on any stated environmental goals and commitments, the resulting negative publicity could adversely affect our reputation and / or our access to capital. Failure to keep up with evolving trends and shareholder expectations relating to environmental, social and governance practices or reporting could adversely impact our reputation, share price and access to and cost of capital. Certain institutional investors, investor advocacy groups, investment funds, creditors and other influential financial market participants have become increasingly focused on companies' ESG practices in evaluating their investments and business relationships, including the impact of business on the environment. Certain organizations also provide ESG ratings, scores and benchmarking studies that assess companies' ESG practices. Although there are no universal standards for such ratings, scores or benchmarking studies, they are used by some investors to inform their investment and voting decisions. It is possible that our future stockholders or organizations that report on, rate or score ESG practices will not be satisfied with our ESG strategy or performance. Unfavorable press about or ratings or assessments of our ESG strategies or practices, regardless of whether or not we comply with applicable legal requirements, may lead to negative investor sentiment toward us, which could have a negative impact on our share price and our access to and cost of capital. We are exposed to changes to the global macroeconomic environment beyond our control, including inflation fluctuations. We are exposed to fluctuations in inflation, which could negatively affect our business, financial condition and results of operation. The United States has recently experienced historically high levels of inflation. If the inflation rate continues to increase, it will likely affect our expenses, including, but not limited to, employee compensation expenses and increased costs for supplies. Moreover, to the extent inflation results in rising interest rates, reduces discretionary spending, and has other adverse effects on the market, it may adversely affect our business, financial condition and results of operations.

Risks Related to Our Ownership Structure Virgin Investments Limited has significant ability to control the direction of our business, which may prevent potential investors and other stockholders from influencing significant decisions. Pursuant to the terms of the stockholders' agreement **(the " Stockholders' Agreement")** entered in connection with the consummation of the **Virgin Galactic business combination in October 2019 (the " Virgin Galactic Business Combination (the " Stockholders' Agreement")**, Virgin Investments Limited (" VIL ") has a contractual right to be able to influence the outcome of corporate actions so long as it owns a significant portion of our total outstanding shares of common stock. Specifically, under the terms of the Stockholders' Agreement, for so long as VIL continues to beneficially own, in the aggregate, at least 25 % of the shares of our common stock that an affiliate of VIL beneficially owned upon completion of the Virgin Galactic Business Combination **, whether or not VIL acquires any additional shares of our common stock**, VIL' s consent is required for, among other things: • any non- ordinary course sales of our assets having a fair market value of at least \$ 10. 0 million; • any acquisition of an entity, or the business or assets of any other entity, having a fair market value of at least \$ 10. 0 million; • certain non- ordinary course investments having a fair market value of at least \$ 10. 0 million; • any increase or decrease in the size of our board of directors; • any payment by us of dividends or distributions to our stockholders or repurchases of stock by us, subject to certain limited exceptions; or • incurrence of certain indebtedness. Furthermore, VIL' s consent is also required for the following, among other things, for so long as VIL continues to beneficially own, in the aggregate, at least 10 % of the shares of our common stock that an affiliate of VIL beneficially owned upon completion of the Virgin Galactic Business Combination **whether or not VIL acquires any additional shares of our common stock** : • any sale, merger, business combination or similar transaction to which we are a party; • any amendment, modification or waiver of any provision of our certificate of incorporation or bylaws; • any liquidation, dissolution, winding- up or causing any voluntary bankruptcy or related actions with respect to us; or • any issuance or sale of any shares of our capital stock or securities convertible into or exercisable for any shares of our capital stock in excess of 5 % of our then- issued and outstanding shares, other than issuances of shares of capital stock upon the exercise of options to purchase shares of our capital stock. Because the interests of VIL may differ from our interests or the interests of our other stockholders, actions that VIL may take with respect to us may not be favorable to us or our other stockholders. Delaware law and our organizational documents contain certain provisions, including anti- takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable. Our certificate of incorporation and bylaws and Delaware law contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, and therefore depress the trading price of our common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our board of directors or taking other corporate actions, including effecting changes in our management. Among other things, our certificate of incorporation and bylaws include provisions regarding: • the ability of our board of directors to issue shares of preferred stock, including " blank check " preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; • subject to the terms of the Stockholders' Agreement, our board of directors has the exclusive right to expand the size of the board of directors and to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which will prevent stockholders from being able to fill vacancies on the board of directors; • the prohibition of cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • the limitation of the liability of, and the indemnification of, our directors and officers; • the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and • advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also may discourage or deter a

potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our board of directors or management. The provisions of our certificate of incorporation requiring exclusive forum in the Court of Chancery of the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. Our certificate of incorporation provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim against us or any of our directors, officers, stockholders, employees or agents arising out of or related to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws or (iv) any action asserting a claim against us or any of our directors, officers, stockholders, employees or agents governed by the internal affairs doctrine; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding will be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Notwithstanding the foregoing, our certificate of incorporation provides that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any other claim for which the federal courts have exclusive jurisdiction. These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in the certificate of incorporation to be inapplicable or unenforceable in such action. Our certificate of incorporation expressly limits the liability of certain parties to us for breach of fiduciary duty and could also prevent us from benefiting from corporate opportunities that might otherwise have been available to us. Our certificate of incorporation provides that, to the fullest extent permitted by law, and other than corporate opportunities that are expressly presented to one of our directors in his or her capacity as such, VIL and its respective affiliates (but in each case, other than us and our officers and employees):

- will not have any fiduciary duty to refrain from engaging in the same or similar business activities or lines of business as us, even if the opportunity is one that we might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so;
- will have no duty to communicate or offer such business opportunity to us; and
- will not be liable to us for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such exempted person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to us.

Risks Related to Our Securities and Indebtedness Our indebtedness could expose us to risks that could adversely affect our business, financial condition and results of operations. In 2022, we sold \$ 425 million, ~~000,000~~ aggregate principal amount of 2.50% convertible senior notes due 2027 (the "2027 Notes"). We may also incur additional indebtedness to meet future needs. Our indebtedness could have significant negative consequences for our security holders, business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- in the event interest accrues on the 2027 Notes or additional indebtedness, requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders if we issue shares of our common stock upon conversion of the Notes or additional indebtedness; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under the 2027 Notes or any additional indebtedness that we may incur. In addition, any future indebtedness that we may incur may contain financial and other restrictive covenants that will limit our ability to operate our business, raise capital or make payments under our indebtedness. If we fail to comply with such covenants or to make payments under any of our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that indebtedness becoming immediately payable in full and cross-default or cross-acceleration under our other indebtedness and other liabilities. The conditional conversion feature of the 2027 Notes, if triggered, may adversely affect our financial condition and conversion of the 2027 Notes, to the extent the 2027 Notes are not redeemed or repurchased, will dilute the ownership interest of existing stockholders, and even if anticipated, may otherwise depress the price of our common stock. In the event the conditional conversion feature of the 2027 Notes is triggered, holders of the 2027 Notes will be entitled to convert their 2027 Notes upon the occurrence of certain events. If one or more holders of the 2027 Notes elect to convert their 2027 Notes, we will satisfy our conversion obligation by delivering only shares of our common stock, unless we elect a different settlement method for conversions of the 2027 Notes, in which case we would be required to settle all or a portion of our conversion obligation through the payment of cash, which could adversely affect our financial condition. In the event the conditional conversion feature of the 2027 Notes is triggered, the conversion of some or all of the 2027 Notes will dilute the ownership interests of our existing stockholders to the extent we deliver shares of our common stock upon such conversion. Prior to November 1, 2026, noteholders will have the right to convert their notes only upon the occurrence of certain events. On and after November 1, 2026, noteholders will have the right to convert their notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Any sales in the public market of shares of our common stock issuable upon such conversion could adversely affect the price of our common stock. In addition, the existence of the 2027

Notes may encourage short selling by market participants because the conversion of the 2027 Notes could be used to satisfy short positions, and even anticipated conversion of the 2027 Notes into shares of our common stock could depress the price of our common stock. The convertible note hedge may affect the value of the 2027 Notes and our common stock. In connection with the sale of the 2027 Notes, we entered into convertible note hedge transactions in the form of capped call transactions ("the 2027 Note Hedge"), with certain financial institutions, or option counterparties. The 2027 Note Hedge transactions are expected generally to reduce the potential dilution upon any conversion of the 2027 Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted 2027 Notes, subject to a cap. The option counterparties and / or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock in secondary market transactions prior to the maturity of the 2027 Notes (and are likely to do so (x) during any observation period related to a conversion of the Notes and (y) following any repurchase of the 2027 Notes by us on any fundamental change repurchase date (as provided in the indenture governing the 2027 Notes) or otherwise, in each case, to the extent we exercise the relevant election under the 2027 Note Hedge transactions to unwind them early, (z) during the observation period for conversions of the Notes at maturity). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the 2027 Notes, which could affect note holders' ability to convert the 2027 Notes and, to the extent the activity occurs during any observation period related to a conversion of the 2027 Notes, it could affect the amount and value of the consideration that note holders will receive upon conversion of the 2027 Notes. The potential effect, if any, of these transactions and activities on the market price of our common stock or the 2027 Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our common stock and the value of the 2027 Notes (and, as a result, the value of the consideration, the amount of cash and / or the number of shares, if any, that note holders would receive upon the conversion of the 2027 Notes) and, under certain circumstances, the ability of the note holders to convert the 2027 Notes. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the 2027 Note Hedge transactions described above may have on the price of the 2027 Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. We are subject to counterparty risk with respect to the 2027 Note Hedge transactions. The option counterparties are financial institutions, and we will be subject to the risk that any or all of them may default under the 2027 Note Hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties. We do not intend to pay cash dividends for the foreseeable future. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in the Stockholders' Agreement and future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant.

General Risk Factors The trading price of our common stock may be volatile, and you may be unable to sell your shares above your purchase price. The trading price of our common stock may fluctuate due to a variety of factors, including:

- changes in the industries in which we operate;
- delays in development of additional spaceships and motherships, **including our Delta Class spaceships,** or in the completion of our ground and flight testing programs;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us, our competitors or our industry;
- the public's reaction to our press releases, public announcements and filings with the SEC;
- additions and departures of key employees and personnel;
- competition for talent and skill- sets required;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of debt;
- investors mistaking developments involving other companies, including Virgin- branded companies, as involving us and our business;
- the volume of shares of our common stock available for public sale;
- sales of common stock by our directors, officers or significant stockholders, or the perception that such sales may occur;
- short sales of our common stock; and
- general economic and political conditions such as the COVID- 19 global health crisis or other pandemics or epidemics, recessions, inflation, interest rates, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism. These market and industry factors may materially reduce the market price of our common stock regardless of our operating performance. In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management's attention and resources from our business. Any acquisitions, partnerships or joint ventures that we enter into could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. From time to time, we may evaluate potential strategic acquisitions of businesses, including partnerships or joint ventures with third parties. We may not be successful in identifying acquisition, partnership and joint venture candidates. In addition, we may not be able to continue the operational success of such businesses or successfully finance or integrate any businesses that we acquire or with which we form a partnership or joint venture. We may have potential write- offs of acquired assets and / or an impairment of any goodwill recorded as a result of acquisitions. Furthermore, the integration of any acquisition may divert management's time and

resources from our core business and disrupt our operations or may result in conflicts with our business. Any acquisition, partnership or joint venture may not be successful, may reduce our cash reserves, may negatively affect our earnings and financial performance and, to the extent financed with the proceeds of debt, may increase our indebtedness. We cannot ensure that any acquisition, partnership or joint venture we make will not have a material adverse effect on our business, financial condition and results of operations. Changes in tax laws or regulations may increase tax uncertainty and adversely affect results of our operations and our effective tax rate. We will be subject to taxes in the United States and certain foreign jurisdictions. Due to economic and political conditions, tax rates in various jurisdictions, including the United States, may be subject to change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws or their interpretation. In addition, we may be subject to income tax audits by various tax jurisdictions. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution by one or more taxing authorities could have a material impact on the results of our operations. Our ability to use our U. S. federal and state operating loss carryforwards and certain other tax attributes may be limited. Under Section 382 of the Internal Revenue Code of 1986, the Company's ability to utilize net operating loss carryforwards or other tax attributes such as research tax credits, in any taxable year, may be limited if the Company experiences, or has experienced, an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders, who own at least 5 % of the Company's stock, increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three- year period. Similar rules may apply under state tax laws. The Company may have or may in the future, experience one or more Section 382 "ownership changes." As a result, we may be unable to use a material portion of our net operating loss carryforwards and other tax attributes, which could adversely affect our future cash flows. The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which divert from our business operations. As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes- Oxley Act. The Exchange Act requires the filing of annual, quarterly and current reports with respect to a public company's business and financial condition. The Sarbanes- Oxley Act requires, among other things, that a public company establish and maintain effective internal control over financial reporting. As a result, we are incurring, and will continue to incur significant legal, accounting and other expenses. Our management team and many of our other employees will need to devote substantial time to compliance, which may divert management's attention and resources from our business. An active trading market for our common stock may not be maintained. We can provide no assurance that we will be able to maintain an active trading market for our common stock on the NYSE or any other exchange in the future. If an active market for our common stock is not maintained, or if we fail to satisfy the continued listing standards of the NYSE for any reason and our securities are delisted, it may be difficult for our security holders to sell their securities without depressing the market price for the securities or at all. An inactive trading market may also impair our ability to both raise capital by selling shares of common stock and acquire other complementary products, technologies or businesses by using our shares of common stock as consideration. Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline. The trading market for our common stock is influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts, and the analysts who publish information about our common stock may have had relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.