



Satellogic Reports First Half 2023 Financial Results and Provides Business Update

September 21, 2023

Plans to Redomicile to US; NOAA License Application Filed

Revenue up 33% in 1H 2023

Launched 12 Satellites; Expanded Fleet Capacity and Daily Revisit Rate

Focus on High Growth Opportunities in the US Market and Improving Operational Efficiencies

Announces First Space Systems Customer

NEW YORK--(BUSINESS WIRE)--Sep. 21, 2023-- [Satellogic](#) Inc. (NASDAQ: SATL), a leader in sub-meter resolution Earth Observation ("EO") data collection, today provided first half 2023 financial results and a business update.

"The first half of 2023 was highlighted by continued revenue growth supported by additional satellites in orbit, and the first steps to implement a strategic realignment of our business to capitalize on our highest growth opportunities in the US," said Satellogic CEO, Emiliano Kargieman. "We are highly focused on leveraging the largest commercial fleet of sub-meter resolution satellites in the world with an aggressive plan to meet the developing needs of our customers and the broader EO market making our organization more streamlined and efficient.

"During the first half of 2023, revenue grew 33% year-over-year as both our Asset Monitoring and our Constellation-as-a-Service businesses gained momentum. We also celebrated our 15th consecutive successful launch and the continued expansion of our constellation, adding 12 new spacecraft to our fleet in orbit to support our partners and growth. We are consistently delivering more capacity, more reliability, and next-gen capabilities for our customers, and advancing on our goal of bi-weekly global remapping. We have proven that it's possible to provide high-quality satellite imagery through a constellation of small, low-orbit satellites at what we believe to be the lowest price, while retaining strong margins. To moderate capital expenditures, we do not expect to launch any additional satellites until the first quarter of 2024, with our next scheduled launch in Q1-2024 on SpaceX's Transporter 10 mission.

"As the EO market and macroeconomic environment have evolved, we are strategically realigning our business to capture high value opportunities in the US.

"To support this strategy, Matt Tirman was appointed President and will be primarily responsible for the operational execution of our strategy and business plan, as well as our focus on the US market. Matt joined the Company in 2021 as President of Satellogic North America to lay the groundwork for Satellogic's entry into the US market and then served as the company's Chief Commercial Officer. Matt brings more than 20 years of experience scaling technology and aerospace companies across the US government and international markets. In this new role he will further our efforts in the US market and accelerate our mission to democratize access to geospatial data. He will be assisted by recent appointments Caitlin Kontgis, Senior Vice President of Commercial Growth, and Lorri Kohler, Senior Vice President of Operations.

"With our focus on the US, we are taking two important steps as follows: First, we plan to commence the process of redomiciling to Delaware from the British Virgin Islands, with an aim to completing the conversion in the first half of 2024. As a result, once this process is complete we will report results on a quarterly basis consistent with being a domestic filer. Second, we recently filed an application to license our constellation with the National Oceanic & Atmospheric Administration (NOAA). These actions are crucial in terms of satisfying requirements for expanding business in the US market, better positioning Satellogic to compete for US government and allied contracts.

"Looking ahead, we are committed to offering exceptional high-resolution EO capture capability while delivering the best geospatial data quality, all at the lowest cost," concluded Kargieman.

Rick Dunn, Satellogic CFO, commented, "We ended the first half of 2022 with \$42 million of cash on hand. Our revenue grew 33% to \$3.2 million for the half year 2023. As we move through 2023, we have seen positive momentum in terms of revenue, backlog and pipeline with three signed strategic contracts in the third quarter. Our updated guidance is as follows:

<i>(in Millions of U.S. dollars, except number of satellites)</i> 2023	2024	2025
Satellites Launched into Constellation	12	8 - 12 5 - 9
Revenues	\$10 - \$20	\$38 - \$58 \$60 - \$90
Adjusted EBITDA	(\$45) - (\$35)	(\$15) - \$5 \$5 - 25

"As previously indicated in the Company's annual 20-F filing on April 27, 2023, our 2023 revenue continues to be heavily weighted to the second half

of the year and reaching our revenue guidance for 2023 will largely be dependent on closing opportunities within our Space Systems line of business.

"As a result of slower than anticipated revenue growth, we undertook cost and spending control measures in 2023. These actions primarily related to the moderation of capital expenditures, a reduction of certain discretionary spending, as well as a headcount reduction in both the first and third quarter of 2023 which totaled approximately 110 employees and represented approximately 25% of the total headcount at the beginning of 2023. Cumulative reductions in headcount are expected to result in approximately \$7.5 million of annual savings beginning in Q4 2023, which when combined with other streamlining and cost savings programs, are expected to result in meaningful reductions to cash burn as we end 2023 and look forward to 2024.

"As we look to 2024 and beyond, revenue will be driven by our continued growth in Asset Monitoring, Constellation-as-a-Service, and Space Systems. We anticipate that Space Systems will contribute considerable per unit cash flow and strong gross margin. We are evaluating a range of strategic alternatives, including opportunities to raise additional capital, to best position our Company to deliver on its value proposition," concluded Dunn.

Key First Half and Subsequent Highlights

- Matt Tirman appointed as President, Caitlin Kontgis appointed to Senior Vice President of Commercial Growth and Lorri Kohler appointed to Senior Vice President of Operations; all of whom will be US-based.
- Signed an international government space agency as its first Space Systems customer.
- Awarded contract by a geospatial imagery provider to deliver high-resolution imagery in support of a US government GEOINT program.
- Signed an agreement with Quant Data & Analytics, a leading Saudi provider of Data & AI Products and Enterprise Solutions focused on the real estate and retail sectors. This agreement leverages Satellogic's high-resolution satellite imagery to serve and evolve the ever-expanding property tech landscape across the Kingdom of Saudi Arabia and the Gulf region.
- Announced partnership and integration with SkyWatch, a leader in the remote sensing data technology industry. This partnership will bring Satellogic's highest resolution commercially available EO data to EarthCache customers.
- Signed an agreement with Skyloom, a leader in space-based telecommunications, detailing plans to integrate Skyloom's Optical Communications Terminal onto Satellogic satellites to test new methods of high-resolution EO data delivery.
- Successful Satellite Deployments
 - Four satellites, launched with SpaceX on January 3rd at Cape Canaveral Space Force Station, including the first of the next-generation NewSat Mark-V model designed for high frequency global remapping to support commercial, environmental, and government applications.
 - Four satellites successfully reached low-Earth orbit following the launch of SpaceX's Transporter-7 mission on April 14th from Vandenberg Space Force Base, California featuring NewSat Mark-IV spacecraft.
 - Four NewSat Mark-V spacecraft successfully reached low-Earth orbit following a SpaceX Falcon 9 launch on June 12th from Vandenberg Space Force Base in California.
- Signed Memorandum of Understanding for the development of joint Earth Observation applications with OHB SE, a German-based aerospace and technology group. The agreement is aimed at expanding opportunities in Europe to support the use of EO data and products for a greener and more sustainable planet, including applications for day-to-day decision-making in the fields of agriculture, forestry, energy, critical infrastructures, and climate change mitigation.
- Announced partnership and integration with SkyFi, a leading provider of EO data. This partnership will allow SkyFi's customers (both businesses and individuals) to submit tasking orders to Satellogic satellites directly through the platform either at <https://app.skyfi.com> or on the SkyFi app.

Financial Results for the Six Months Ended June 30, 2023

- **Revenue** for the six months ended June 30, 2023, increased 33% to \$3.2 million, as compared to revenue of \$2.4 million for the six months ended June 30, 2022. The increase was driven primarily by Asset Monitoring and Constellation-as-a-Service lines of business.
- **Gross profit** for the six months ended June 30, 2023, totaled \$1.1 million, as compared to a gross profit of \$1.1 million for the six months ended June 30, 2022. Gross margin was 34% in the first half of 2023, as compared to 44% for the prior year period, due to higher ground station and cloud services costs associated with our larger constellation.
- **General and administrative expenses** were \$9.9 million for the six months ended June 30, 2023, as compared to \$24.6 million for the six months ended June 30, 2022. The decrease was primarily due to lower professional fees related to elevated merger activity during the six months ended June 30, 2022, lower bad debt expense, and lower insurance cost.
- **Research & Development** expenses increased to \$5.8 million for the six months ended June 30, 2023, as compared to \$5.7 million for the six months ended June 30, 2022. The increase was due primarily to the employee severance costs, offset by a decrease in stock-based compensation, both resulting from workforce reductions.
- **Net loss** for the six months ended June 30, 2023, increased to \$29.9 million, as compared to a net loss of \$8.1 million for the six months ended June 30, 2022. The increase was primarily driven by a decreased gain from the change in fair value of warrant and earnout liabilities, offset by a decrease in professional fees, which were elevated during the six months ended June 30, 2022 as a result of the merger transaction.
- **Adjusted EBITDA** loss for the six months ended June 30, 2023, decreased to \$23.8 million from an Adjusted EBITDA loss

of \$26.7 million for the six months ended June 30, 2022, due to an increase in interest income on cash and cash equivalents resulting from increased interest rates, as well as a decrease in bad debt expense and insurance costs.

- **Cash** was \$42.0 million at June 30, 2023, as compared to \$76.5 million at December 31, 2022.
- **Net cash used in operating activities** decreased to \$26.3 million for the six months ended June 30, 2023, as compared to \$34.5 million for the six months ended June 30, 2022, primarily due a reduction in headcount and discretionary spending.

For additional information regarding our long-term outlook and risks and assumptions related thereto, see the Liquidity, Capital Resources and Going Concern section of Exhibit 99.2 of Satellogic's recent Form 6-K filing.

Use of Non-GAAP Financial Measures

We monitor a number of financial performance and liquidity measures on a regular basis in order to track the progress of our business. Included in these financial performance and liquidity measures are the non-GAAP measures, Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA. We believe these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of our business, as they remove the impact of items that we believe are not reflective of our underlying operating performance. The non-GAAP measures are used by us to evaluate our core operating performance and liquidity on a comparable basis and to make strategic decisions. The non-GAAP measures also facilitate company-to-company operating performance comparisons by backing out potential differences caused by variations such as capital structures, taxation, capital expenditures and non-cash items (i.e., depreciation, embedded derivatives, debt extinguishment and stock-based compensation) which may vary for different companies for reasons unrelated to operating performance. However, different companies may define these terms differently and accordingly comparisons might not be accurate. Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA are not intended to be a substitute for any GAAP financial measure. For the definitions of Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA and reconciliations to the most directly comparable GAAP measure, see "Non-GAAP Financial Measure Reconciliations" below.

Non-GAAP Financial Measure Reconciliations

We have included reconciliations of non-GAAP EBITDA and non-GAAP Adjusted EBITDA for the six months ended June 30, 2023 and 2022. Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA are not intended to be a substitute for any GAAP financial measure.

We define Non-GAAP EBITDA as net income excluding interest, income taxes, depreciation and amortization. The Company did not incur amortization expense during the six months ended June 30, 2023 or 2022.

We define Non-GAAP Adjusted EBITDA as Non-GAAP EBITDA as further adjusted to exclude merger-related transaction costs, other financial income (which consists of foreign currency gains and losses), changes in the fair value of embedded derivative instruments and stock-based compensation.

The following table presents a reconciliation of Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA to its net loss for the periods indicated.

	Six Months Ended June 30,	
(in thousands of U.S. dollars)	2023	2022
Net loss	\$ (29,851)	\$ (8,121)
Plus interest expense	3	1,588
Plus income tax	2,124	2,143
Plus depreciation	8,610	6,485
Non-GAAP EBITDA	\$ (19,114)	\$ 2,095
Plus Merger transaction costs	—	11,862
Less other income, net	(1,922)	(519)
Less change in fair value of financial instruments	(5,580)	(44,596)
Plus stock-based compensation	2,841	4,485
Non-GAAP Adjusted EBITDA	\$ (23,775)	\$ (26,673)

About Satellogic

Founded in 2010 by Emiliano Kargieman and Gerardo Richarte, Satellogic (NASDAQ: SATL) is the first vertically integrated geospatial company, driving real outcomes with planetary-scale insights. Satellogic is creating and continuously enhancing the first scalable, fully automated Earth Observation platform with the ability to remap the entire planet at both high-frequency and high-resolution, providing accessible and affordable solutions for customers.

Satellogic's mission is to democratize access to geospatial data through its information platform of high-resolution images to help solve the world's most pressing problems including climate change, energy supply, and food security. Using its patented Earth imaging technology, Satellogic unlocks the power of EO to deliver high-quality, planetary insights at the lowest cost in the industry.

With more than a decade of experience in space, Satellogic has proven technology and a strong track record of delivering satellites to orbit and high-resolution data to customers at the right price point.

To learn more, please visit: <http://www.satellogic.com>

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the U.S. federal securities laws. The words "anticipate", "believe", "continue", "could", "estimate", "expect", "intends", "may", "might", "plan", "possible", "potential", "predict", "project", "should", "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements are based on Satellogic's current expectations and beliefs concerning future developments and their potential effects on Satellogic and include statements concerning Satellogic's strategies, Satellogic's future opportunities, and the commercial and governmental applications for Satellogic's technology. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. These statements are based on various assumptions, whether or not identified in this press release. These forward-looking statements are provided for illustrative purposes only and are not intended to serve, and must not be relied on by an investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of Satellogic. Many factors could cause actual future events to differ materially from the forward-looking statements in this press release, including but not limited to: (i) Satellogic's ability to scale its constellation of satellites and to do so on Satellogic's projected timeframe and in accordance with projected costs, (ii) Satellogic's ability to continue to meet image quality expectations, to continue to enhance the capability of its network of satellites and to continue to offer superior unit economics, (iii) Satellogic's ability to become or remain an industry leader, (iv) the number of commercial applications for Satellogic's products and services, (v) Satellogic's ability to address all commercial applications for satellite imagery, changes in the competitive and highly regulated industries in which Satellogic operates, variations in operating performance across competitors and changes in laws and regulations affecting Satellogic's business, (vi) the ability to implement business plans, forecasts and other expectations, and to identify and realize additional opportunities, (vii) the risk of downturns in the commercial launch services, satellite and spacecraft industry, (viii) the risk that the market for Satellogic's products and services does not develop as anticipated, (ix) the risk that Satellogic and its current and future collaborators are unable to successfully develop and commercialize Satellogic's products or services, or experience significant delays in doing so, (x) the risk that third-party suppliers and manufacturers are not able to fully and timely meet their obligations, (xi) the risk of product liability or regulatory lawsuits or proceedings relating to Satellogic's products and services, and (xii) the risk that Satellogic is unable to secure or protect its intellectual property. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of Satellogic's Annual Report on Form 20-F and other documents filed or to be filed by Satellogic from time to time with the Securities and Exchange Commission. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Satellogic assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. Satellogic can give no assurance that it will achieve its expectations.

SATELLOGIC INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands of U.S. dollars, except share and per share amounts)

(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Revenue	\$ 3,184	\$ 2,388
Costs and expenses		
Cost of sales, exclusive of depreciation shown separately below	2,113	1,329
General and administrative expenses	9,867	24,609

Research and development	5,827	5,716
Depreciation expense	8,610	6,485
Other operating expenses	13,078	13,736
Total costs and expenses	39,495	51,875
Operating loss	(36,311)	(49,487)
Other income (expense), net		
Finance income (expense), net	1,082	(1,606)
Change in fair value of financial instruments	5,580	44,596
Other income, net	1,922	519
Total other income (expense), net	8,584	43,509
Loss before income tax	(27,727)	(5,978)
Income tax expense	(2,124)	(2,143)
Net loss available to common stockholders	\$ (29,851)	\$ (8,121)

Other comprehensive loss

Foreign currency translation gain (loss), net of tax	76	(322)
Comprehensive loss	\$ (29,775)	\$ (8,443)

Basic net loss per share for the period attributable to common stockholders	\$ (0.33)	\$ (0.13)
Basic weighted-average common shares outstanding	89,326,172	62,094,383
Diluted net loss per share for the period attributable to common stockholders	\$ (0.33)	\$ (0.42)
Diluted weighted-average common shares outstanding	89,326,172	63,505,040

SATELLOGIC INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands of U.S. dollars except share and per share amounts)

(Unaudited)

June 30,	December
2023	31,
	2022

ASSETS

Current assets

Cash and cash equivalents	\$ 41,978	\$ 76,528
Restricted cash	—	126
Accounts receivable, net of allowance of \$3,300 and \$3,237, respectively	1,768	1,388
Prepaid expenses and other current assets	4,038	3,198
Total current assets	47,784	81,240
Property and equipment, net	45,763	47,981
Operating lease right-of-use assets	9,910	8,171
Other non-current assets	5,438	6,463
Total assets	\$ 108,895	\$ 143,855

LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 4,611	\$ 9,850
Warrant liabilities	3,604	8,335
Earnout liabilities	504	1,353
Operating lease liabilities	1,985	2,176
Contract liabilities	2,300	1,941
Accrued expenses and other liabilities	6,766	6,417
Total current liabilities	19,770	30,072
Operating lease liabilities	8,366	6,063
Contract liabilities	1,000	1,000
Other non-current liabilities	514	522
Total liabilities	29,650	37,657

Commitments and contingencies

Stockholders' equity

Preferred stock, \$0.0001 par value	—	—
-------------------------------------	---	---

Common stock, \$0.0001 par value, unlimited shares authorized; 76,078,888 Class A shares issued and outstanding; and 13,582,642 Class B shares issued and outstanding as of June 30, 2023 and 75,612,795 Class A shares issued and outstanding and 13,582,642 Class B shares issued and outstanding as of December 31, 2022	—	—
Treasury stock, at cost: 516,123 shares at June 30, 2023, and 516,123 shares at December 31, 2022	(8,603)	(8,603)
Additional paid-in capital	340,750	337,928
Accumulated other comprehensive loss	(236)	(312)
Accumulated deficit	(252,666)	(222,815)
Total stockholders' equity	79,245	106,198
Total liabilities, redeemable preferred stock and stockholders' equity	\$ 108,895	\$ 143,855

SATELLOGIC INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (29,851)	\$ (8,121)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	8,610	6,485
Operating lease expense	1,405	857
Deferred tax expense	—	2,143
Stock-based compensation	2,841	4,485
Interest expense	—	1,685
Change in fair value of financial instruments	(5,580)	(44,596)
Expenses related to Merger	—	10,937
Foreign exchange differences	(2,909)	(2,363)
Loss on disposal of property and equipment	376	440
Bad debt expense	63	1,456
Loss on equity-method investment	43	—

Changes in operating assets and liabilities:

Accounts receivable	(303)	(1,647)
Prepaid expenses and other current assets	168	(4,367)
Accounts payable	(2,221)	280
Contract liabilities	359	1,719
Accrued expenses and other liabilities	1,691	(3,050)
Operating lease liabilities	(1,005)	(830)
Net cash used in operating activities	(26,313)	(34,487)

Cash flows from investing activities:

Acquisitions of property and equipment	(9,928)	(15,735)
Other	—	53
Net cash used in investing activities	(9,928)	(15,682)

Cash flows from financing activities:

Repurchase of stock	—	(8,603)
Tax withholding payments for vested equity-based compensation awards	(219)	—
Proceeds from exercise of Public Warrants	—	5,292
Proceeds from sale of common stock	—	167,504
Proceeds from exercise of stock options	200	21
Net cash (used in) provided by financing activities	(19)	164,214
Net (decrease) increase in cash, cash equivalents and restricted cash	(36,260)	114,045
Effect of foreign exchange rate changes	1,594	1,722
Cash, cash equivalents and restricted cash - beginning of period	77,792	8,533
Cash, cash equivalents and restricted cash - end of period	\$ 43,126	\$ 124,300

View source version on [businesswire.com](https://www.businesswire.com/news/home/20230921499627/en/): <https://www.businesswire.com/news/home/20230921499627/en/>

Investor Relations:

MZ Group
Chris Tyson/Larry Holub
(949) 491-8235

SATL@mzgroup.us

Media Relations:

Satelogic

pr@satellogic.com

Source: Satelogic Inc.