

26-Feb-2026

# Blacksky Technology, Inc. (BKSY)

Q4 2025 Earnings Call

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Ladies and gentlemen, thank you for joining us and welcome to BlackSky Technology Q4 2025 Earnings Call. After today's prepared remarks, we will host a question-and-answer session. [Operator Instructions]

I will now hand the conference over to Aly Bonilla, Vice President of Investor Relations. Aly, please go ahead.

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**Aly Bonilla**

*Vice President-Investor Relations, Blacksky Technology, Inc.*

Good morning and thank you for joining us. Today, I'm joined by our Chief Executive Officer, Brian O'Toole and our Chief Financial Officer, Henry Dubois. On today's call, Brian will provide some highlights on the quarter and give a strategic update on the business. Henry will then review the company's financial results and outlook for 2026. Following our prepared remarks, we will open the line for your questions.

A replay of this conference call will be available later today. Information to access the replay can be found in today's press release. Additionally, a webcast of this earnings call will be available in the Investor Relations section of our website at [www.blacksky.com](http://www.blacksky.com). In conjunction with today's call, we have posted a quarterly earnings presentation on the Investor Relations website that you may use to follow along with our prepared remarks.

Before we begin, let me remind you that we'll make forward-looking statements during today's conference call, including statements about our plans, objectives and future outlook. Actual results may differ materially as these statements are based on our current expectations as of today and are subject to risks and uncertainties, including those stated in our Form 10-K. BlackSky assumes no obligation to update forward-looking statements except as may be required by applicable law.

In addition, during today's call, we will refer to certain non-GAAP financial measures, including adjusted EBITDA and cash operating expenses. Definitions and reconciliations between our GAAP and non-GAAP results are included in our earnings press release and presentation, which are posted on our Investor Relations website.

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

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## Brian E. O'Toole

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

Thanks, Aly, and good morning, everyone. Thank you for joining us on today's call. Beginning with slide 3, I'm pleased to report that we delivered a strong finish to 2025 with a near record performance in Q4. The momentum we are seeing in the business is driven by the successful deployment and demonstration of our Gen-3 satellites last year.

Our Gen-3 satellites are highly differentiated in the market and are a fundamental step forward in our space capabilities. Delivering proven, on-orbit, 35-centimeter imaging performance that is exceeding customer expectations. Now that these initial satellites are fully operational and validated by major customers around the world, we are seeing growing adoption and the ramping of revenues related to this new imaging capacity. Our progress on Gen-3 in 2025 was a significant operational milestone that is now a major catalyst for our future growth.

Turning to slide 4. In 2025, we successfully launched and commissioned three Gen-3 satellites with each deployment demonstrating our ability to rapidly bring new capacity online. Most notably, our last Gen-3 satellite began delivering very high resolution imagery within 12 hours of launch and entered commercial operations in just three weeks, setting a new industry benchmark for satellites of this class of imaging performance and accelerating access for our customers.

Gen-3 satellites are consistently delivering 35 centimeter imaging performance, on par with much larger, more expensive and complex satellite systems. Enhanced image clarity dramatically advances our real-time AI-enabled analytics. This level of imaging and analytics performance is driving new customer adoption, converting early access pilots into long-term subscription contracts, and unlocking Gen-3 related revenues from existing contracts. We are on track to further expand the constellation throughout 2026 with a pipeline of Gen-3 satellites in production and our next satellite already at the launch site.

Now let's move onto slide 5, and some of our major highlights from last year. First, as a result of strong global demand and the performance of our advanced Gen-3 satellites, we secured \$240 million in contract bookings with the majority comprised of international multi-year contracts. This success contributed to our growing backlog to \$345 million, providing strong revenue visibility.

Second, we delivered near record revenue in Q4 of \$35 million, representing a 16% year-over-year increase, which drove annual revenues to \$107 million, with a significant step up in revenue contribution from international contracts. Third, we achieved our second consecutive year of positive adjusted EBITDA. This performance demonstrates disciplined execution, scalability and operating leverage of our business.

And finally, we significantly strengthened our balance sheet and increased our liquidity position to over \$225 million. These highlights underscore the momentum in our business and the growing visibility toward free cash flow operations and long-term profitable growth.

Moving to slide 6. Before we get to some of the operational highlights, I would like to take a moment to talk about how we are aligning the three key elements of our business to address a large and expanding market opportunity for space-based intelligence. These elements are not new to our strategy, but rather we are increasing the focus, visibility and capture of these opportunities across three primary growth vectors.

With spending and demand expected to increase over the next decade, we are seeing growth opportunities in commercial, space-based intelligence and AI services, sovereign mission solutions and advanced technology programs.

Space-based intelligence and AI services is what we referred to in the past as our imagery and analytics business. This is our core high margin subscription business that leverages our commercial satellite constellation and our Spectra AI platform to deliver real-time imagery, monitoring and AI-enabled insights through subscription contracts. This name change better reflects the depth and breadth of the types of AI-enabled solutions we are bringing to market now and in the future.

For the mission solutions element of our business, we have been winning new contracts for sovereign space-based intelligence solutions over the past several years, and for example, have successfully captured major programs with customers in India, Indonesia and others for Gen-3 related solutions. We are now consolidating these types of programs into mission solutions that include the delivery of satellites, ground system hardware and software, as well as the integration of these capabilities into customer environments. We are seeing increased demand for sovereign space-based intelligence solutions as a TAM expansion opportunity and believe that this change will provide better visibility into this aspect of our business going forward.

For the advanced technology programs part of our business, we have had a long-standing strategy to partner with key customers to develop and demonstrate advanced space and AI capabilities through funded R&D programs. Over the course of many years, these contracts have augmented our own internal R&D and capital investments and have been instrumental in driving innovation and advancing leading-edge capabilities such as inter-satellite optical crosslinks, next generation satellites and payloads and advanced multi-spectral AI and analytic solutions. We expect this trend to continue as customers around the world are seeking new and innovative ways to accelerate next generation space and AI capabilities.

We believe that these three elements are well aligned to capture opportunities in a growing and expanding market.

Now let me share some recent highlights from each of these major elements of our business. Let's move on to slide 7, and some recent highlights under space-based intelligence and AI services. Throughout Q4 and carrying into this year, we are making good progress in closing new customers for early access Gen-3 pilot programs and quickly converting them into longer-term subscription contracts.

One example is a new international customer that started with a small pilot and rapidly grew within a couple of months to what is now a seven figure quarterly run rate to support their time sensitive, mission-critical operations.

For existing customers, we are adding access to Gen-3 services and ramping revenues under those contracts. For example, in Q4, we moved into the next phase of a \$100 million multi-year subscription contract we announced last year and have now added assured access to Gen-3 imaging services to support this major international customer. As part of a seven-figure contract we announced last year with the US government, we are ramping up their use of Gen-3 in their operations.

Our leading AI capabilities continue to deliver incremental revenue with the award of additional options under the NGA Luno contract. We also continue to win new orders through the US Space Force Global Data Marketplace. We expect to continue this momentum and unlock additional revenue growth while we expand the Gen-3 constellation throughout the year.

Now let's turn to slide 8 and mission solutions. We are continuing to see increasing demand for Gen-3 sovereign solutions from governments around the world. Just recently we announced an eight figure multi-year contract with a new international customer. This new contract includes the delivery of a Gen-3 satellite, ground station capabilities and satellite operations support. In addition, it also includes assured access to our commercial imagery and analytics services that will be delivered through our space-based intelligence and AI services.

Last year, we highlighted the capture of a new multi-year contract valued at over \$30 million to integrate Gen-3 tactical ISR services into the operational environment of a major international customer. In Q4, we successfully delivered against some of the major milestones of that contract, which contributed to our strong Q4 performance.

And finally, we continued our strong execution on some of our other contracts that included major milestone deliveries that drove conversion and burn down of prior unbilled receivables.

Moving to slide 9 and some updates on our advanced technology programs. In parallel to our primary business, we continue to advance our space and AI capabilities through a number of customer funded R&D programs. We are making significant progress on a number of key technology initiatives that include: optical inter-satellite crosslinks for next generation, low latency, space-based communications; The development of AROS, our future advanced large area mapping and change monitoring satellites; and advanced AI training, algorithm and model development, including the deployment of real-time AI processing into space and edge environments.

Throughout 2025, we continue to see increased interest from our customers to accelerate these and other future capabilities in support of long-term space-based intelligence imperatives. And as a result, we expect to expand our portfolio of these types of projects throughout 2026.

The highlights in 2025 are a direct result of the successful deployment, demonstration and introduction of Gen-3 performance and capacity into the market. With proven and reliable on-orbit performance, we are seeing strong momentum across all aspects of these three key elements of our business and are excited to carry that momentum into 2026.

With that, I'll now turn it over to Henry to go through the financial results. Henry?

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## Henry E. Dubois

*Chief Financial Officer, Blacksky Technology, Inc.*

Thank you, Brian, and good morning, everyone. I am pleased with the strong finish to 2025 and the strong momentum we're seeing in the business. We continue to focus on long-term profitable growth and have now delivered two consecutive years of positive adjusted EBITDA. We strengthened our balance sheet as we ended

the year with over \$225 million in liquidity and we have over \$345 million of contracted backlog that is increasing our revenue visibility.

Now, let's begin with slide 11. Total revenue for the fourth quarter of 2025 was \$35.2 million, up 16% year-over-year. This growth was primarily driven by a few key factors. First, as Brian mentioned earlier, we won a new mission solutions contract with an international customer. This contract agreement includes the sale of a Gen-3 satellite and other mission solution services, of which we were able to recognize a significant amount of revenue within the quarter.

Second, we achieved key program milestones against recently awarded Gen-3 contracts for tactical ISR service integration work that also contributed to increased revenues. And third, a number of our international customers ramped up use of their subscription access to our space-based intelligence and AI services, as well as additional orders received from NGA's Luno program and from the US Space Force's Global Data Marketplace. The strong Q4 revenue performance demonstrates our ability to rapidly monetize Gen-3 capabilities.

For the full year, our total revenues increased to \$106.6 million. This performance was attributable to the growth in our mission solutions business, the ramp-up of our Gen-3 capabilities and continued expansion of our international customer base. We were able to achieve this growth despite US government budget challenges. In fact, revenues from international customers grew over 50% from the prior year and now represent more than half of our total revenues.

Let's now turn to slide 12 and talk about cash operating expenses, which exclude stock-based compensation, depreciation and amortization expenses. For the fourth quarter of 2025, cash operating expenses were \$17.7 million compared to \$16.9 million in the prior year period. For the full year, our cash operating expenses were \$74.3 million, up from \$64.9 million in 2024. This increase is primarily attributable to our LeoStella acquisition in 2024.

Moving to slide 13. Our adjusted EBITDA for the fourth quarter of 2025 was \$8.8 million, a 20% increase compared to an adjusted EBITDA of \$7.4 million in the prior year quarter. The year-over-year increase of \$1.4 million was primarily driven by higher revenues, as I outlined a moment ago, and continued responsible cost management. The strong Q4 performance drove full year adjusted EBITDA to \$900,000, delivering a second consecutive year of positive adjusted EBITDA. We continue to remain focused on scaling our revenue while maintaining operating discipline, which we believe will drive improving margins as we continue to sell more constellation capacity.

Let's move on to our cash and liquidity position as shown on slide 14. We ended the fourth quarter of 2025 with \$125.6 million of cash, restricted cash and short-term investments, which is more than double our cash balance of \$53.8 million from a year ago.

During the quarter, we achieved major milestones across multiple contracts that triggered invoicing of prior unbilled receivables. As a result, we ended the year with \$26.6 million of unbilled contract assets, a significant reduction from about \$43 million at the end of the third quarter. With the billing from these milestones and the additional contracts we won, our accounts receivable balance ended at \$37.6 million, which we expect to collect in the near-term.

We also signed a new vendor financing agreement, securing additional Gen-3 launches in 2026, which provides us with a total of \$37.4 million in available launch financing. Taking all these items together brings our total liquidity position to over \$225 million or an 84% increase over the position we ended with in 2024. With this

liquidity position and our continuing strong operating performance, we believe that we have sufficient liquidity to deploy our Gen-3 constellation, grow our business and continue on our path towards positive free cash flow.

Turning to the outlook on slide 15. We expect full year 2026 revenue to be between \$120 million and \$145 million, representing a 24% growth over 2025 at the midpoint of this range. This annual growth is driven by: strong backlog visibility, which we expect to convert into revenue throughout the year; continued Gen-3 satellite deployments, delivering increased capacity to our customers; and a growing pipeline of sales opportunities. Historically, our revenue performance in the second half of the year has always been stronger than in the first half, and we anticipate this year to be the same.

We expect full year 2026 adjusted EBITDA to be between \$6 million and \$18 million, reflecting our continued progress towards sustained profitability while maintaining investments in a number of growth initiatives. Capital expenditures for the full year 2026 are projected to be between \$50 million and \$60 million and are primarily focused on building out our Gen-3 constellation and advancing our next generation satellite and AI technologies.

In summary, we're pleased with our fourth quarter and full year financial performance, the momentum we're seeing across the business and our expanding international customer portfolio.

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

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**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

Thanks, Henry. We're pleased with the strong finish to 2025 and the momentum we're carrying into 2026. Building on the success, proven on-orbit performance and customer validation of Gen-3, we are off to a strong start to the year.

The growing market opportunity for space-based intelligence is accelerating and BlackSky is well positioned to meet this demand through an industry leading space, ground and AI technology stack that we are successfully leveraging across multiple lines of business to capitalize on a number of growth vectors. We enter 2026 with a strong balance sheet, a growing backlog of high visibility revenue for our space-based intelligence and AI services and mission solutions, and a clear and strong execution strategy for growth.

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

## QUESTION AND ANSWER SECTION

**Operator:** We will now begin the question-and-answer session. [Operator Instructions] Your first question comes from the line of Edison Yu with Deutsche Bank. Your line is now open. Please go ahead.

**Edison Yu**

*Analyst, Deutsche Bank Securities, Inc.*

Q

Good morning, everyone, and thank you for taking our questions. First, I wanted to ask about the new eight figure sovereign deal. I guess it's falling under mission solutions now. Can you give us a little bit more detail, both in terms of the customer, the pacing of how that revenue gets recognized, and more generally, the pipeline of similar opportunities going forward about deals like this or structures like this?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Sure. Good morning, Edison. Thanks for the question. Yeah, as we outlined in our remarks, this is a, we'll call it, an initial contract for a Gen-3 satellite. It includes some ground capability and software as well as multi-year support services. It is bundled with a commercial contract for subscription-based access to our commercial constellation and AI services. So that means that these types of contracts support both of those elements of our business.

This is a – in this case, we were able to, as Henry mentioned, recognize a good portion of revenue of that in the fourth quarter as we were able to make immediate deliveries. The strength of this is that we were able to pull the satellite off the production line and accelerate the customer schedule. So we will move forward on their schedule to launch the satellite as quickly as we can, either later this year or early next year. So we are seeing a general trend where a number of these types of customers will start with a few satellites, with ambitions to expand much further beyond that and grow those over time.

**Edison Yu**

*Analyst, Deutsche Bank Securities, Inc.*

Q

Just a follow up. Do you have a sense of how many of these type of programs or deals are in your pipeline? Is this something that's – could be multiple countries, dozens of countries? How does one think about that?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, I think we're building a very strong pipeline. We're seeing this type of trend across a number of regions in the world and with a number of customers in each region. So I think, Edison, the way we think about this as a TAM expansion opportunity, maybe to put this in some numbers, about maybe less than five years ago, there were under 12 or 15 countries that had sovereign space capability. Now there's over 60. And so – and there – and many of them are in the early phases of building out their capability. So this is a large and expanding market. And there's a number of customers that are coming into this with very little initial capability that we're able to help accelerate their long-term plans.

**Edison Yu**

*Analyst, Deutsche Bank Securities, Inc.*

Q

Got you. If I could just sneak one more in, would you expect to announce another similar type of deal this year?

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

As I said, we have a very strong pipeline and we have a number of deals moving through the pipeline. Timing of international deals has always been challenging to predict exactly, and just also keep in mind, these tend to be lumpy. So those – these deals will come in and then you'll see these spikes in revenue as we recognize revenue, depending on the nature of the contract.

**Edison Yu***Analyst, Deutsche Bank Securities, Inc.*

Q

Great. Thank you.

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thanks, Edison.

**Operator:** Your next question comes from the line of Jeff Van Rhee with Craig-Hallum Capital Group. Your line is open. Please go ahead.

**Jeff Van Rhee***Analyst, Craig-Hallum Capital Group LLC*

Q

Great. Thanks for taking the questions. Maybe to start with you, Henry, in terms of the guide, if I look at the low end of the guide, what has to happen here to hit that in terms of new bookings versus already having that in backlog?

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

We've got strong – Jeff, thanks for the question, this is Henry. We've got strong visibility. We do have a backlog, as we've said, nearly about \$345 million. We've got nearly \$75 million of that coming through. And in 2026, we also have renewals that are not yet in there. So that's kind of our standard modus operandi. So we've got strong visibility to get into that – into the low-end and actually into – all the way into the full range there.

**Jeff Van Rhee***Analyst, Craig-Hallum Capital Group LLC*

Q

Yeah. Is the – just to be clear, is the low-end assuming – I mean, can you even give a ballpark of what kind of new bookings you need to make that, or is it already in the bag?

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

Well, as I said, we've got a fair bit of renewals in there. So we feel pretty comfortable that obviously we wouldn't put a low-end out that we didn't feel that we could hit.

**Jeff Van Rhee***Analyst, Craig-Hallum Capital Group LLC*

Q

Okay. Got it. And then, Henry, you mentioned on the guide in terms of linearity, I assume is back end loaded. Could you expand a little bit? You had this large eight-figure customer. It sounds like a lot, maybe most of that

revenue fell in Q4. So how much of that does not recur in Q1? Just trying to get a sense of the step down and then how to build the ramp through the year.

**Henry E. Dubois**

*Chief Financial Officer, Blacksky Technology, Inc.*

A

Well, I guess the way I would look at it is, if you look at us historically over the last number of years, we've usually been in kind of like the 45% – 40%, 45%, less than 50% in the first half of the year and 55% to as much as 60% in the second half of the year, and that's kind of the way I would be looking at it.

**Jeff Van Rhee**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Got it. Okay. And then just last, on the Gen-3s, obviously, I think compared to your initial hopes, expectations, the timeline of getting those in the sky has been slower than expected. Just curious, as you're looking back on kind of what's playing out there, is there anything that needs to change? Are you satisfied with the timelines, it looks like in terms of how those are going to roll, and where do you think you're going to end 2026 in terms of the number of Gen-3s up?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, Jeff, the way that we're looking at it right now is we – we've got these first three up and they're meeting and exceeding expectations, performing exceptionally well. And that performance has driven the revenue ramp that we're experiencing in the fourth quarter and taking into the – into this year. We have the next one already at the launch site.

Our goal will have – will be to have eight to nine Gen-3s in orbit by the end of this year. The – we're in very good shape as we mentioned. We had – we have found a issue in testing on the prior satellite. But we – this is very typical with your first few satellites. I'll remind you, in – with our Gen-2 constellation, we started with a similar cadence and then we quickly got to the point where at one point we launched six satellites within 20 days. So we are on track and the satellites are performing well and our production operations are ramping.

**Jeff Van Rhee**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Yeah, yeah. And congrats. I mean, that first light performance is pretty exceptional in the imagery. It just looks outstanding. So best of luck.

**Henry E. Dubois**

*Chief Financial Officer, Blacksky Technology, Inc.*

A

Thanks, Jeff.

**Operator:** Your next question comes from the line of Timothy Horan with Oppenheimer. Your line is open. Please go ahead.

**Timothy Horan**

*Analyst, Oppenheimer & Co., Inc.*

Q

Thanks, guys. Any updated thoughts on is there an inflection point for where you get some scale when you hit like six, seven, eight satellites [ph] or in (00:31:14) maybe more general availability and you see a little bit more operating leverage? Just thoughts on what the critical number is there.

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah. Good morning, Tim. I guess we don't think of it way. I think the way we are seeing it is the three we have up there have been sufficient to put in front of customers so they can validate the performance and how they integrate this capability into their operations. And our sales cycle reflects that along with unlocking revenues from existing contracts.

So the thing that maybe keep in mind is the number of satellites does not – is not indicative of revenue. There's some companies with hundreds of satellites that have a certain revenue profile and others that have six to eight that have a completely different revenue profile. So we view it more as customer adoption rate and unlocking performance, and we scale that capacity commensurate with the level of service that we need to deliver, whether it's imaging, performance and quality revisit or low latency delivery with AI-enabled intelligence. So it's a customer ramping and capacity ramping trend that we're working toward.

**Timothy Horan**

*Analyst, Oppenheimer & Co., Inc.*

Q

Got it. It does sound like you are a little bit capacity constrained on the manufacturing line, but I think you're implying that that's going to accelerate your ability to – yeah, accelerate your manufacture of these satellites. Is that pretty accurate?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, I wouldn't call it capacity constrained. I would call it being very measured with the first several satellites to ensure that the ones that are going up there are meeting our quality standards. And we are in parallel optimizing supply chain and our production processes to hit a operating cadence out of production. So as I said, this is typical and we are feeling very good about where we are.

**Timothy Horan**

*Analyst, Oppenheimer & Co., Inc.*

Q

Got it. And then lastly, just any thoughts on US spend at this point from the government? What are you kind of expecting this year? Are you seeing improvements there?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, I think, let me just say we're happy that Congress approved the 2026 budget, which includes funding for EOCL and other commercial imagery and analytics initiatives, both at NGA and Space Force. So for EOCL, we've taken a conservative approach in our forecast this year, and we expect that will take some time into Q2 across all of these programs before we get better visibility in how this funding is going to be appropriated to specific programs and contracts. But we're seeing increased interest across the government and expanding use of commercial imagery and analytics.

**Timothy Horan**

*Analyst, Oppenheimer & Co., Inc.*

Thank you.

Q

**Operator:** Your next question comes from the line of Jaeson Schmidt with Lake Street. Your line is open. Please go ahead.

**Jaeson Allen Min Schmidt**

*Analyst, Lake Street Capital Markets LLC*

Hi, guys. Thanks for taking my questions. Just following up on the new eight-figure contract, just curious how long you were in discussions with that customer before inking that contract. And I guess, relatedly, what you're seeing from sort of a sales cycle timeline when it comes to some of these Gen-3 contracts?

Q

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

Yeah, I think the way we think about it, Jaeson, it's – these are 12 to 18-month type sales cycles and in this particular case, this was at the faster end of that. So I think we're seeing a very consistent trend around that length of sales cycle.

A

**Jaeson Allen Min Schmidt**

*Analyst, Lake Street Capital Markets LLC*

Okay, that's helpful. And then just as a follow-up, I'm not looking for specifics, but just curious at a high level, if the pricing of the Gen-3 capacity is in line with your prior expectations.

Q

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

Oh, it's exactly in line with our expectations and what we have modeled in our business plan. The thing that you need to keep in mind is we have increased pricing commensurate with the – from Gen-2 to Gen-3 with the improved 35-centimeter capability. Also keep in mind that these Gen-3 satellites are producing imagery at a level of performance of much larger and more expensive satellites that in some cases can be ten times more expensive. So these types of – these compelling economics are really enabling us to provide our customers with exceptional value at competitive prices while delivering strong margin performance to the business.

A

**Jaeson Allen Min Schmidt**

*Analyst, Lake Street Capital Markets LLC*

All right. Perfect. Thanks, guys.

Q

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

Thank you.

A

**Operator:** Your next question comes from the line of Chris Quilty with Quilty Space. Your line is open. Please go ahead.

**Chris Quilty***Analyst, Quilty Space*

Q

Good morning, gentlemen. Looking out to 2026, and thank you, by the way, for providing the new segment reporting. That's definitely helpful. Can you give us a sense of what sort of a breakdown you expect revenue wise between the segments? I mean, I'm thinking it's probably like a 70-30-ish on the imagery and analytics.

And the second part of the question for Henry, can you just talk to us about the accounting methodology for the sale of satellites to customers, both during the production process? Is there percentage completion or is it done more at that final sale?

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah. Good morning, Chris. Thanks for the question. Let me take the first question before I hand it over to Henry. Yeah, I think the mix is really consistent with where we've been in the past. This is just providing some visibility across those three elements. We expect that the space-based intelligence and AI services to contribute somewhere in that 60% to 70% of our revenues, which is – that's our higher margin subscription element of our business. The mission solutions, think of that being in the kind of 25% range at this point. But we expect that to grow. We expect them all to grow. That may grow a little bit more disproportionately as those are larger deals.

And then finally, the technology development programs. As I said, we've got a long history of those, and we expect to kind of sustain that and grow it, I think, roughly 15% or so of our total revenue. So no really – not much change in the blend, but just providing better visibility.

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

Hey, Chris, kind of...

**Chris Quilty***Analyst, Quilty Space*

Q

Henry?

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

Yeah, looking at kind of the mission solutions line, given the fact that these satellites do have some customization associated for each individual client because of the way they need to operate them a little bit, we are able to look at it from kind of an ETC basis or kind of a percent complete, as you're calling it, so that we do expect to be able to get some revenue recognition as we march through. And that's what we were able to do with this eight-figure contract in the fourth quarter.

**Chris Quilty***Analyst, Quilty Space*

Q

Great. And when you look at the international sales model, I mean, we've certainly seen kind of two different models. One where transfer of the satellite to the customer. Another where you operate the satellite as a bespoke element of that customer's – customer ownership you're operating it, and you monetize in different regions. Do you prefer either of those margins? What direction do you see that trend line going and are there significant modeling considerations we should think about, depending upon which model you use?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Hey, Chris, I'm not sure we would say we prefer one model versus the other. I think what we're doing now is being responsive to how our customers want to structure these contracts. The – as I mentioned before, in the mission solutions, it's essentially giving them sovereign capability and control that may include operational support, leveraging our commercial infrastructure, but – and then bundling that with our commercial services that are giving them higher performing revisit and real-time AI-enabled intelligence that augment that.

So there's a number of different business models, whether it's a constellation-as-a-service or a turnkey system, we've developed a strategy where we're flexible to meet the customer where they are and be on that journey for them in the long haul of how they want to expand this over time.

**Chris Quilty**

*Analyst, Quilty Space*

Q

Great. Henry, are you going to give the quarterly breakdown of the new segment reporting in the K?

**Henry E. Dubois**

*Chief Financial Officer, Blacksky Technology, Inc.*

A

For historical? Yes, we will. Historically, they will [ph] be (00:41:07).

**Chris Quilty**

*Analyst, Quilty Space*

Q

Okay. Great. Thanks, gentlemen.

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thank you, Chris.

**Operator:** Your next question comes from the line of Austin Moeller with Canaccord Genuity. Your line is open. Please go ahead.

**Austin Moeller**

*Analyst, Canaccord Genuity LLC*

Q

Hi. Good morning, Brian, Henry. So just my first question. Can you comment on the NRO having 200 of its own satellites in orbit now? Do you know what modality they are? Are they like EO, infrared, SAR and would you consider that to be complementary or competitive to Gen-3?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Well, I think the US government and other major governments have always had their own sovereign capability for critical national security needs. That – that's been the case for a long time. I think what's important to understand in the US government is that there's several unique missions that the US government has moved to commercial capabilities and that those set of requirements have long been allocated to what is now EOCL, but prior to that EnhancedView and the predecessor contract.

So I think the way we look at it is we're not competing with those systems; we're augmenting them. We can move much quicker in the innovation cycles. We can provide a resilient augmentation capability. And then also, which is extremely important is everything we do is unclassified, which is shareable with our allies. So it's not a competition; it's an augmentation and it's serving very specific missions that have been allocated to the commercial industry.

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**Austin Moeller***Analyst, Canaccord Genuity LLC*

Q

Okay. And are you able to comment on what the size of the commercial imagery budget was in 2026 now that the budget was passed? I know it's usually classified, but I don't know if that's been divulged yet.

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**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

It's still. It's a classified budget line.

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**Austin Moeller***Analyst, Canaccord Genuity LLC*

Q

Okay, great. I'll pass it back there. Thank you.

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**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thanks, Austin.

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**Operator:** Your next question comes from the line of Scott Buck with H.C. Wainwright & Co. Your line is open. Please go ahead.

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**Scott Buck***Analyst, H.C. Wainwright & Co. LLC*

Q

Hi. Good morning, guys. Thanks for the time. Brian, I'm curious, you guys talked about the significant international demand. Can we get a little more granular there? Is that Asia? Is that Europe? What can you tell us about where that's coming from?

And then second, what do you think was left on the table in the US in terms of revenue from the shutdown during the end of 2025?

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**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, I think, Scott, I think we're seeing on the mission solution side internationally, pretty much demand almost in every major region across the world: Europe, Middle East, Asia-Pacific, Southeast Asia, et cetera. So like I said, the number of countries that are putting significant dollars into building a sovereign space capability, both for national security and economic development purposes is growing very rapidly. And so we do have a pretty strong pipeline worldwide.

I think on the – what was left on the table question, we talked about the impact of some of those government budget changes that we addressed in August. I don't know, Henry, if you want to maybe comment on that again, but I think we've shared those numbers.

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

Yeah, we have shared, Scott, I mean, back in some of our prior earnings calls, we did talk about how with the budget cuts and the impact that we had that it was – that was in the neighborhood of about \$2 million per month starting in August. So at about a \$10 million hit for the year. That's what we've stated.

**Scott Buck***Analyst, H.C. Wainwright & Co. LLC*

Q

Great. I appreciate that. And then as we move closer to 2027, could you give us a little more color on how the rollout of AROS would work and maybe some color on what the opportunity – the revenue opportunity looks like versus the imagery business?

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, the AROS satellite is a TAM expansion opportunity for us. Our Gen-3 capability is just high frequency dynamic monitoring of strategic sites of interest. AROS is being designed as a large area mapping – digital mapping capability for large area change monitoring. Think of the large imagery demands and collection required for things like Google Maps and other digital platforms, including in support of next generation AI capabilities, the development of digital twins. And so AROS is being designed specifically for those set of requirements, and the Gen-3 and the AROS satellites will work cooperatively to deliver a high value service to our customers that need both of those capabilities.

And then also it's a commercial expansion opportunity, particularly in area of digital mapping and other civil and – and other civil-type markets that require that type of mapping. So it's a purpose-built satellite for a new market opportunity.

**Scott Buck***Analyst, H.C. Wainwright & Co. LLC*

Q

Great. Appreciate the color there, guys. That's all I have.

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thanks, Scott.

**Operator:** Your next question comes from the line of Sheila Kahyaoglu with Jefferies. Your line is open. Please go ahead.

Q

Good morning, everyone. This is [ph] Billy (00:47:33) on for Sheila. Thanks for taking our questions. Just on the cash operating expenses, you've held them relatively flat while growing revenue, which is great. What are some of the drivers of the cost management, and as Gen-3 continues to scale, how are you thinking about OpEx and operating leverage?

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, I think I'll start and I can hand it over to Henry to – we have a – we have from day one been building a platform that gives us significant operating leverage. As we get the business over the fixed price cost of running that and maintaining it, that's where you see significant margin performance that goes to the bottom line for every incremental amount of capacity that we sell. So you can see that in our EBITDA margin performance over the last couple of years as we've been monetizing that capacity off of fixed – off of a fixed operating, generally fixed operating base. I don't know, Henry, if you want to add anything.

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

I think you covered it there, Brian. I mean, we're disciplined in kind of cost management. We do make investments in sales, marketing and other R&D type stuff so that we are always making sure that we're growing. But we're also quite disciplined to make sure that we provide the leverage so that as we grow our topline, it will drop to the bottom.

Q

Great. Thanks, helpful. And then just one more on free cash flow for 2026. What do you see as the major moving pieces as you progress towards positive free cash flow? And for 2026, like what are the working capital needs? And for the \$55 million in CapEx, how do you think about the mix between Gen-3 investments and AI technologies?

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

Well, we don't break CapEx down between those two in our guidance. But as you can look, historically, I mean, we typically have in the neighborhood of about \$12 million to \$15 million of kind of general corporate development CapEx, AI CapEx, et cetera. But the big thing there is, as we are guiding, we are growing the adjusted EBITDA, which is a surrogate for operating cash flow and we believe that we'll be able to hit the target ranges that we're putting out there.

Q

Great. Thanks. That's all I have.

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thank you.

**Operator:** Your next question comes from the line of Greg Burns with Sidoti. Your line is open. Please go ahead.

**Gregory Burns***Analyst, Sidoti & Co. LLC*

Q

Good morning. Just a follow-up on the EOCL funding. And I know it's – the budget's classified, so maybe you don't have an exact number, but do you have any sense of whether or not the cuts – the proposed cuts were enacted or if funding was restored to historic levels?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

As I – yeah, as I mentioned earlier, it is classified. But what we are seeing is there's multiple budget lines. There's been a couple that have been added. And we're sorting through how that is going to play out in actual implementation. So we're seeing some positive trends out of that, but we have to see how that shakes out over the next quarter.

**Gregory Burns**

*Analyst, Sidoti & Co. LLC*

Q

Okay. And I guess that it is any part of your guidance range, does that include that – the level of revenue from EOCL stepping back up, or is that not anywhere in your guidance and that is potential kind of upside...

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

I'll just say...

**Gregory Burns**

*Analyst, Sidoti & Co. LLC*

Q

... [ph] at the (00:51:16) back half of the year?

**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

...we've taken a very conservative approach to our forecast this year relative to EOCL, and we'll see where this lands by later in the second quarter.

**Gregory Burns**

*Analyst, Sidoti & Co. LLC*

Q

Okay. All right, great. Thanks.

**Operator:** Your next question comes from the line of Greg Pandy with Clear Street. Your line is open. Please go ahead.

**Greg Pandy**

*Analyst, Clear Street LLC*

Q

Hey, guys. Thanks for taking my question. Just one real quick one. Under the old reporting, your Ks and Qs would break down imagery versus data, software and analytics. And I think at the beginning of the call, you mentioned sort of that flywheel effect of getting the better imagery feeding into the AI capabilities. Thus far, the data, software and analytics growth has been pretty stagnant. So can you kind of give us a little bit of color on how the improved imagery kind of feeds into that area and how it would play out in 2026 with the better imagery? Thanks.

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Yeah, I think just first off, last year because of the government budget issues, that had an impact on the growth of that line. But now the – that is being offset by the strong demand we're seeing in the international markets, particularly around Gen-3, so – and then the expansion of the improved AI capability that Gen-3 brings as well, so – and then the pricing increase. So we have very good visibility on how that line is going to be growing going forward.

**Greg Pandy***Analyst, Clear Street LLC*

Q

Got it. Thanks.

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thanks, Greg.

**Operator:** Your next question comes from the line of Daim Storms – Dave Storms with Stonegate. Your line is open. Please go ahead.

**Dave Storms***Analyst, Stonegate Capital Markets, Inc*

Q

Good morning and thanks for taking my questions. I want to circle back to cash management. Henry, I believe in your prepared remarks, you mentioned that we should see an accounts receivable burn throughout the year. Just curious if you could give us any more color there and maybe some of the puts and takes on working capital management that we should expect that AR balance maybe to get back down to 2024 levels or not.

**Henry E. Dubois***Chief Financial Officer, Blacksky Technology, Inc.*

A

Yeah. I mean, when you take a look in the press release and the balance sheet there, our accounts receivable, it's about the – that \$37.5 million mark. A lot of that, as you might imagine, when we sign a contract late in the year, and there's a fair bit of revenue we bill for it. But you haven't lapsed that through that typical 30, 45-day receipt cycle. So we would expect to kind of be able to bring that stuff back down. With the mission solutions, we may get some lumpiness on that, but we've never had a problem with collecting receivables.

**Dave Storms***Analyst, Stonegate Capital Markets, Inc*

Q

Understood, very helpful. Thank you. And if I could just ask one clarifying question. I think you mentioned earlier in the call that sales cycle is typically 12 to 18 months, and I think that was specific to those eight-figure contracts. Are you seeing a similar sales cycle for, call it, the 45 additional sovereign nations that have kind of come online in the last five years? Or do they tend to have a little bit of a longer sales cycle?

**Brian E. O'Toole***Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

I think they're all a little different, Dave. It's hard to – especially when you have customers that are doing this for the first time and implementing new acquisition programs. So my range in sales cycle is really a general number. We'll see some go faster, we'll see some take longer.

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**Dave Storms**

*Analyst, Stonegate Capital Markets, Inc*

Q

Understood. Thank you very much.

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**Brian E. O'Toole**

*Chief Executive Officer & Director, Blacksky Technology, Inc.*

A

Thanks, Dave.

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**Operator:** There are no further questions at this time. This concludes today's call. Thank you for attending. You may now disconnect.

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