

07-May-2026

Blacksky Technology, Inc. (BKSY)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Aly Bonilla

Vice President-Investor Relations, Blacksky Technology, Inc.

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

Henry E. Dubois

Chief Financial Officer, Blacksky Technology, Inc.

OTHER PARTICIPANTS

Jeff van Rhee

Analyst, Craig-Hallum Capital Group LLC

Timothy Horan

Analyst, Oppenheimer & Co., Inc.

Austin Moeller

Analyst, Canaccord Genuity LLC

Gregory Burns

Analyst, Sidoti & Co. LLC

Chris Quilty

Analyst, Quilty Space

Scott Buck

Analyst, Titan Partners

Preston Graham

Analyst, Stonegate Capital Partners

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for joining us and welcome to the BlackSky Technology First Quarter 2026 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.

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 first quarter financial results and updated 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. 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?

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 happy to report that we are off to a strong start to 2026. With up to \$160 million in contract awards, we are rapidly growing backlog, accelerating revenues, and on track to deliver strong earnings growth driven by demand for our Gen-3 solutions. This quarter, we achieved a clear inflection point in our business as Gen-3 capabilities are now fully operational and delivering mission-critical intelligence to customers worldwide.

Demand for our Gen-3 capabilities has never been stronger, and as a result, we are growing our pipeline and transitioning new and existing customers from early pilot programs into long-term seven and eight-figure subscription contracts.

Based on the strong year-to-date sales performance, in-year revenue visibility, and accelerated pipeline growth, we are increasing our revenue and adjusted EBITDA forecast and full-year guidance. As we move through the year, we expect this momentum to continue, driving increased revenues, margin expansion, and improved profitability.

Now let's move on to key highlights across the three major elements of our business. Moving on to slide 4 and our space-based intelligence and AI services. Gen-3 continues to exceed expectations, delivering exceptional 35-centimeter imaging performance at a time when real-time space-based intelligence has never been more important.

With four Gen-3 satellites in operation, we are now unlocking significant revenue growth from new and existing customers. We won over \$60 million in new contract awards from major international and U.S. government customers that will contribute to in-year revenue performance, improve margins, and drive out-year backlog growth. At the same time, we continue to onboard new customers and expand existing accounts as interest for Gen-3 on-demand and assured subscription services grows.

During the quarter, we secured the next wave of new Gen-3 customers and expect these accounts to grow over time as part of our land-and-expand strategy. It is important to note that subscription-based contracts drive predictable revenue and strong visibility into future growth as these are highly sticky accounts with almost no churn. The major wins so far this year have us on track to grow this element of our business in 2026 by over 50%, achieving a projected annual run rate of over \$100 million. This highly profitable subscription revenue is on track to deliver gross margins of around 80%, which is accelerating improving adjusted EBITDA margins.

The operating leverage, capital efficiency, unit economics of our constellation and the scale of our business model is translating directly to bottom line performance. Looking forward, we expect to continue strong growth

internationally and are starting to see momentum from the U.S. government, as funding from the fiscal year 2026 budget is moving through the system, which is further improving our visibility this year.

Turning to slide 5. Customers around the world are rapidly integrating our advanced 35-centimeter imaging and real-time AI analytics into their operations at a time when conflict and geopolitical tensions around the world are driving an increasing need for assured, responsive, and low latency space-based intelligence which is essential for critical national security missions.

To give you a sense of how we are supporting typical customer operations today, users are tasking hundreds of images over the course of a few days within a specific area of operations. Our dynamic tasking services in Spectra support a rapid and responsive cadence, as operators are reacting to changing conditions on the ground. Once collections are tasked by the user, we are achieving imagery delivery timelines consistently less than 40 minutes, including processing for AI-enabled analytics.

Over the course of several days of an operation, our AI analytics detected and classified over 5 million objects as part of customer workflows, providing vital real-time intelligence. Our automated Spectra platform is compressing timelines dramatically, enabling end users to make informed decisions, while providing maximum tasking and operational flexibility to respond to developing situations. This combination of high-resolution imagery, AI-powered automated analytics, and rapid delivery timelines is driving customer adoption and service expansion.

Moving on to slide 6. Our AI capabilities are operational today and are delivering critical intelligence. Our proprietary AI capabilities are purpose-built for real-time geospatial intelligence and have been validated by major defense and intelligence organizations as a trusted solution. What differentiates BlackSky is that we have moved AI into real-world deployment, where our capabilities are embedded directly into customer workflows and are driving daily decision-making.

Our Spectra platform is continuously processing high-revisit Gen-2 and very high-resolution Gen-3 imagery, applying automated detection and classification, and delivering actionable insights in minutes. This allows customers to move from data collection to decision advantage faster than ever before which is vital in today's dynamic geopolitical environments.

At scale, we are processing millions of AI-enabled detections, monitoring large areas of interest simultaneously, and enabling persistent, automated surveillance across critical global assets. This is not just improving efficiency, but fundamentally changing how intelligence is generated, reducing reliance on manual analysis, while increasing speed, accuracy, and mission impact.

Turning to slide 7, and an update on our Gen-3 constellation. In March, we successfully launched our fourth Gen-3 satellite which delivered first-light imagery within hours of launch and was commissioned into operations in less than a week. By reducing the commissioning timeline to just days, we're providing customers with rapid access to new capacity while maximizing the operational lifespan and return on investment of our constellation. This ability to quickly and reliably move from launch to mission operations is a distinct advantage for our customers.

With four Gen-3 satellites in operation, we achieved a major operational milestone with daily revisit rates for very high-resolution 35-centimeter imaging services across key regions of interest worldwide. When combined with our Gen-2 constellation, we have added very high-resolution imaging to our dynamic hourly monitoring services. This is providing customers with assured and flexible collection operations. We are continuing to expand the Gen-3 constellation with our next Gen-3 satellite ready to be shipped and remain on track to meet our objectives of at least eight Gen-3s on orbit this year.

Now let's move on to mission solutions on slide 8. Our sales pipeline continues to grow due to the on-orbit success of Gen-3 and our ability to deliver industry-leading 35-centimeter imaging performance at compelling economics and attractive delivery schedules.

Having proven on-orbit performance is an important criteria for customers that are making important acquisition decisions now that will impact their roadmaps and long-term investment strategies for their sovereign programs. We're seeing increasing interest from international customers in acquiring more expansive end-to-end solutions that not only include satellites and ground infrastructure, but now include enhanced secure operations and AI-enabled analytic capabilities. The combination of best-in-class Gen-3 satellites and industry-leading software and AI capabilities operating in a proven real-time architecture has us well-positioned to address this growing market opportunity.

Turning to slide 9 in our advanced technology programs. While we are making great progress scaling our core space-based intelligence and mission solutions business, we are also advancing our lead in space through the rapid evolution of the Gen-3 platform, the development of AROS, our new wide area collection system, and the advancement of new leap-ahead payload technologies that can change the future of Earth and space domain observation.

We were pleased to announce this quarter a major new contract worth up to \$99 million with the U.S. Air Force Research Lab for the development of an advanced large aperture optical payload. This is an advanced technology that we have been developing for the past several years. It is now at a point where the approach has been assessed and validated by industry-leading government experts.

As a result, we were awarded a multi-year sole-source contract to move ahead with the development and demonstration of the critical payload technologies. This program represents significant customer-funded investment that not only reinforces our technology strategy, but offsets internal R&D and is in strong alignment with U.S. government priorities to advance innovative commercial space-based capabilities.

Moving to slide 10. As we advance our technologies through customer-funded R&D, we are transitioning these innovations into our space portfolio. At the core of this portfolio is our Gen-3 platform. As we iterate and enhance this architecture, we are incorporating next-generation capabilities such as on-orbit processing and optical inter-satellite links or OISL, which will enable low latency space-based communications that is critical to reducing delivery timelines and increasing resiliency.

Looking ahead, we are advancing AROS, our next-generation wide-area search and mapping system. This new constellation, when combined with real-time AI processing, will overcome the limitation of traditional mapping systems through transformative always-on intelligence and information services. This is an expanded market opportunity that will address a wide range of applications, including broad area monitoring and change detection, maritime surveillance, and the delivery of 3D digital twins in support of rapidly growing opportunity for AI-enabled autonomous systems.

As we move forward into the details of the AROS design, we see strong interest from a number of key customers and partners for this capability. We will have additional details to share on our progress as we move forward throughout the year. In summary, we are excited with the strong start to the year and the progress we are seeing across all aspects of our business, as the need for space-based intelligence has never been more important. The progress we've made so far this year reflects a major inflection point for the business and is a clear indication of the traction we are gaining in the market.

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

Henry E. Dubois

Chief Financial Officer, Blacksky Technology, Inc.

Thank you, Brian, and good morning, everyone. I'm pleased with the strong start to the year. With the recent wins and our market momentum, we're excited for 2026. Now let's begin with slide 12. Our first quarter revenue was \$20.8 million. With Gen-3 coming into commercial operations, we started to see a return to growth in our space-based intelligence and AI services revenue, which was up 14% over the prior quarter.

When comparing this quarter's total revenue to Q1 of 2025, keep in mind Q1 of 2025 benefited from a \$9 million revenue milestone for our Mission Solutions program. With strong year-to-date sales, we are expecting to further increase space-based intelligence and AI services revenue by over 50% this year, achieving a \$100 million annual run rate.

With the momentum we are seeing for Gen-3 services, we are increasing our revenue guidance for the year from our previous range of \$120 million to \$145 million to an updated range of \$130 million to \$150 million, representing an overall growth rate of over 30% at the midpoint as compared to 2025.

Turning to slide 13, you can see that our cash operating expenses, which excludes stock-based compensation, depreciation, and amortization expenses, remained flat as compared to our prior first quarter operating expenses.

On slide 14, our first quarter adjusted EBITDA was a loss of \$5.1 million in line with our internal expectations. Given our growing revenue streams, which we believe will translate into strong adjusted EBITDA performance, we are increasing our guidance for adjusted EBITDA for the year from a previous range of \$6 million to \$18 million to an updated range of \$12 million to \$24 million, yielding a 13% adjusted EBITDA margin at the midpoint.

Let's move on to our cash and liquidity position, as shown on slide 15. With cash CapEx for the quarter of \$15.8 million, we ended the quarter with \$117.5 million in cash, restricted cash and short-term investments, and total liquidity of over \$195 million. This liquidity gives us substantial flexibility to fund strategic growth initiatives, continue Gen-3 investments, and provide for the operational infrastructure investments needed to support our rapidly growing customer base.

Even though we are increasing our revenue and adjusted EBITDA guidance, we are not increasing our capital expenditure targets, demonstrating the leverage we are achieving in our capital deployed to develop our Gen-3 constellation. In summary, I'm pleased with the strong year-to-date sales momentum, which is continuing to grow our backlog, strengthen our financial position, and further validate the operating leverage in our business model.

I mentioned earlier, and as is shown on slide 16, we are raising revenue guidance to be between \$130 million and \$150 million, adjusted EBITDA guidance to be between \$12 million and \$24 million, and reaffirming our capital expenditure guidance of \$50 million and \$60 million.

With that, back to you, Brian.

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

Thanks, Henry. In closing, we have clearly reached an inflection point in our business with the success of Gen-3, which is now delivering mission-critical intelligence to major customers around the world. We are proud to be a trusted mission partner and support the day-to-day operations of important national security missions both now and in the future. The proven operational performance of our real-time space-based intelligence services is leading to strong sales performance and rapid customer adoption, which in turn is accelerating revenue and margin growth. We are pleased with the momentum in the business and that our year-to-date sales are ahead of plan, which is driving the raise of our full year guidance.

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 Jeff Van Rhee with Craig-Hallum. Your line is open. Please go ahead.

Jeff van Rhee

Analyst, Craig-Hallum Capital Group LLC

Q

Great. Thanks for taking the questions, guys. Congrats. Numbers look good. So just a couple questions. Brian, as it relates to the pipeline, can you talk to – you've talked about these pilots coming in and then obviously customers are getting a sense of Gen-3 and converting. Can you put a little finer point on the quantity of pilots coming in the top of the funnel? Give us a sense of the magnitude of the pipeline. How many have converted? How many are there? How many you've added in this last quarter? Any quantification about funnel and particularly pilots?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

Yeah. Good morning, Jeff.

Jeff van Rhee

Analyst, Craig-Hallum Capital Group LLC

Q

Good morning.

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

Yeah. You may have seen this week, we had a release on securing our next wave of customers. This was in the scale of a couple dozen. And we're seeing that momentum really pick up. So we all start with six-figure type pilots, and you're seeing as a result that moving into seven and eight-figure subscription contracts. They're all in different points in the pipeline, so it's difficult to kind of quantify timing and all of that. But we're just seeing strong momentum and the pipeline's looking good.

Jeff van Rhee

Analyst, Craig-Hallum Capital Group LLC

Q

Is there – if I could follow up on that, is there anything you could share with respect to what I'd call the mega deals? Obviously, you've got a lot of sovereign momentum out there. A number of players in the space are talking about nine-figure deals working through their pipe. Can you give us any sense of the frequency in which you're seeing those and seeing those work through your pipeline?

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

A

Yeah. I think we announced a \$30 million one-year subscription contract that started with a six-figure pilot about six months ago. And we are seeing a lot of that type of activity, particularly as customers now have had an opportunity to evaluate Gen-3 performance, tied to the operational flexibility, the timeliness, and the quality of the imagery and how that can integrate into their operations.

And so these are major customers, and we're seeing a pretty strong pipeline of those worldwide. It's hard to, again, quantify the timing of some of these deals, but you can see we also announced another large deal as well. So a lot of momentum with these larger contracts.

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

Q

Yeah. Real nice traction on the signings. Just two other quick ones, if I could. Spectra and analytics, what are you seeing in terms of new customer attach rates on the analytics side? What do you anticipate based on pipeline?

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

A

Well, Jeff, that's why our pipeline and the conversion rate is going so well. It's not just the attachment rate, it's the fact that all of these things are integrated into the service. So it's highly flexible access to dynamic monitoring and tasking with the AI integrated as part of the service, and then the short delivery timelines, which are really critical to what – as you can imagine, the things are happening around the world today.

So it's the combination of those three things that has us differentiated in the market and what customers are responding to. And as I mentioned in our remarks, our AI is operational, and it is embedded in our customer workflows. So it's not just a tech demo or some offline processing capability. It's happening in real time, and it's delivering real information intelligence.

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

Q

Yeah. Got it. That's helpful. And then just lastly on Gen-3, I know maybe sometime last year you were thinking eight Gen-3s early-ish in the year. It looks like you're now thinking that later this year, if I caught your comment in the script. Just curious to what extent that influences your ability to book customers, influences your ability to sign incremental revenue, if you're capacity constrained in any way, assuming it doesn't present any gating factors. But just kind of trying to figure out how I should think about that capacity and its potential influence on your ability to sign new business? Thanks.

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

A

Yeah. Yeah. Jeff, as I said, we're on track to get eight up this year. The real inflection point, as I'll say, in customer adoption was the performance of Gen-3. I've always said once we have a few up there and get to a daily service, it provides customers a very good experience. So that's now happened, and the growth in what you're seeing in that line of business is not limited by our capacity, and we're in good shape this year with what we have, and we'll just continue to grow the constellation.

Jeff van Rhee

Analyst, Craig-Hallum Capital Group LLC



Great. Sounds good. Thanks so much.

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

Timothy Horan

Analyst, Oppenheimer & Co., Inc.



Compare to what you've done historically and how do you think that's going to ramp? And are there any kind of new areas or new customers that are there surprising you or new use cases? Any color would be helpful.

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.



Good morning, Tim. Yeah. I mean, the customer sales and adoption cycle is not surprising. We've had very good visibility in our pipeline, and there has been a lot of interest by a lot of major customers in our Gen-3 capabilities. And now that we're getting over the hump on that and they're getting firsthand experience with it, we're just seeing a natural growth in that business. As we mentioned in our remarks, we announced several large contracts, but we now are expecting the space-based intelligence and AI services which is our primary subscription business, to grow over 50% this year.

This is our high margin business, so you're also seeing how that is translating directly into improving EBITDA margins and performance, particularly because that part of our business is delivering about 80% type gross margin. So, no surprises in the sales pipeline. If anything, current events are accelerating opportunities as the demand for this type of capability has never been stronger. And we're in a good position where we're now, just converting the pipeline into new contracts.

Timothy Horan

Analyst, Oppenheimer & Co., Inc.



And, can you talk about the sovereign satellite capability? Are you seeing more interest there?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.



Yeah. As I mentioned, we are seeing demand increase. There is major investments happening worldwide in space programs by governments around the world. We're seeing both opportunities for large constellations and opportunities related to countries that are just getting started. We have seen a pickup in interest around Gen-3 because it's proven on-orbit performance at this 35-centimeter capability is a really important factor, as they're looking at other options in the market.

And our ability to manufacture Gen-3 at scale and also deliver that under a very competitive timelines is an attractive offering. So, we have a lot in the pipeline. We're pursuing a number of opportunities and moving them through. And we expect this to be picking up as we go out through the year and into next year.

Timothy Horan

Analyst, Oppenheimer & Co., Inc.



And lastly – and Henry, can you give us a sense of the revenue, quarterly revenue or maybe exit run rate at the end of the year? How should things pace? Is it linear? Is it hockey stick? Any color there would be helpful.

Henry E. Dubois

Chief Financial Officer, Blacksky Technology, Inc.

A

Sure, Tim. We'll be filing the Q this afternoon. In there, you'll see how we've got our backlog. Our full backlog is about \$351 million as of March 31st. But that does not include some of the large contracts that we signed in early April. So the total backlog, including those about \$380 million. Of that \$380 million, we would expect about \$90 million to be already booked for 2026.

There will be some step functions in there, and we've got more – a lot more pipelines coming in as well. So, we do expect the second half of the year to be much stronger than the first half. And as we go, we do expect to get to that \$100 million run rate by the end of the year.

Timothy Horan

Analyst, Oppenheimer & Co., Inc.

Q

Thank you.

Operator: Your next question comes from the line of Edison Yu with Deutsche Bank. Please go ahead. Your line is open.

Q

Hey, this is [ph] Laura (00:30:39) on for Edison. Thanks for taking our questions. So firstly, I want to ask about how the Middle East conflicts impacting your growth. Has that led to, like, large increase in usage year-to-date? And how you see that trend continue?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

I would say, if anything, we've already had a very strong sales pipeline for Gen-3 capability. And you're seeing that we're converting that into long-term subscription contracts. I think if anything, the conflict in the Middle East is amplifying for other customers, the need to lock in long-term contracts for capacity in the event these types of crisis events occur.

And that's been traditionally how the market operates is, because we serve the national community – national security community. The business is not driven by singular events. It's driven by day-to-day needs for a range of national security missions. So, we don't see ebbs and flows around these events, but if anything, they amplify the importance of entering into these long-term contracts.

But also, I will say, the capabilities that we have are – do shine in these type of events when you're really trying to – you can see the importance of really rapid and flexible intelligence that these operations need to monitor what's going on.

Q

Okay. Got it. Appreciate it. Also want to follow up on this, your AI efforts. So how should we think about the AI roadmap over the next 12 months to 24 months, and what are the priorities there? And would you try to bring some AI partners on either the model side or some cloud platform, et cetera?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

Yeah. I think the first and major point is, our AI is a proprietary capability. It was purpose-built for real-time space-based intelligence. So it was really designed to operate in customer workflows at scale and at speed. So we will continue to expand over time, the – our ability to not only detect and classify important objects and things of that nature, but then how we start to see patterns and changes that are important to customers.

That's really the bottom line. AI is really just an enabler, but it's really all about providing that actionable intelligence to decision-makers at rapid timelines. So we do incorporate a lot of third-party technology, but at the core it's our proprietary capabilities around this mission set that has us leading in the market.

Q

Okay. Got it. That's helpful.

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

Austin Moeller

Analyst, Canaccord Genuity LLC

Q

Hi. Good morning, Brian and Henry. So, just my first question here, is there a critical mass of Gen-3s that need to be launched in order to get access to more contract dollars from either EOCL or Luno? Is it just a matter of the 2026 budget being in place and task orders going out now from the program executive officers?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

Yeah. Good morning, Austin. Yeah. I would say our growth in that line of business is not dependent on a rate of launching satellites. We've got a core amount of capacity on orbit. And you have to remember, when combined with Gen-2, you have over 15 satellites up there that are providing dynamic hourly monitoring capabilities. So now that Gen-3 is proven, we're just seeing a ramp in those contracts. More satellites means more capacity, and improved frequency in the very high-resolution capability. But we don't have anything right now that will be triggered by more satellites. We'll just continue to grow.

Austin Moeller

Analyst, Canaccord Genuity LLC

Q

Okay. And can you comment on how Spectra's AI object classification capabilities compare with some of your peers that have expertise in mapping and EO data analytics?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

I would just say that, as I said in my remarks, we are delivering this operationally today. They've been validated by major defense and intelligence customers, so they trust the results that we're delivering. And we're constantly improving and refining the training of those algorithms. The models are operational real time, so that's a major

differentiator. It's not an offline process. But all I can say is you've seen our performance on Luno in the past in winning contracts because of the performance of our AI, and now you're seeing it working operationally. And I think that should give you a sense of why that capability is winning in the market right now.

Austin Moeller*Analyst, Canaccord Genuity LLC*

Q

Excellent. That's very helpful. Thank you.

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

Gregory Burns*Analyst, Sidoti & Co. LLC*

Q

Just to follow up on the last question around EOCL. Does the updated guidance still contemplate revenue levels at their current level where they exited last year? Or are you expecting that to build back up to where they were prior to when they were haircut last year?

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

A

Yeah. I think, the assumption we have now is they remain at the current levels, the levels we exited last year. There are multiple funding lines that were in the fiscal year 2026 budget for commercial imagery that are in the process of being allocated to specific programs and contracts, and we're actively following that process.

We'll see better visibility throughout the quarter, but for now we've been conservative, assuming the levels we exited the year at. It's also important to note that as we talk about, we're seeing the increase now on that business line. And these large contracts we're winning have significantly diversified our customer base. And the international is now a much larger percentage of our revenues. So we've minimized the impacts of some of the annual budget effects of the U.S. government.

Gregory Burns*Analyst, Sidoti & Co. LLC*

Q

Okay. Thank you.

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

Q

Good morning, guys. It's [ph] Billy (00:38:34) on for Sheila, and thanks for taking the questions. Just to continue on the international side, there's a lot of momentum there and how you think about the pipeline untapped opportunity going forward? And how do we think about progression of current customers expanding versus new customers?

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

A

Yeah. I think we're seeing growth from a couple dimensions. We are expanding the revenues with customers we've had for a long time as they start transitioning and scaling the use of Gen-3. So we're seeing that. And then

in parallel, we're adding new customers, and I talked about that earlier. And then we're continuing to grow the pipeline to continue bringing a wave of those new customers into service.

So the other thing I'll mention is the quality of Gen-3 is demanding a higher premium than Gen-2 because of the 35-centimeter capability. The dollars per sold capacity are increasing. You're seeing an expansion of existing contracts. We're seeing new customers coming online and then the translation of those new customers and small initial pilots transitioning into seven and eight-figure type subscriptions. So there's multiple growth factors as we bring new and existing customers into higher levels of service.

Q

Great. Thanks. And then just like following up on that, in terms of international mix, like it's higher now. Like how do we think about that going forward? And how do we think about domestic versus international contributing to the 50% plus growth for the rest of the year?

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

A

Yeah. As I mentioned earlier, we've assumed the U.S. government EOCL kind of maintains its current level. The majority of the growth is coming internationally, although we did announce a new subscription contract this quarter from another U.S. government agency that's leveraging the capacity of our Gen-2 constellation. So we are seeing new opportunities emerging with the U.S. government as well. So – but the revenue mix will be growing significantly internationally as compared to the U.S. government.

Q

Great. Thanks.

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

Chris Quilty*Analyst, Quilty Space*

Q

Thanks. I wanted to follow up on something that was already discussed. Just regarding the typical customer journey, is that accelerating, slowing down, staying the same? Or are there any reasons that you're seeing a change in how quickly they're converting?

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

A

Good morning, Chris. Yeah, we're seeing an acceleration. As I mentioned, I think getting Gen-3 operational at a daily service level and putting that in the hands of customers to experience that firsthand is driving an increase in the pipeline, and it's increasing the rate at which things are moving through the pipeline. So it's all – it's fundamentally based on the level of service that's available to these customers when combining 35-centimeter imaging with low latency, flexible tasking operations with integrated analytics.

So that's a first of its kind capability in the market that's giving customers operational intelligence faster than ever, and a lot of flexibility in how to leverage that capability across a lot of different mission sets. So it's not just about the pixels, it's about the level of service and how that's being integrated and used in a dynamic environment.

Chris Quilty*Analyst, Quilty Space*

Q

Got you. So for Henry, I mean, you did \$16.5 million in the space-based intel and AI in the first quarter, which is the average of what you did all last year. So obviously to ramp to \$100 million, you're going to see a significant quarterly step up. Is that due simply to the contracts you have in backlog and those just falling in? Or is there a higher level of book and ship type business that you expect this year?

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

A

Well, thanks Chris. We've got a couple things that are going to help that step up. You recall we just announced that roughly \$30 million one-year subscription contract. If you take that and divide that by four you've got a pretty big step up on that one contract alone. That contract we signed in early April, so that should be kicking in here in the second quarter.

So then when we take a look at our total backlog, we've got a lot of that already booked, and we've got some additional renewals coming on board, as well in the near-term, so we feel pretty comfortable on it. We're going to get a step up here in the second quarter, but bigger step ups as we go into the third and fourth.

Chris Quilty*Analyst, Quilty Space*

Q

Got you. And remind me, the backlog in terms of the breakdown. I think you said \$90 million to ship this year, and which business segments that falls across?

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

A

We don't break it down between the different business segments and business settlements, but for the most part, a lot of that is Gen-3 subscription, most of it's Gen-3 subscription.

Chris Quilty*Analyst, Quilty Space*

Q

Got you. Brian, also a follow-up on the EOCL. Back when that was awarded like three years ago, I was always under the impression that the uptake in the revenue, because it didn't have a material impact at the time, but that the upside to the contract was based on Gen-3 capability being added into the contract. Is that not correct? Are they simply paying on the number of satellites and volume and not on resolution improvement?

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

A

Chris, if you remember, when it was originally awarded, a 10-year contract heavily backend loaded around Gen-3 services that grew over time. So, the initial service levels were primarily around Gen-2 capacity. And that was really the subscriptions we've been operating under the last couple of years. Gen-3 is they're looking at integrating Gen-3 into that subscription this year. There's a lot of interest in that.

And as I said, we're watching how the funding from the fiscal year 2026 budget is going to flow through. But we are at a point with Gen-3 that it's an attractive offering to the U.S. government, and we'll have better visibility in that, I think, by the time we get through the second quarter. But there's a lot of interest in Gen-3, and the contract is primarily backend loaded for that capability.

Chris Quilty*Analyst, Quilty Space*

Q

Okay, great. And Brian, you mentioned earlier the latency of the content delivery and goals to improve it. Can you talk about like, what would be your sort of mid- to long-term goals for where you think latency should get? And does that drive higher revenue as you drive the latency down, or is that just becoming table stakes of being in this business?

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

A

I think there's two ways to think about it. I think low latency is a requirement these days. We're responding to dynamic events on the ground. And Chris, as you know, we built a – this is a purpose-built capability around responsive tactical operations. So, to us, it is a required part of the service, and it's what customers are asking for. In addition to the basic commercial service, we also have the ability to directly downlink into customers' environments, and that brings that down into minutes as well.

And so, what you'll see from us continuing is just a constant improvement in that latency, not only in the imagery, tasking and delivery timelines, but as we're processing more and more in AI, we're doing that in real time. So imagine, we're interrogating this imagery and looking for objects and activities, across a lot of things in parallel. But we see it as really a core part of our offering, and it's what customers are really looking for.

Chris Quilty*Analyst, Quilty Space*

Q

Got it. And maybe if I can, a final question. I know you don't do backlog breakdown, but I'm going to ask you a question on pipeline breakdown. Can you just give us a general sense when you talk about your business pipeline either where you're currently seeing the largest area of pipeline or, alternatively, where you're seeing the greatest growth in pipeline opportunity?

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

A

I think, proportionally, we're seeing growth in all three aspects of our business. We're seeing growth in the pipeline around our space-based intelligence and AI services, as you're seeing that translate into new contract wins. I already talked about the mission solutions pipeline as the demand for sovereign is increasing, and we're seeing an acceleration of those types of programs.

And we're also seeing a lot of interest in the advanced technology programs. As you know, Chris, as well as anybody, space is a long game. And so, customers are understanding that it's not only about what you have now, but where this is going to be in the future in the next three to five years. So, we're seeing a step up in that part of it as well.

And we see that as a key part of our strategy, is leveraging those investments and then translating that into the innovation in a leadership position in our space portfolio. So, we're seeing growth across all three aspects of the sales pipeline.

Chris Quilty*Analyst, Quilty Space*

Q

All right. Great. Thanks, guys.

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

Thanks, Chris.

A

Operator: Your next question comes from the line of Scott Buck with Titan Partners. Please go ahead.**Scott Buck***Analyst, Titan Partners*

Hi. Good morning, guys, and thanks for letting me jump on. I think most of my questions have been answered, but just one. Brian, as demand for sovereign increases, are you seeing more [Technical Difficulty] (00:50:01)

Q

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

I'm sorry, Scott. Can you repeat that?

A

Scott Buck*Analyst, Titan Partners*

Yeah. Yeah. Sure. As demand for sovereign increases, are you seeing more competition for these opportunities?

Q

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

I think, yeah, there are a lot of – there is increasing competition, but they're from a number of companies that have really not demonstrated proven operational performance. And as I mentioned in my remarks, having a capability like Gen-3 that is delivering the quality of 35-centimeter imaging at the level of performance that we're seeing, and then having that on-orbit and proven and operational at the economics of that spacecraft is a really compelling proposition for customers.

A

As you know, these types of customers aren't going to risk their long-term roadmaps on unproven space capability, and so we feel like we have a very good advantage there. Gen-3 worked right out of the box, and it has been exceeding expectations, and that is giving customers a lot of confidence in our ability to support their long-term program. So we feel we're really well-positioned. There are not – Gen-3 is a best-in-class capability, and we're seeing that in the opportunities that are coming at us.

Scott Buck*Analyst, Titan Partners*

Perfect. Well, that's all I have, guys. I appreciate the time.

Q

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

Thank you.

A

Operator: Your final question comes from the line of Preston Graham with Stonegate. Please go ahead.**Preston Graham***Analyst, Stonegate Capital Partners*

Q

Hey, guys. Good morning. Preston sitting in for Dave. You touched in the prepared remarks on land-and-expand. And so I guess for customers and pilot programs for Gen-3, are most using the broader full analytics suite from the beginning? Or do they typically start with imagery and then expand into analytics over time?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

Yeah. Good morning, Preston. Yeah. I think the way you have to think about it is, they have access to a platform. And that platform is a lot of different capability that they can tap into. And so they can task imagery from Gen-2 and Gen-3 satellites. They can also, as part of that tasking operation, request different types of AI-enabled analytics as part of the natural workflows.

So what we typically see is customers start with the basic operations, which is dynamic tasking. And then as they integrate that and they start adding the AI analytics as part of the service. So I think it's an important comment in that, it's a full service offering that we have through the platform. And again, that's not typical in the market. So that's another factor in what's driving the increase in our demand and the customer traction.

Preston Graham

Analyst, Stonegate Capital Partners

Q

Got it. So, you wouldn't even say it's not like 35-centimeter, the quality of the imagery is the main driver. It's the platform. It's the whole suite. It's all of it.

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

It's all of it. 35-centimeter is an important aspect because very high-resolution matters. The more resolution you have, the better insights you get from the imagery, but also the level of analytics you can extract with AI goes up as well. So – but I'll also say timeliness matters and time-diverse collection throughout the day matters as well. So it's a combination of all those things. And keep in mind, just a few years ago, this went from really commercial being mapping capabilities to now we're in dynamic monitoring with real-time intelligence from space. So it's a major paradigm shift around our purpose-built capability.

Preston Graham

Analyst, Stonegate Capital Partners

Q

Understood. And then maybe just one final one. You've talked about in the past kind of vertical integration gives you better visibility into production and deployment. Are there any kind of current supply chain constraints that could impact Gen-3 production or launch timing or sort of still feeling good about the roadmap?

Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

A

As I said, we're on track. We did bring LeoStella into the company over a year ago now to improve our visibility into supply chain and streamline production operations. That's going very well. We have ordered long lead supply components so that we can maintain a regular cadence of production of Gen-3. And through that cadence of production, we can use those satellites to expand our commercial constellation or accelerate deliveries on mission solutions contracts, which is a competitive advantage in the market. So the vertical integration we've achieved is paying off. And you're going to see that scale as we move throughout the year and into next year.

Preston Graham

Analyst, Stonegate Capital Partners

Got it. Thank you for taking my questions.



Brian E. O'Toole

Chief Executive Officer & Director, Blacksky Technology, Inc.

Thank you.



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

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.