UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

Date of Report: December 23, 2022
Commission File Number: 001-41247

Satellogic Inc.
(Translation of registrant's name in English)

Ruta 8 Km 17,500, Edificio 300
Oficina 324 Zonamérica
Montevideo, 91600, Uruguay
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Explanatory Note

Satellogic Inc. ("Satellogic") is furnishing this report on Form 6-K to provide its unaudited condensed consolidated financial statements as of June 30, 2022 and December 31, 2021 and for the six months ended June 30, 2022 and 2021 and to provide Management's Discussion and Analysis of Financial Condition and Results of Operations with respect to such financial statements.

The unaudited condensed consolidated financial statements as of June 30, 2022 and December 31, 2021 and for the six months ended June 30, 2022 and 2021 are attached to this Form 6-K as Exhibit 99.1. Management's Discussion and Analysis of Financial Condition and Results of Operations is attached to this Form 6-K as Exhibit 99.2.

EXHIBIT INDEX

Exhibit	Title
99.1	Unaudited Condensed Consolidated Financial Statements as of June 30, 2022 and December 31, 2021 and for the six months ended June 30, 2022 and 2021.
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations.
101	The following materials from Satellogic's Report on Form 6-K as of June 30, 2022 and December 31, 2021 and for the six months ended June 30, 2022 and 2021 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations and Comprehensive Loss, (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Redeemable Preferred Stock and Stockholders' Equity (Deficit), (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	SATELLOGIC INC.
	(Registrant)
December 23, 2022	By: /s/ Rick Dunn
	Name: Rick Dunn
	Title: Chief Financial Officer

Exhibit 99.1 - Satellogic's Unaudited Condensed Consolidated Financial Statements

Index to Unaudited Condensed Consolidated Financial Statements

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,	
	2022	2021
Revenue	$ 2,388	$ 1,706
Costs and expenses		
Cost of sales	1,329	1,251
General and administrative expenses	24,609	8,887
Research and development	5,716	4,144
Depreciation expense	6,485	5,060
Other operating expenses	13,736	4,461
Total costs and expenses	**51,875**	**23,803**
Operating loss	(49,487)	(22,097)
Other income (expense), net		
Finance costs, net	(1,606)	(4,985)
Change in fair value of financial instruments	44,596	32,765
Loss on extinguishment of debt	-	(37,216)
Other income, net	519	275
Total other income (expense), net	43,509	(9,161)
Loss before income tax	**(5,978)**	**(31,258)**
Income tax	(2,143)	(220)
Net loss attributable to common stockholders	**$ (8,121)**	**$ (31,478)**
Other comprehensive loss		
Foreign currency translation loss, net of tax	(322)	-
Comprehensive loss	**$ (8,443)**	**$ (31,478)**
Basic loss for the period attributable to common stockholders	$ (0.13)	$ (1.91)
Basic weighted-average common shares outstanding	62,094,383	16,465,885
Diluted loss for the period attributable to common stockholders	$ (0.42)	$ (2.06)
Diluted weighted-average common shares outstanding	63,505,040	31,181,773

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

SATELLOGIC INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars except share and per share amounts)
(Unaudited)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 123,648	$ 8,533
Restricted cash	126	-
Accounts receivable, net of allowance of $3,250 and $1,794, respectively	1,386	1,196
Prepaid expenses and other current assets	6,705	2,695
Total current assets	**131,865**	**12,424**
Property and equipment, net	41,340	32,530
Operating lease right-of-use assets	8,645	2,955
Deferred income tax assets	174	1,640
Other non-current assets	1,203	369
Total assets	**$ 183,227**	**$ 49,918**
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 9,180	$ 6,650
Debt	-	108,473
Warrant liabilities	20,291	143,237
Earnout liabilities	3,111	-
Operating lease liabilities	2,063	985
Contract liabilities	2,654	935
Accrued expenses and other liabilities	4,895	23,435
Total current liabilities	**42,194**	**283,715**
Operating lease liabilities	6,426	2,083
Contract liabilities	1,000	1,000
Other non-current liabilities	1,607	2,552
Total liabilities	**51,227**	**289,350**
Commitments and contingencies (Note 20)		
Redeemable Series X preferred stock, $0.00001 par value, none authorized and outstanding at June 30, 2022 and 2,500,000 shares authorized and 2,033,230 outstanding at December 31, 2021	**-**	**21,306**
Stockholders' equity (deficit)		
Preferred stock, $0.0001 par value; none authorized and outstanding at June 30, 2022 and 4,723,330 shares of Series A, 3,117,915 shares of Series B and 899,153 shares of Series B-1 authorized; 2,547,330 shares of Series A, 1,392,131 shares of Series B and 672,524 shares of shares of Series B-1 issued and outstanding at December 31, 2021	-	-
Common stock, $0.0001 par value; unlimited shares authorized; 75,411,506 Class A shares issued and outstanding, 13,582,640 Class B shares issued and outstanding as of June 30, 2022 and 20,000,000 authorized; 5,263,068 Class A shares issued and outstanding as of December 31, 2021	-	-
Treasury stock, at cost: 516,123 shares at June 30, 2022, and 4,128,413 shares at December 31, 2021	(8,603)	(170,949)
Additional paid-in capital	335,306	96,471
Accumulated other comprehensive loss	(408)	(86)
Accumulated deficit	(194,295)	(186,174)
Total stockholders' equity (deficit)	**132,000**	**(260,738)**
Total liabilities, redeemable preferred stock and stockholders' equity (deficit)	**$ 183,227**	**$ 49,918**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

SATELLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands of U.S. dollars, except share information)
(Unaudited)

	Redeemable Series X Preferred Stock								
	Shares	Amount	Preferred Stock	Common Stock	Additional paid-in capital	Treasury stock	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity (deficit)
Balance as of December 31, 2021	**2,033,230**	**$ 21,306**	**4,611,985**	**5,263,068**	**$ 96,471**	**$ (170,949)**	**$ (86)**	**$ (186,174)**	**$ (260,738)**
Hannover Holdings Transaction (Note 11)	-	-	(149,817)	(51,700)	-	(5,853)	-	-	(5,853)
Merger transaction and Reverse Recapitalization	-	-	(4,462,168)	34,750,331	(165,804)	170,949	-	-	5,145
Issuance of Class A common stock upon conversion of Convertible Notes	-	-	-	17,980,954	64,051	-	-	-	64,051
Redeemable Series X preferred stock accrued dividends	-	97	-	-	-	-	-	-	-
Conversion of redeemable Series X preferred stock and accrued dividends in connection with the reverse recapitalization	(2,033,230)	(21,403)	-	2,140,340	21,403	-	-	-	21,403
Reclassification of Columbia Warrant to equity	-	-	-	-	124,805	-	-	-	124,805
Repayment of Columbia Loan	-	-	-	-	(3,418)	-	-	-	(3,418)
Reclassification of Forfeiture Earnout Liability to equity	-	-	-	-	1,005	-	-	-	1,005
Issuance of Class A common stock upon conversion of Cantor Loan	-	-	-	788,021	7,880	-	-	-	7,880
Issuance of Class A common stock in connection with Forward Purchase Agreement	-	-	-	1,250,000	10,000	-	-	-	10,000
Issuance of Class A common stock in connection with PIPE, net	-	-	-	6,108,332	47,430	-	-	-	47,430
Issuance of Class A common stock in connection with Liberty Subscription Agreement, net	-	-	-	20,619,835	121,182	-	-	-	121,182
Repurchase of shares	-	-	-	(516,123)	-	(2,750)	-	-	(2,750)
Issuance of common stock upon exercise of Public Warrants	-	-	-	613,111	5,628	-	-	-	5,628
Net loss	-	-	-	-	-	-	-	(8,121)	(8,121)
Other comprehensive loss	-	-	-	-	-	-	(322)	-	(322)
Issuance of additional shares related to Cantor Loan Earnout	-	-	-	26,050	167	-	-	-	167
Exercise of stock options	-	-	-	21,927	21	-	-	-	21
Stock-based compensation	-	-	-	-	4,485	-	-	-	4,485
Balance as of June 30, 2022	**-**	**$ -**	**-**	**88,994,146**	**$ 335,306**	**$ (8,603)**	**$ (408)**	**$ (194,295)**	**$ 132,000**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

SATELLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands of U.S. dollars, except share information)
(Unaudited)

	Redeemable Series X Preferred Stock								
	Shares	**Amount**	**Preferred Stock**	**Common Stock**	**Additional paid-in capital**	**Treasury Stock**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total stockholders' equity (deficit)**
Balance as of December 31, 2020	**-**	**$ -**	**8,740,398**	**4,929,262**	**$ 64,042**	**$ -**	**$ -**	**$ (89,870)**	**$ (25,828)**
Issuance of Redeemable Series X preferred stock	2,033,230	$ 20,332	-	-	$ -	$ -	$ -	$ -	$ -
Dividends on Redeemable Series X preferred stock	-	256	-	-	-	-	-	-	-
Extinguishment of Convertible Notes	-	-	-	-	39,009	-	-	-	39,009
Exercise of stock options	-	-	-	142,642	322	-	-	-	322
Preferred stockholder transaction (Note 11)	-	-	(4,128,413)	-	(18,251)	(170,949)	-	-	(189,200)
Net loss	-	-	-	-	-	-	-	(31,478)	(31,478)
Stock-based compensation	-	-	-	-	5,536	-	-	-	5,536
Balance as of June 30, 2021	**2,033,230**	**$ 20,588**	**4,611,985**	**5,071,904**	**$ 90,658**	**$ (170,949)**	**$ -**	**$ (121,348)**	**$ (201,639)**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

SATELLOGIC INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)
(Unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities:		
Net loss	$ (8,121)	$ (31,478)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	6,485	5,060
Operating lease expense	857	225
Income tax expense	2,143	220
Stock-based compensation	4,485	5,536
Interest expense	1,685	4,973
Change in fair value of financial instruments	(44,596)	(32,765)
Loss on debt extinguishment	-	37,216
Expenses related to Merger	10,937	-
Foreign exchange differences	(2,363)	(840)
Loss on disposal of property and equipment	440	131
Bad debt expense	1,456	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,647)	(956)
Prepaid expenses and other current assets	(4,367)	21
Accounts payable	280	1,721
Contract liabilities	1,719	(455)
Accrued expenses and other liabilities	(3,050)	165
Operating lease liabilities	(830)	(252)
Net cash used in operating activities	**(34,487)**	**(11,478)**
Cash flows from investing activities:		
Acquisitions of property and equipment	(15,735)	(3,621)
Other	53	3
Net cash used in investing activities	**(15,682)**	**(3,618)**
Cash flows from financing activities:		
Proceeds from issuance of redeemable Series X preferred stock	-	20,332
Repurchase of stock	(8,603)	-
Proceeds from exercise of Public Warrants	5,292	-
Proceeds from sale of common stock	167,504	-
Proceeds from exercise of stock options	21	-
Net cash provided by financing activities	**164,214**	**20,332**
Net increase in cash, cash equivalents and restricted cash	114,045	5,236
Effect of foreign exchange rate changes	1,722	840
Cash, cash equivalents and restricted cash - beginning of period	8,533	17,267
Cash, cash equivalents and restricted cash - end of period	**$ 124,300**	**$ 23,343**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Financial Statements.

1. Nature of the Business and Basis of Presentation

Nature of the Business

On January 25, 2022 (the "Closing Date"), Satellogic Inc. ("Satellogic" or the "Company"), a limited liability company incorporated under the laws of the British Virgin Islands ("BVI"), consummated the transactions contemplated by the Agreement and Plan of Merger dated as of July 5, 2021 (the "Merger Agreement"), by and among the Company, CF Acquisition Corp. V, a Delaware corporation ("CF V" and now known as "Satellogic V Inc."), Ganymede Merger Sub 1 Inc., a limited liability company incorporated under the laws of the BVI and a direct wholly owned subsidiary of the Company ("Target Merger Sub"), Ganymede Merger Sub 2 Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("SPAC Merger Sub"), and Nettar Group Inc., a business company with limited liability incorporated under the laws of the BVI ("Nettar").

Nettar was, prior to the transaction, the holding company of the Satellogic group and was incorporated on October 7, 2014 under the laws of the BVI as an International Business Company. The registered office of Satellogic is located at Kingston Chambers BOX 173 C/O Maples Corporate Services BVI LTD Road Town, Tortola D8 VG1110.

References to "Nettar" contained herein refer to Nettar Group Inc. prior to the mergers, and references to "the Company" or "Satellogic" refer to Satellogic Inc. prior to the mergers and to the combined company following the mergers.

The Company, through its subsidiaries, invests in the software, hardware, and optics of the aerospace industry focusing on satellite and image analytics technologies. The Company's strategy is to build a planetary scale analytics platform based on a proprietary satellite constellation with the capability to generate insights from images and information, with focus on multi-temporal analysis and high frequency of revisits. The Company also intends to leverage its ability to quickly build and launch high quality, sub-meter satellites at a low cost by selling satellites to certain key customers.

Basis of Presentation

The accompanying unaudited interim Condensed Consolidated Financial Statements as of June 30, 2022 and December 31, 2021 and for the six month periods ended June 30, 2022 and 2021 ("the Consolidated Financial Statements") have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Condensed Consolidated Financial Statements are presented in United States dollars (hereinafter "U.S. dollars" or "$").

Historically the consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. For the Consolidated Financial Statements, the Company has decided to prepare its consolidated financial statements in accordance with U.S. GAAP. The change from reporting in IFRS to U.S. GAAP was treated as a change in accounting standard, whereby the Company retrospectively applied the change to all prior reporting periods contained in these Condensed Consolidated Financial Statements. Where the initial adoption of U.S. GAAP resulted in a material change in an asset or liability, the adjustment was reported to the opening balance of accumulated deficit as of January 1, 2020. Refer to Note 19 (Adoption of U.S. GAAP) for additional information.

The accompanying Condensed Consolidated Financial Statements are unaudited and reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for a fair presentation of the interim period financial statements. The results of operations for these interim periods are not necessarily indicative of the results of operations to be expected for any future period or the full fiscal year. Certain prior year amounts have been reclassified to conform to the current year presentation.

Emerging Growth Company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended (“the Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). The JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with those of another public company difficult or impossible if such other public company is (i) not an emerging growth company or (ii) is an emerging growth company that has opted out of using the extended transition period, due to the potential differences in accounting standards used.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, revenue recognition; determination of useful lives of property and equipment; valuation of warrant liabilities, earnout liabilities, and stock options; and income tax. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates and such differences may be material to the consolidated financial statements.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, *Revenue from contracts with customers.* Revenue is recognized when a customer obtains control of promised goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company's main revenue stream is from services. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers at a point in time, typically upon delivery. The Company's satellite imagery can be delivered to customers in two ways, either by providing access on the Company's platform or via electronic delivery.

The Company provides a satellite-as-a-service offering to its customers which allows the customer continued access to a platform to obtain the latest imagery generated by the Company's satellites throughout a contractual term. The Company has fulfilled its performance obligation when the customer receives and consumes the benefit of access to the latest imagery over the contractual term. The Company recognizes revenue on a straight-line basis over the contractual term to reflect the continued benefit to the customer of access to the Company's satellite imagery.

The Company also provides imagery related to specific requested tasks from customers. The Company's performance obligation under the contract is met and it recognizes revenue from these transactions at the point-in-time when control of the specific imagery has passed to the customer, which is usually upon delivery of the imagery to the customer.

The Company provides technical support of satellite data downlink for customers' ground stations. The Company considers this service to be a distinct performance obligation. Technical support provides a stand-ready obligation to the customer for any technical issues that may arise in connection with the accessing and downloading of images. The Company recognizes revenue on a straight-line basis over the contractual period.

At times, the Company may grant the customer the ability to name certain satellites. The naming rights of the satellites provides marketing value over the contractual term to the customer and is considered a distinct performance obligation. The Company recognizes the revenue related to the naming rights on a straight-line basis over the contractual period.

The Company may also sell its imagery as part of contractual arrangements containing multiple deliverables. For each deliverable that represents a distinct performance obligation, total arrangement consideration is allocated based upon the determined selling prices of each performance obligation. When naming rights are present in a contract, the Company may use a third-party valuation specialist to determine the fair value of this right. The Company will then ascribe a proportion of the contract consideration to this performance obligation.

The nature of the Company's contracts does not currently give rise to variable consideration related to returns or refunds as those are not offered.

The Company evaluates contracts with a minimum purchase commitment to determine whether it expects to be entitled to a breakage amount. The Company considers the requirements on constraining estimates variable consideration. The following factors are evaluated when assessing the increased likelihood of a significant revenue reversal: (i) the amount of consideration is highly susceptible to factors outside the Company's influence (e.g. volatility in a market, judgment of action of third parties, weather conditions), (ii) the uncertainty about the amount of consideration is not expected to be resolved for a long period of time, (iii) the Company's experience with similar types of contracts is limited, or that experience has limited predictive value, (iv) the Company has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances, and (v) the contract has a large number and broad range of possible consideration amounts.

The Company excludes amounts collected on behalf of third-parties, such as sales taxes, when determining transaction price.

Contract liabilities consist of payments received from customers, or such consideration that is contractually due, in advance of providing the product or performing services. Contract liabilities are comprised of an advance payment from the Company's contract with a customer.

The Company currently does not incur any incremental direct costs from obtaining customer contracts.

The Company requests payments for its imagery in advance or with the delivery of the imagery. The Company generally does not enter into long-term financing arrangements or payment plans with customers. Although the Company's business practice is not to enter into contracts with non-cash consideration, at times this may occur. In these instances, the Company determines the fair value of the non-cash consideration at contract inception and includes this value as part of the total arrangement consideration. In instances where the Company cannot reasonably estimate the fair value of the non-cash consideration, the Company will measure the consideration indirectly by reference to its stand-alone selling price of the goods promised to the customer in exchange for consideration.

Fair Value Measurement

Certain assets and liabilities are carried at fair value in accordance with U.S. GAAP.

Valuation techniques used to measure fair value requires the Company to utilize observable and unobservable inputs. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Financial instruments carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assets and liabilities recognized at fair value on a recurring basis in the Consolidated Financial Statements are re-assessed at the end of each reporting period to determine whether any transfers have occurred between levels in the hierarchy.

For fair value disclosures, classes of assets and liabilities are based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash, cash equivalents and restricted cash held at banks, trade and other receivables.

The credit risk is managed based on the Company's credit risk management policies and procedures. Credit risk of any entity doing business with the Company is systematically analyzed, including aspects of a qualitative nature. The measurement and assessment of the Company's total exposure to credit risk covers all financial instruments involving any counterparty risk.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

As the Company's risk exposure is mainly influenced by the individual characteristics of each customer, it continuously analyzes the creditworthiness of significant debtors. Accounts receivable are non-interest bearing and generally on terms of 30 to 90 days.

Foreign Currencies

The financial position and results of operations of certain of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Revenues and expenses of these subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities of these subsidiaries have been translated at the exchange rates as of the balance sheet date. Translation gains and losses are recorded in accumulated other comprehensive loss.

Aggregate foreign currency gains and losses, such as those resulting from the settlement of receivables or payables, foreign currency contracts and short-term intercompany advances in a currency other than the subsidiary's functional currency, are recorded currently in the Condensed Consolidated Statements of Operations and Comprehensive Loss (included in other income, net) and resulted in gains of $519 and $259 during the six month periods ended June 30, 2022 and 2021, respectively.

Leases

The Company determines if a contract is a lease or contains a lease at inception. On the lease commencement date, the Company recognizes a right-of-use ("ROU") asset and lease liability related to operating type leases. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Operating lease liabilities are recorded based on the present value of the future lease fixed payments. In determining the present value of future lease payments, the Company uses its incremental borrowing rate applicable to the economic environment and the duration of the lease based on the information available at the commencement date as the majority of leases do not provide an implicit rate. For real estate and equipment contracts, the Company generally accounts for the lease and non-lease components as a single lease component. In assessing the lease term, the Company includes options to renew only when it is reasonably certain that it will be exercised; a determination which is at the sole discretion of the Company. Variable lease payments are recognized as expenses in the period incurred. For leases with an initial term of 12 months or less, the Company has elected to not record a right-of-use asset and lease liability. The Company records lease expense on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets, beginning on the commencement date.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company remeasures and reallocates the consideration in a lease when there is a modification of the lease that is not accounted for as a separate contract. The lease liability is remeasured when there is a change in the lease term or a change in the assessment of whether the Company will exercise a lease option. The Company assesses ROU assets for impairment in accordance with its long-lived asset impairment policy.

The Company accounts for lease agreements with contractually required lease and non-lease components on a combined basis. Lease payments made for cancellable leases, variable amounts that are not based on an observable index and lease agreements with an original duration of less than 12 months are recorded directly to lease expense.

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

For the periods presented, the Company does not have any financing type leases.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are stated at the amount owed by the customer, net of allowances for estimated doubtful accounts, discounts, returns and rebates. The Company measures the allowance for doubtful accounts based on the estimated loss.

In calculating an allowance for doubtful accounts, the Company uses its historical experience, external indicators and an aging method. The Company assesses impairment of trade accounts receivable on a collective basis as they possess shared credit risk characteristics which have been grouped based on the days past due.

Accounts are written off against the allowance account when they are determined to be no longer collectible. The following table shows the activity in the allowance for doubtful accounts for the six months ended June 30, 2022:

Allowance for doubtful accounts as of January 1, 2022	$	1,794
Provision		1,456
Write-offs		-
Foreign exchange and other		-
Allowance for doubtful accounts as of June 30, 2022	**$**	**3,250**

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include deposits in banks and short-term (original maturities of three months or less at the time of purchase), highly liquid investments that are readily convertible to known amounts of cash with a maturity of three months or less at the time of purchase.

Restricted cash, including amounts in Other non-current assets, represents amounts pledged as guarantees for sales and lease agreements as contractually required.

	June 30, 2022		December 31, 2021	
Cash and cash equivalents	$	123,648	$	8,533
Restricted cash		126		-
Restricted cash included in Other non-current assets		526		-
Total cash, cash equivalents and restricted cash	**$**	**124,300**	**$**	**8,533**

Cash Flow Information

	Six Months Ended June 30,			
	2022		2021	
Cash paid during the period for:				
Income tax, net of refunds	$	415	$	9
Interest	$	2,390	$	-

Property and Equipment

Property and equipment produced or acquired are stated at their production or acquisition cost, which includes all costs directly attributable to making the asset ready for use, less accumulated depreciation and any accumulated impairment losses.

Satellite costs include all expenses incurred for the building of individual satellites and comprise the manufacturing, launch and related launch-insurance costs and costs directly attributable to software programming. Studies, direct labor costs, consultancy fees and other costs incurred directly in connection with satellite construction are also capitalized.

The Company calculates depreciation expense using the straight-line method over the estimated useful lives of the assets.

Asset Impairments

Property and equipment and operating lease right of use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable, based on the undiscounted cash flows expected to be derived from the use and ultimate disposition of the assets. Assets identified as impaired are adjusted to estimated fair value.

Stock-Based Compensation

The Company measures all stock-based compensation using a fair-value-based method as of the award grant date and records expense over the requisite service period for each award using the straight-line method. The expense calculation includes estimated forfeiture rates, which have been developed based upon historical experience.

Income Tax

Income tax expense includes federal, state, and foreign taxes and is based on reported income before income tax. The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The deferred tax assets and liabilities are determined based on the enacted tax rates expected to apply in the periods in which the deferred tax assets or liabilities are anticipated to be settled or realized.

The Company regularly reviews its deferred tax assets for recoverability and establish a valuation allowance if it is more likely than not that some portion, or all, of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on the evaluation of positive and negative evidence. This evidence includes historical taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies.

The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized from uncertain tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. No tax benefits are recognized for positions that do not meet this threshold. Interest related to uncertain tax positions is recognized as part of the provision for income tax and is accrued beginning in the period that such interest would be applicable under relevant tax law until such time that the related tax benefits are recognized. The Company's policy is to recognize interest and penalties related to uncertain tax benefits (if any) in the tax provision.

Research and Development

Research and development (“R&D”) costs are expensed in the period in which they are incurred. R&D costs include materials and equipment that have no alternative future use, depreciation on equipment and facilities currently used for R&D purposes, personnel costs, contract services and reasonable allocations of indirect costs, if clearly related to an R&D activity. Expenditures in the pre-production phase of an R&D project are recorded as R&D expense. However, costs incurred in the pre-production phase that are associated with output used in production are recorded in cost of sales. A project is considered finished with pre-production efforts when management determines that it has achieved acceptable levels of scrap and yield, which vary by project. Expenditures related to ongoing production are recorded in cost of sales.

Segments

The Company’s segment information reflects the way the Chief Operating Decision Maker uses internal reporting to evaluate business performance, allocate resources and manage operations. For management purposes, the Company is organized into a single reportable segment.

3. Accounting Standards Updates (“ASU”)

Accounting Standards Recently Adopted

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-06, Debt — *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entities Own Equity (Subtopic 815-40)*. This ASU simplifies accounting for convertible instruments by eliminating two of the three models in ASC 470-20 that require separating embedded conversion features from convertible instruments. The guidance is effective for emerging growth companies following private company adoption dates in fiscal years beginning after December 15, 2021. The Company early adopted this standard effective January 1, 2021 as part of the retrospective adoption of U.S. GAAP.

In May 2021, the FASB issued ASU 2021-04, *Earnings per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40)*, which clarifies and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified upon modification or exchange. This ASU is effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity applies the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. The Company adopted this guidance as of January 1, 2022.

Accounting Standards Not Yet Adopted

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”) which is part of the FASB’s overall simplification initiative to reduce the costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. ASU 2019-12 simplifies accounting guidance for intra-period allocations, deferred tax liabilities, year-to-date losses in interim periods, franchise taxes, step-up in tax basis of goodwill, separate entity financial statements, and interim recognition of tax laws or rate changes. ASU 2019-12 is effective for emerging growth companies following private company adoption dates in fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the new guidance to determine the impact it will have on the Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses - Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning January 1, 2023, and early adoption is permitted. While we will continue to evaluate the potential impacts of the new guidance, the Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position or results of operations.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)* ("ASU 2020-04"), subsequently clarified in January 2021 by ASU No. 2021-01, *Reference Rate Reform (Topic 848)* ("ASU 2021-01"). The main provisions of this update provide optional expedients and exceptions for contracts, hedging relationships, and other transactions that reference the London Inter-bank Offered Rate or another reference rate expected to be discontinued because of reference rate reform. The guidance in ASU 2020-04 and ASU 2021-01 was effective upon issuance and, once adopted, may be applied prospectively to contract modifications and hedging relationships through December 31, 2022. While we will continue to evaluate the potential impacts of the new guidance, the Company does not believe the potential impact of the new guidance will be material to its financial position or results of operations.

4. Reverse Recapitalization

On January 25, 2022 and pursuant to the Merger Agreement, the merger between the Company and CF V (the "Merger") was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, CF V was treated as the "acquired" company and Satellogic was treated as the acquirer for financial reporting purposes. Accordingly, for accounting purposes, the reverse recapitalization was treated as the equivalent of the Company issuing stock for the net assets of CF V, accompanied by a recapitalization. The net assets of CF V were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Merger represent those of the Company.

The transaction resulted in net cash proceeds of $168 million, after transaction expenses and debt repayment, through the contribution of cash held in CF V's trust account, net of redemptions by CF V's public stockholders, and a concurrent private placement offering led by SoftBank's SBLA Advisers Corp. and Cantor Fitzgerald & Co. ("CF&Co."), among other top-tier institutional investors, and the Liberty Investment, as defined and described further below.

On the Closing Date, the Company consummated the Merger contemplated by the Merger Agreement, including the following:

Private Placement ("PIPE") Investment

Pursuant to the relevant subscription agreement, the Company issued 5,816,770 shares of Class A common stock and a non-redeemable warrant ("PIPE Warrant") to purchase 2,500,000 shares of Class A common stock to a PIPE investor at an exercise price of $20.00 per share, for an aggregate purchase price of $58.2 million.

Forward Purchase Agreement

In July 2021, CFAC Holdings V, LLC (the "Sponsor"), CF V, and the Company entered into the Amended and Restated Forward Purchase Agreement ("FPA"), pursuant to which the Company issued to the Sponsor 1,250,000 shares of Class A Common Stock, and warrants to purchase an additional 333,333 shares of common stock at an exercise price of $11.50 per share ("Forward Purchase Warrant"), for an aggregate purchase price of $10.0 million.

Cantor Loan

The Company and Cantor Fitzgerald Securities ("CF Securities") entered into a Secured Promissory Note, dated December 23, 2021 (the "Promissory Note"), pursuant to which CF Securities agreed to loan the Company $7.5 million (the "Cantor Loan"). On January 18, 2022, CF Securities, the Company and Nettar entered into the Promissory Note Waiver Letter (the "Promissory Note Waiver Letter") pursuant to which the Company and CF Securities agreed that the Company would repay the Cantor Loan, including all principal and interest by the issuance of 788,021 shares of Class A common stock. Such repayment occurred on the Closing Date.

Redeemable Series X Preferred Stock

Per the transaction, the 2,033,230 outstanding shares of redeemable Series X preferred stock and accrued dividends in the amount of $21.4 million were converted to 2,140,340 shares of Class A common stock.

Liberty Investment

On January 18, 2022, the Company and CF V entered into the Liberty Subscription Agreement with an investor (the "Liberty Investor"). The Company agreed to issue and sell to the Liberty Investor certain securities of the Company, including (i) 20,000,000 shares of Class A common stock, (ii) a warrant to purchase up to 5,000,000 shares of Class A common stock at an exercise price of $10.00 per share (the "$10.00 Liberty Warrant"), and (iii) a warrant to purchase up to 15,000,000 shares of Class A common stock at an exercise price of $15.00 per share (the "$15.00 Liberty Warrant", and together with the $10.00 Liberty Warrant, the "Liberty Warrants"), in a private placement for an aggregate purchase price of $150.0 million.

Transaction Fees

On January 18, 2022, CF V, the Company and CF&Co. entered into the CF Fee Letter, pursuant to which they agreed to pay cash of $5.0 million and issue an aggregate of 2,058,229 shares of Class A common stock in payment of certain Merger-related transaction fees. Such payments were made on the Closing Date.

Company Stockholders

In connection with the Merger Transaction:

- the ordinary shares and preference shares of Nettar that were issued and outstanding immediately prior to the Merger were automatically cancelled and ceased to exist in exchange for shares of Class A common stock of the Company, as determined in accordance with the Merger Agreement;
- all Convertible Notes of Nettar converted into Nettar Preference Shares which were exchanged for shares of Class A common stock as determined in the Merger Agreement;
- all options to purchase ordinary shares of Nettar were assumed by the Company and became options to purchase shares of Class A common stock as determined in accordance with the Merger Agreement;
- the Columbia Warrant (as defined below) outstanding immediately prior to the Merger became exercisable for that number of shares of Class A common stock as determined in accordance with the Merger Agreement.

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

The following table illustrates the shares issued to the Company's stockholders after giving effect to the 3.3028 Exchange Ratio in accordance with the transactions contemplated by the Merger Agreement as of the Closing Date and the issuance of shares pursuant to the transactions described above:

Company stockholders	**Shares**
Class A stockholders immediately prior to merger	17,215,336
Series A preferred stockholders	7,968,316
Series B preferred stockholders	4,597,928
Series B-1 preferred stockholders	2,171,399
2018 convertible noteholders	5,581,416
2019 convertible noteholders	7,846,333
2020 convertible noteholders	4,553,205
Redeemable Series X preferred stockholders	2,140,340
Liberty investors	20,000,000
PIPE investors	5,816,770
Shares issued for Cantor loan repayment	788,021
Shares issued to Sponsor under Forward Purchase Securities Agreement	1,250,000
Issuance of shares for transaction fees	2,058,229
CF V shares	6,837,354
	88,824,647

5. Revenue from Contracts with Customers

The Company's revenue is derived primarily from selling imagery and its only business activity is building of a satellite constellation to support the selling of imagery. During the six months ended June 30, 2022, the Company recognized revenue of $2.4 million, of which $1.5 million was recognized over time and $0.9 million was recognized at a point-in-time.

Information about the Company's revenue by geography is as follows:

	Six Months Ended June 30,	
	2022	**2021**
Revenue by geography [(1)]		
Asia Pacific	$ 1,525	$ 1,690
North America	521	-
Other	342	16
Total revenue	**$ 2,388**	**$ 1,706**

(1) Revenue by geography is based on the geographical location of the customer.

The Company has two customers that each accounted for more than 10% of revenue for the six months ended June 30, 2022.

The Company entered into an agreement in June 2019 and modified in September 2021 for which $1.5 million of revenue was recognized. Under the terms of the modified agreement, the Company agreed to deliver imagery over an agreed upon geographical space for a period of 12 years on a take-or-pay basis, in exchange for $38.2 million of cash consideration and the right to use a building for an Assembly, Integration and Test facility. The

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

Company also has the ability to earn additional consideration if the customer requests imagery in excess of the service cap. The Company agreed to collect the cash consideration, through quarterly payments of $0.8 million over ten years, which started in November 2021, with the remaining cash consideration collected as upfront milestone payments. The Company has collected $2.2 million, of which $1.0 million is included as a non-current contract liability, from this customer as of June 30, 2022.

In November 2021, the Company entered a five-year noncancellable agreement with a technology company that requires the customer to purchase a minimum of $4.0 million of multispectral, hyperspectral, full-motion video or private delivery uplift products each year. The Company recognizes revenue as products are delivered to the customer. The customer pays the Company in non-cash consideration in the form of a license to a proprietary software platform, which the Company uses in its internal operations. The access to the platform is granted to the Company regardless of the level of products ordered. The customer has the option of purchasing additional products from the Company in exchange for cash consideration at the Company's pricing. For the six months ended June 30, 2022, the Company recognized $0.5 million of revenue related to this contract.

Contract liabilities and Remaining Performance Obligations

The Company's contract liabilities consist of payments received from customers, or such consideration contractually due, in advance of providing the satellite imagery or related service. Amounts included in Contract liabilities are as follows:

	June 30, 2022	December 31, 2021
Non-current	$ 1,000	$ 1,000
Current	2,654	935
Total	**$ 3,654**	**$ 1,935**

During the six months ended June 30, 2022, the Company recognized revenue of $455 that was included as a Contract liability as of December 31, 2021.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following table represents the total transaction price for the remaining performance obligations as of June 30, 2022 related to non-cancellable contracts longer than 12 months in duration that is expected to be recognized over future periods.

	Within 1 Year	Years 1-2	Years 2-3	Thereafter
Remaining performance obligations	$ 8,551	$ 12,572	$ 11,956	$ 17,526

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

6. Warrant Liabilities

	Liberty Warrants	PIPE Warrant	Columbia Warrant	$8.63 Warrants	Total Warrants
As of December 31, 2021	$ -	$ -	$ 143,237	$ -	$ 143,237
Warrants issued	$ 30,853	$ 1,312	$ -	$ 4,872	$ 37,037
Change in fair value of financial instruments	(15,476)	(360)	(18,635)	(573)	(35,044)
Write-off of deferred costs	-	-	203	-	203
Settlements	-	-	-	(337)	(337)
Reclassification to equity	-	-	(124,805)	-	(124,805)
As of June 30, 2022	$ 15,377	$ 952	$ -	$ 3,962	$ 20,291

Liberty Warrants

On January 18, 2022, the Company and CF V entered into the Liberty Subscription Agreement with the Liberty Investor, pursuant to which the Company agreed to issue 20,000,000 shares of its Class A Common Stock and the Liberty Warrants, for an aggregate purchase price of $150.0 million. The transaction closed on February 10, 2022 (the "Liberty Closing"). The Liberty Warrants became exercisable as of and from the Liberty Closing, will expire on the fifth anniversary of the Liberty Closing (February 10, 2027), and are subject to the terms and conditions set forth in the agreement.

An advisory fee is payable by the Company in exchange for advisory services to be provided to the Company from time to time until a Cessation Event (as defined in the agreement). The advisory fee includes a warrant to purchase 2,500,000 shares of the Company's Class A Common Stock at an exercise price of $10.00 per share (the "Liberty Advisory Fee Warrant"), which was issued at the Liberty Closing, and for so long as a Cessation Event has not occurred, $1.25 million to be paid in cash on the 18-month anniversary of the Liberty Closing and on the last day (or, if not a business day, the immediately following business day) of each of the following five successive three-month anniversaries of such 18-month anniversary (each, an "Advisory Fee Cash Payment" and together, the "Advisory Fee Cash Payments"), representing an aggregate of up to $7.5 million in Advisory Fee Cash Payments.

The Liberty Advisory Fee Warrant becomes exercisable as of and from February 10, 2023, and will expire on the fifth anniversary of the Liberty Closing (February 10, 2027). The Liberty Advisory Fee Warrant is subject to substantially the same terms as the Liberty Warrants.

The Liberty Warrants were initially recognized as a liability with a fair value of $30.9 million. The Liberty Warrants remain unexercised and were remeasured to fair value of $15.4 million as of June 30, 2022.

PIPE Warrant

On January 22, 2022, in connection with the Merger, the Company issued the PIPE Warrant to purchase 2,500,000 shares of Satellogic's Class A common stock at an exercise price of $20.00 per share. The PIPE Warrant became exercisable 30 days after the Closing Date, or February 25, 2022, and will expire five years after the Closing Date (January 25, 2027), or earlier upon redemption or liquidation.

The PIPE Warrant was initially recognized as a liability with a fair value of $1.3 million. The PIPE Warrant remains unexercised and was remeasured to fair value of $1.0 million as of June 30, 2022.

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

Columbia Warrant

In March 2021, the Company issued a warrant to purchase up to 15,931,360 shares of the Company's common stock ("Columbia Warrant") at an exercise price of $2.51635975 per share, or an aggregate of $40,089, in connection with the loan agreement between the Company and Columbia River Investment Limited ("Columbia").

The Columbia Warrant is exercisable the earlier of 25 years from the effective date or the date in which the warrant is exercised in full.

The Columbia Warrant was initially recognized on March 8, 2021 as a liability with a fair value of $161.2 million, and was remeasured to a fair value of $143.2 million as of December 31, 2021. The Company recognized a gain from the remeasurement of the Columbia Warrant of $18.6 million for the six months ended June 30, 2022. The fair value of the Columbia Warrant of $124.8 million was reclassified to additional paid-in capital in connection with the Merger.

$8.63 Warrants

In connection with the Merger, the Sponsor, CF V, and the Company entered into an Assignment, Assumption and Amendment Agreement (the "Amended Warrant Agreement"), dated January 25, 2022 and amends the Warrant Agreement (the "Existing Warrant Agreement"), dated January 28, 2021.

Pursuant to the Existing Warrant Agreement the Company issued Public Warrants to purchase 8,333,333 shares of Class A common stock and 200,000 Private Placement Warrants. Additionally, the Company agreed to issue the FPA Warrant to purchase 333,333 shares of common stock pursuant to the Amended and Restated Forward Purchase Agreement (together, with the Public Warrants and the Private Placement Warrants, the "$8.63 Warrants").

All of the $8.63 Warrants are governed by the Existing Warrant Agreement. The $8.63 Warrants became exercisable 30 days after the Closing Date, or February 25, 2022, and will expire five years after the Closing Date (January 25, 2027), or earlier upon redemption or liquidation.

The $8.63 Warrants were initially recognized as a liability with a fair value of $4.9 million. On April 1, 2022, the Company determined pursuant to a warrant agreement executed by CF V on January 28, 2021, as modified and assumed by an assignment and assumption agreement executed on January 25, 2022, that the warrant price with respect to the warrants issued and outstanding was adjusted from $11.50 to $8.63 and the redemption price was adjusted from $18.00 to $13.50.

Public Warrants to purchase 613,111 shares of Class A common stock were exercised during the six months ended June 30, 2022.

7. Earnout Liabilities

	Sponsor Earnout	Forfeiture Earnout	Total Earnout Liabilities
As of December 31, 2021	$ -	$ -	$ -
Additions	$ 8,022	$ 6,135	$ 14,157
Change in fair value of financial instruments	(4,911)	(5,130)	(10,041)
Reclassification to equity	-	(1,005)	(1,005)
As of June 30, 2022	$ 3,111	$ -	$ 3,111

Sponsor Earnout

During the period between the Closing and the five-year anniversary of the Closing, the Sponsor has agreed not to sell, transfer or otherwise dispose of 1,869,000 shares of Class A common stock ("Sponsor Earnout"). The Sponsor Earnout is subject to potential forfeiture to the Company for no consideration until the occurrence of each tranche's respective earnout triggering event. The earnout triggering events related to achieving a volume-weighted average trading sale price ("VWAP") greater than or equal to $12.50, $15.00 and $20.00, respectively, for any 10 trading days within any 20 consecutive trading day period were not satisfied during the six months ended June 30, 2022. As a result, the 1,869,000 shares of Class A common stock were not vested and are subject to transfer restrictions and contingent forfeiture provisions.

The Sponsor Earnout was initially recognized as a liability with a fair value of $8.0 million and remeasured to a fair value of $3.1 million as of June 30, 2022.

Forfeiture Earnout

In connection with the Closing, the Company delivered 310,127 shares of the Company's Class A common stock to an escrow account ("Forfeiture Escrow Shares"). The Forfeiture Escrow Shares were held in escrow for a 30-day adjustment period subsequent to the Closing Date, subject to forfeiture, depending on the VWAP. If the VWAP during the adjustment period was $10.00 or more, all Forfeiture Escrow Shares would be released. For the five-year period following the adjustment period, if the closing price of the shares on the principal exchange or securities market on which such securities are listed or quoted is at or above $15.00 for 10 out of 20 trading days, which does not have to be consecutive, the stockholders will have the right to receive their respective portions of shares back.

The shares were forfeited because the VWAP was below $10.00. The Forfeiture Share Earnout was initially recognized as a liability with a fair value of $6.1 million. The liability was remeasured to a fair value of $1.0 million at the end of the adjustment period and reclassified as an equity instrument.

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

8. Income Tax

The components of income tax expense were as follows:

	Six Months Ended June 30,	
	2022	2021
Loss before income tax	$ (5,978)	$ (31,258)
Provision (benefit) for income tax	$ 2,143	$ 220
Effective tax rate	(35.9 %)	(0.5 %)

The Company's effective tax rate for the six months ended June 30, 2022 differs from the BVI statutory rate of 0%. The increase was due to increases in intercompany income in certain taxable jurisdictions. The Company maintains the exception under ASC 740-270-30-36(b), *Accounting for Income Taxes*, for jurisdictions that do not have reliable estimates of income. The Company has used a year-to-date methodology to determine the effective tax rate for the six months ended June 30, 2022 and 2021.

The Company is incorporated in the BVI. The BVI does not impose corporate income taxes. The Company's operations are conducted throughout various subsidiaries in a number of countries throughout the world with significant operations in Uruguay, where the Company operates in a free trade zone. Consequently, income tax has been provided based on the laws and rates in effect in the countries in which operations are conducted or in which the Company's subsidiaries are considered resident for corporate income tax purposes, including Argentina, China, Israel, the Netherlands, the United States and Spain.

In the current period, a valuation allowance was established in the Netherlands and Uruguay. The Company continues to maintain a valuation allowance in Argentina.

As of June 30, 2022, the Company has recognized uncertain tax positions related to positions taken in Spain. If applicable, the Company accrues interest and penalties related to uncertain tax positions as a component of the income tax provision.

9. Property and Equipment

Property and equipment, net consists of the following:

	Estimated Useful Life (in years)	June 30, 2022	December 31, 2021
Satellites	3	$ 52,977	$ 43,716
Satellites under construction	Not applicable	15,010	10,558
Other property and equipment	3-10	4,574	2,907
Total property and equipment		72,561	57,181
Less: Accumulated depreciation		(31,221)	(24,651)
Property and equipment, net		**$ 41,340**	**$ 32,530**

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

Information related to the Company's property and equipment and operating lease ROU assets by geography is as follows:

	June 30, 2022	December 31, 2021
Uruguay	$ 41,067	$ 33,208
Argentina	1,400	1,250
Spain	729	791
Netherlands	5,672	-
Other countries	1,117	236
Total [(1) (2) (3)]	**$ 49,985**	**$ 35,485**

(1) Non-current assets include property and equipment, net and operating lease right-of-use assets.
(2) Presentation in the table is based on the geographic location of the entity that holds the assets.
(3) The Company does not have any non-current assets in the country of incorporation of the holding company.

10. Additional Financial Statement Information

Prepaid Expenses and Other Current Assets

	June 30, 2022	December 31, 2021
Prepaid expenses and other current assets		
Prepaid expenses	$ 4,168	$ 1,153
Advances to suppliers	1,801	829
Other current assets	736	713
Total	**$ 6,705**	**$ 2,695**

Accrued Expenses and Other Liabilities

	June 30, 2022	December 31, 2021
Accrued expenses and other liabilities		
Accrued professional fees related to Merger[(1)]	$ -	$ 16,263
Provisions	507	2,934
Payroll and benefits payable	3,046	2,545
Other taxes payable	1,849	2,045
Other	1,100	2,200
Total	**$ 6,502**	**$ 25,987**
Total non-current	**$ 1,607**	**$ 2,552**
Total current	**$ 4,895**	**$ 23,435**

(1) Refer to Note 4 (Reverse Recapitalization) for further details on the Merger.

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

Finance Costs, net

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Finance costs, net		
Interest expense	$ (1,588)	$ (4,717)
Redeemable Series X preferred stock dividends	(97)	(256)
Other finance costs	(70)	(31)
Interest income	149	19
Total	**$ (1,606)**	**$ (4,985)**

11. Stockholders' Equity (Deficit)

Reverse Recapitalization

The Condensed Consolidated Statements of Redeemable Preferred Stock and Stockholders' Equity (Deficit) reflect the Merger and reverse recapitalization as of January 2022 as discussed in Note 4 (Reverse Recapitalization). Since Satellogic Inc. was determined to be the accounting acquirer in the reverse recapitalization, all periods prior to the consummation of the Merger reflect the balances and activity of Satellogic Inc. (other than shares which were retroactively restated in connection with the Merger).

Preferred Stock

Prior to the Merger, the Company's authorized and issued preferred stock consisted of the following:

	Authorized Shares (prior to Merger)	Issued and Outstanding Shares (as of December 31, 2021)
Series A preferred stock	4,723,330	2,547,330
Series B preferred stock	3,117,915	1,392,131
Series B-1 preferred stock	899,153	672,524
Total preferred stock	8,740,398	4,611,985

In connection with the Merger, all shares of preferred stock were converted to shares of Class A common stock.

Preferred Stockholder Transaction

In March 2021, the Company signed an Exchange Agreement (the "Exchange Agreement") in conjunction with a Loan and Security Agreement and warrant with a holder of preferred stock and convertible notes (the "Investor"), requiring the Investor to sell back to the Company all its outstanding shares and Notes debt (as part of the sale of such notes to Nettar Group Inc. See also Note 17 (Debt).

The Columbia Warrant was initially recognized as a liability. The fair value of the Columbia Warrant was reclassified to additional paid-in capital in connection with the Merger. See Note 6 (Warrant Liabilities) for further information relating to the Columbia Warrant.

Common Stock

Pursuant to the registration provisions of various agreements to which the Company is a party (the “Registration Provisions”), the Company agreed with the relevant investors that the registration statement registering their Company securities, including the additional shares which the issuance of is determined based on the effective date of the registration statement, filed May 2, 2022 and was declared effective May 9, 2022.

The Company is authorized to issue unlimited shares of Class A common stock with a par value of $0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. As of June 30, 2022, there were 75,411,506 shares of Class A common stock issued and outstanding.

In addition, the Company is authorized to issue unlimited shares of Class B common stock with a par value of $0.0001 per share. Satellogic’s founder and Chief Executive Officer owns 13,582,640 shares of Satellogic’s Class B common stock, representing 100% of the voting power of the Class B common stock and 14.97% of the voting power of Satellogic’s common stock.

Holders of Class B common stock have a number of votes per share equal to the number of votes controlled by the Liberty Investor. Shares of Class B common stock will automatically convert to shares of Class A common stock at the five-year anniversary of the Closing Date unless otherwise converted, generally at the holder’s option.

Treasury Stock

The Company repurchased 516,123 shares of its Class A common stock for $2.7 million during the six months ended June 30, 2022.

Hannover Holdings Transaction

The Company repurchased 51,700 shares of Class A common stock, 134,735 shares of Series A preferred stock, and 15,082 shares of Series B-1 preferred stock from Hannover Holdings S.A. prior to the consummation of the Merger for an aggregate of $5,853 (the “Hannover Holdings Transaction”).

12. Stock-based Compensation

Employees, including senior executives, of the Company receive incentives in the form of stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Company maintains a plan under which the stock-based option awards are issued or modified (the “Plan”). The Plan provides for the direct allocation as well as the sale of shares and the granting of options for the purchase of shares, at the discretion of the Company’s board of directors, to certain employees, advisors and/or independent directors. The options are typically granted for a four-year vesting term and have a maximum term of 10 years.

A summary of stock option activity for the six months ended June 30, 2022 was as follows:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Intrinsic Value (in thousands)
Balance as of December 31, 2021	**6,864,569**	**$2.05**	2.36	
Granted	-	-		
Forfeited	(136,676)	2.59		
Exercised	(21,927)	0.96		
Expired	(6,774)	1.20		
Outstanding at June 30, 2022	**6,699,192**	**$2.05**	1.99	$13,678
Exercisable at June 30, 2022	**4,064,224**	**$1.01**	2.55	$12,521

The following table list the inputs used under the Black-Scholes model for options during the six months ended June 30, 2022 and 2021, respectively:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Weighted average fair values at the measurement date (grant date)	$ 23.36	$ 25.44
Dividend yield (%)	-	-
Expected volatility (%)	61 - 72	61 - 72
Risk-free interest rate (%)	0.5 - 1.4	0.5 - 1.2
Weighted average share price	$ 6.79	$ 3.36

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

As further detailed in Note 4 (Reverse Recapitalization), all options to purchase the predecessor ordinary shares were assumed by Satellogic Inc., the new listed company, and became options to purchase Class A Common Stock of Satellogic Inc., as determined in accordance with the Merger Agreement. There were no other material cancellations or modifications to the granted awards for the six months ended June 30, 2022 and 2021.

As of June 30, 2022, unrecognized stock-based compensation cost related to outstanding options that are expected to vest was $4,794, which is expected to be recognized over a weighted-average period of 0.68 years.

(in thousands of U.S. dollars, except per share data, unless otherwise stated)

Stock-based Compensation Expense

Total employee and non-employee stock-based compensation expense for the six months ended June 30, 2022 and 2021 was classified in the Condensed Consolidated Statements of Operations and Comprehensive Loss as follows:

	Six Months Ended June 30,	
	2022	**2021**
General and administrative expenses	$ 1,686	$ 3,042
Research and development expenses	972	1,063
Other operating expenses	1,827	1,431
Total	$ 4,485	$ 5,536

13. Redeemable Preferred Stock

Reverse Recapitalization

The redeemable Series X preferred stock, par value of $0.00001, carried an annual 7% cumulative dividend, payable upon a liquidation, dissolution, winding up or, upon the election of the stockholders, upon redemption. Due to the contractual provisions of the redeemable Series X preferred stock, the Series X preferred stock was accounted for as mezzanine equity.

Upon the closing of the Merger ("Closing"), the Company cancelled and converted all 2,033,230 shares of issued and outstanding redeemable Series X preferred stock and preferred dividends amounting to $21.4 million into 2,140,340 shares of Satellogic Class A Common Stock, based on the conversion price of $10.00 per share, at the time the Merger became effective.

As of June 30, 2022, there were no issued and outstanding shares of redeemable Series X preferred stock.

14. Net Loss Per Share

The weighted-average number of shares of common stock outstanding prior to the Merger have been retroactively adjusted by the Exchange Ratio of 3.3028 ("Exchange Ratio") to give effect to the reverse recapitalization treatment of the Merger. Shares of common stock issued as a result of redeemable Series X preferred stock and the conversion of shares of preferred stock outstanding pre-Merger in connection with the Closing have been included in the basic net loss per share calculation on a prospective basis.

Diluted loss per share considers the impact of potentially dilutive securities. The Company identified financial instruments that qualify as potential common shares: 1) the share-based options awards described in Note 12 (Stock-based Compensation), 2) the warrants described in Note 6 (Warrant Liabilities), and 3) the earnout liabilities described in Note 7 (Earnout Liabilities). With the exception of the Columbia Warrant, each of these potential common shares are antidilutive since their conversion to common shares would decrease loss per share from continuing operations.

The Columbia Warrant was dilutive due to the change in fair value of financial instruments during the six months ended June 30, 2022 and 2021.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

Basic and diluted net loss per share attributable to common stockholders is calculated as follows:

	Six Months Ended June 30,	
	2022	2021
Net loss attributable to common stockholders	$ (8,121)	$ (31,478)
Basic weighted-average common shares outstanding (1)	62,094,383	16,465,885
Basic loss for the period attributable to common stockholders	$ (0.13)	$ (1.91)
Effect of dilutive securities:		
Adjustment to numerator - Change in fair value of Columbia Warrant liability	$ (18,635)	$ (32,765)
Dilutive numerator	$ (26,756)	$ (64,243)
Columbia Warrant	1,410,657	14,715,888
Diluted weighted-average common shares outstanding	63,505,040	31,181,773
Diluted loss for the period attributable to common stockholders	$ (0.42)	$ (2.06)

[1] After applying the 3.3028 Exchange Ratio as described in Note 4 (Reverse Recapitalization).

15. Fair Value Measurements and Financial Instruments

The following tables provide the fair value measurement hierarchy of the Company's assets and liabilities:

As of June 30, 2022	Fair value measurement using		
Financial instruments	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
$8.63 Warrants liability	$ 3,962	$ -	$ -
PIPE Warrant liability	-	-	952
Liberty Warrants liability	-	-	15,377
Total Warrant Liabilities	$ 3,962	$ -	$ 16,329
Earnout liability	$ -	$ -	$ 3,111

As of December 31, 2021	Fair value measurement using		
Financial instruments	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Columbia Warrant	$ -	$ -	$ 143,237
Liabilities for which fair values are disclosed			
Cantor Loan	$ -	$ -	$ 7,522
Notes	-	180,356	-
Promissory notes	-	40,925	-

The following methods and assumptions were used to estimate the fair values:

- The carrying values of cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses and other liabilities are considered to approximate their fair values due to the short term nature of these items.

- The fair values of the PIPE Warrant, the Liberty Warrants, and the Columbia Warrant have been estimated using the Black-Scholes model.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

- The fair values of the Earnout liabilities have been estimated using the Monte Carlo model.
- The fair values of FPA and CF V warrants were determined using the quoted prices in the active warrant market.
- The carrying value of operating lease liabilities is calculated as the present value of lease payments, discounted at its incremental borrowing rate at the lease commencement date. The Company considers that the incremental borrowing rate remained unchanged, therefore the carrying amount of operating lease liabilities approximates its fair value.
- The fair value of the Cantor Loan was determined by using the “with” method. At each measurement date, the Company valued the loan with the make-whole premium. The difference between the aggregate fair value of the Cantor Loan and the unpaid principal balance at was $22 at December 31, 2021.
- The fair value of the notes debt is determined by using the “with” and “without” method. As of each measurement date, the Company first valued the Notes with the conversion options in certain scenarios (the “with” scenario) and subsequently valued the Notes without the conversion options (the “without” scenario). The difference between the fair values of the notes in the “with” and “without” was de minimis at each measurement date.

Changes in the fair value of Level 3 liabilities during the six months ended June 30, 2022 and 2021 were as follows:

	Liberty Warrants	PIPE Warrant	Columbia Warrant	Sponsor Earnout	Forfeiture Earnout	Cantor Loan
At January 1, 2021	$ -	$ -	$ -	$ -	$ -	$ -
Issues	-	-	161,223	-	-	-
Remeasurement (gain)/loss[1]	-	-	(32,765)	-	-	-
At June 30, 2021	**$ -**	**$ -**	**$ 128,458**	**$ -**	**$ -**	**$ -**
At January 1, 2022	**$ -**	**$ -**	**$ 143,237**	**$ -**	**$ -**	**$ 7,522**
Issues	30,853	1,312		8,022	6,135	-
Remeasurement (gain)/loss[1]	(15,476)	(360)	(18,635)	(4,911)	(5,130)	489
Write-off of deferred costs	-	-	203	-		-
Settlements [2]	-	-	(124,805)	-	(1,005)	(8,011)
At June 30, 2022	**$ 15,377**	**$ 952**	**$ -**	**$ 3,111**	**$ -**	**$ -**

(1) Recognized in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the six months ended June 30, 2022 and 2021, respectively.
(2) These liabilities were settled in connection with the Merger. See Note 4 (Recapitalization Transaction).

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2022.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

16. Related Parties

The Company had convertible notes with certain related parties for the year ending December 31, 2021. The following table provides the balances owed and associated finance costs as follows:

	June 30, 2022	December 31, 2021
Convertible notes from related parties		
Amounts owed to related parties	$ -	$ 13,028
Interest expense	$ 44	$ 303

There are no sales or purchases transactions with entities with significant influence over the Company and key management personnel of the Company.

See description of transactions with CF&Co and Liberty Investment as part of the Merger Transaction described in Note 4 (Reverse Recapitalization).

17. Debt

There was no debt as of June 30, 2022. Debt as of December 31, 2021 is a follows:

	December 31, 2021
2018 Convertible Notes	$ 19,862
2019 Convertible Notes	27,498
2020 Convertible Notes	15,294
Cantor Loan	7,522
Promissory Note	38,297
Total debt	108,473
Less deferred financing costs	-
Total debt less deferred financing fees	108,473
Less: Current portion	-
Total non-current debt, net of deferred financing fees	$ 108,473

Convertible Notes

In April 2021, the Company and its 2018 and 2019 convertible note holders agreed to extend the maturity date of the 2018 and 2019 convertible notes from April and September 2021, respectively, to April 2022. The Company recognized a loss on extinguishment of debt of $37,216 on the Consolidated Statements of Operations and Comprehensive Loss for the six months ended June 30, 2021, related to the agreement.

On January 25, 2022, the convertible notes were converted into 17,980,954 shares of Class A common stock. See Note 4 (Reverse Recapitalization).

Cantor Loan

In December 2021, the Company entered into the Cantor Loan. As the Company elected to account for the Cantor Loan using the fair value option at inception, changes in fair value recognized through subsequent remeasurements were recorded in the Condensed Consolidated Statements of Operations and Comprehensive Loss at each reporting period.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

Pursuant to the Promissory Note Waiver Letter, the Company repaid the Cantor Loan, including all principal and interest, by the issuance of 788,021 shares of Class A common stock. Such repayment occurred on the Closing Date.

The Promissory Note Waiver Letter included a provision where in the event the VWAP is less than $10.00 per share of Class A common stock, CF&Co. will be entitled to receive a certain number of additional shares of Class A common stock (the "Cantor Loan Additional Shares"), up to a maximum of 197,005 Cantor Loan Additional Shares (if the Adjustment Period VWAP, as defined in the Promissory Note Waiver Letter, is less than or equal to $8.00 per share).

The Company extinguished the remaining Cantor Loan liability through the issuance of 26,050 Cantor Loan Additional Shares on May 9, 2022 pursuant to the terms of the Promissory Note Waiver Letter.

Columbia Loan

On March 8, 2021, the Company signed an Exchange Agreement in conjunction with a Loan and Security Agreement and warrant with Columbia, a holder of Series A, Series B and Series B-1 preferred shares and convertible notes. The Exchange Agreement requires Columbia to sell back to the Company all its outstanding shares and Notes debt, in exchange for a loan and security interest in the principal amount of $40.1 million (the "Columbia Loan"), which represented the outstanding balance of the notes including unpaid accrued interest, in exchange for the Columbia Warrant. In connection with the Merger and as provided in the Exchange Agreement, the Company reacquired treasury stock having a fair value of $170.9 million, the Columbia Loan was settled and the fair value of the Columbia Warrant of $124.8 million was reclassified to additional paid-in capital. There is no balance outstanding remaining at June 30, 2022 related to the Columbia Loan or Columbia Warrant liability.

18. Leases

The Company has leases for real estate and equipment. Lease terms range from two years to 10 years.

Changes in the Company's operating lease right-of-use assets carrying amounts were as follows:

	June 30, 2022	December 2021
Balance as of beginning of period	**$ 2,955**	**$ 1,403**
Leases expense	(766)	(494)
Foreign exchange differences	(47)	(48)
Additions	6,526	2,119
Transfers	(23)	(25)
Balance as of end of period	**$ 8,645**	**$ 2,955**

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

Changes in the Company's lease liabilities carrying amounts were as follows:

	June 30, 2022	December, 31 2021
Balance as of beginning of period	**$ 3,068**	**$ 1,415**
Additions to lease liabilities	6,526	2,119
Leases expense	91	54
Foreign exchange differences	(366)	(48)
Payments	(830)	(472)
Balance as of end of period	**$ 8,489**	**$ 3,068**
Total non-current	**$ 6,426**	**$ 2,083**
Total current	**$ 2,063**	**$ 985**

The Company recognized in the Consolidated Statements of Operations and Comprehensive Loss the following expenses related to its leases for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30,	
	2022	2021
Right of use assets	$ 766	$ 203
Lease liabilities	91	22
Total lease expense	**$ 857**	**$ 225**

The amounts of future undiscounted cash flows related to the lease payments over the lease term and the reconciliation to the present value of the operating lease liabilities at June 30, 2022 is as follows:

	Operating leases
Years Ended	
2023	$ 2,274
2024	2,086
2025	1,396
2026	521
2027 and thereafter	2,821
Total remaining lease payments	**9,098**
Less imputed interest	(609)
Present value of lease liability	**$ 8,489**
Total non-current	**$ 6,426**
Total current	**$ 2,063**

The weighted-average remaining years for the operating leases are 6.3 years. The weighted-average discount rate for operating leases is 2.6%.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

19. Adoption of U.S. GAAP

Reconciliation of the Condensed Consolidated Statement of Operations and Comprehensive Loss for the six months ended June 30, 2021:

	IFRS	Adjustments/ Reclassifications	Note	U.S. GAAP
Revenue	$ 1,706	$ -		$ 1,706
Cost of sales	1,251	-		1,251
General and administrative expenses	8,680	207	a, c	8,887
Research and development	-	4,144	b	4,144
Depreciation expense	5,126	(66)	b	5,060
Other operating expenses	8,502	(4,041)	a, b	4,461
Operating loss	**(21,853)**	**(244)**		**(22,097)**
Finance costs, net	(5,476)	491	c, d	(4,985)
Change in fair value of financial instruments	(26,425)	59,190	d	32,765
Gain (Loss) on extinguishment of debt	3,576	(40,792)	d	(37,216)
Other income, net	250	25	c	275
Loss before income tax	**(49,928)**	**18,670**		**(31,258)**
Income tax	(220)	-		(220)
Net loss attributable to common stockholders	**$ (50,148)**	**$ 18,670**		**$ (31,478)**
Other comprehensive loss				
Foreign currency translation loss, net of tax	-	-		-
Comprehensive loss	**$ (50,148)**	**$ 18,670**		**$ (31,478)**
Basic loss for the period attributable to common stockholders	$ (3.05)	$ 1.14	e	$ (1.91)
Basic weighted-average common shares outstanding	16,465,885	—	e	16,465,885
Diluted loss for the period attributable to common stockholders	$ (3.05)	$ 0.99	e	$ (2.06)
Diluted weighted-average common shares outstanding	16,465,885	14,715,888	e	31,181,773

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

Reconciliation of the Condensed Consolidated Balance Sheet as of December 31, 2021:

	IFRS	Adjustments / Reclassifications	Note	U.S. GAAP
ASSETS				
Current assets				
Cash and cash equivalents	$ 8,533	$ -		$ 8,533
Accounts receivable	1,196	-		1,196
Prepaid expenses and other current assets	2,695	-		2,695
Total current assets	**12,424**	**-**		**12,424**
Property and equipment, net	33,586	(1,056)	b	32,530
Operating lease right-of-use assets	2,663	292	c	2,955
Deferred income tax assets	1,640	-		1,640
Other non-current assets	369	-		369
Total assets	**$ 50,682**	**$ (764)**		**$ 49,918**
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities				
Accounts payable	$ 6,650	$ -		$ 6,650
Debt	246,189	(137,716)	d	108,473
Warrant liability	-	143,237	d	143,237
Operating lease liabilities	891	94	c	985
Contract liabilities	935	-		935
Accrued expenses and other liabilities	23,435	-		23,435
Total current liabilities	**278,100**	**5,615**		**283,715**
Operating lease liabilities	1,908	175	c	2,083
Contract liabilities	1,000	-		1,000
Other non-current liabilities	2,552	-		2,552
Total liabilities	**283,560**	**5,790**		**289,350**
Redeemable Series X preferred stock	-	**21,306**	d	**21,306**
Stockholders' equity (deficit)				
Treasury stock	(170,949)	-		(170,949)
Additional paid-in capital	235,909	(139,438)	a, d	96,471
Accumulated other comprehensive loss	(86)	-		(86)
Accumulated deficit	(297,752)	111,578		(186,174)
Total stockholders' equity (deficit)	**(232,878)**	**(27,860)**		**(260,738)**
Total liabilities, redeemable preferred stock and stockholders' equity (deficit)	**$ 50,682**	**$ (764)**		**$ 49,918**

a. Stock-based compensation

Certain awards granted by the Company have a service inception date preceding the grant date. Under IFRS this resulted in the recognition of stock-based compensation expense prior to the grant date. Under U.S. GAAP, the stock-based compensation expense shall not be recognized until authorization at the grant date.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

The impact of this change before considering the tax effect is as follows:

(Condensed Consolidated Statement of Operations and Comprehensive Loss)		**Six months ended June 30, 2021**
General and administrative expenses	$	148
Other operating expenses		103
Increase (decrease) in adjustment to loss before income tax	**$**	**251**

(Condensed Consolidated Balance Sheet)		**December 31, 2021**
Additional paid-in-capital	$	538
Adjustment to accumulated deficit	**$**	**538**

b. Research and development

Under IFRS, certain development expenditures may be capitalized. Under U.S. GAAP, all of the Company's costs relating to research and development activities are expensed as incurred. Additionally, the Company reclassified all research and development costs from other operating expenses to research and development.

The impact of this change before considering the tax effect is as follows:

(Condensed Consolidated Statement of Operations and Comprehensive Loss)		**Six months ended June 30, 2021**
Research and development	$	4,144
Other operating expenses		(4,144)
Depreciation expense		(66)
Increase (decrease) in adjustment to loss before income tax	**$**	**(66)**

(Condensed Consolidated Balance Sheet)		**December 31, 2021**
Property and equipment, net	$	(1,056)
Adjustment to accumulated deficit	**$**	**1,056**

c. Leases

Under IFRS, all recognized leases are accounted for similarly to finance leases. Under U.S. GAAP, there is a dual classification on-balance sheet lease accounting model for lessees: finance and operating leases. Operating leases create a straight-line expense and no interest expense is recognized on the lease liability.

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

The impact of this change before considering the tax effect is as follows:

(Condensed Consolidated Statement of Operations and Comprehensive Loss)		**Six months ended June 30, 2021**
General and administrative expenses	$	59
Finance costs, net		(30)
Other income, net		(25)
Increase (decrease) in adjustment to loss before income tax	**$**	**4**

(Condensed Consolidated Balance Sheet)		**December 31, 2021**
Operating lease right-of-use assets	$	292
Operating lease liabilities		94
Non-current operating lease liabilities		175
Adjustment to accumulated deficit	**$**	**(23)**

d. Financial instruments

Under IFRS, the redeemable Series X preferred shares and convertible notes contained conversion features that resulted in a bifurcated derivative component with changes in fair value recognized as gain or (loss). Under U.S. GAAP, the conversion features did not result in a material bifurcated embedded derivative, resulting in the elimination of the change in fair value of financial instruments, reduction in interest expense and preferred dividends expense, and increase in the gain (loss) on extinguishment of debt.

Under IFRS, it was determined that the redeemable Series X preferred shares should be classified as a liability since there is a contractual obligation to deliver cash or another financial asset and certain conversion events being beyond the Company’s control. Under U.S. GAAP, it was determined that the redeemable Series X preferred shares should be classified as mezzanine equity since the shares are redeemable based on events outside of the Company’s control.

Under IFRS, it was determined that the Columbia Warrant should be classified as equity since settlement would only occur by exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments. Changes in fair value are not recognized. Under U.S. GAAP, it was determined that the Columbia Warrant should be classified as a liability since the number and type of shares received could be different pre- and post- Merger Transaction. The Columbia Warrant is recorded at fair value with changes recognized in the Condensed Consolidated Statement of Operations and Comprehensive Loss.

Additionally, the resulting gain (loss) on extinguishment of the amended convertible notes differed under IFRS versus U.S. GAAP.

The impact of this change before considering the tax effect is as follows:

(Condensed Consolidated Statements of Operations and Comprehensive Loss)		**Six months ended June 30, 2021**
Less: Finance costs, net	$	(461)
Less: Change in fair value of financial instruments		(59,190)
Less: Gain (Loss) on extinguishment of debt		40,792
Increase (decrease) in adjustment to loss before income tax	**$**	**(18,859)**

(Expressed in thousands of US dollars, except per share data, unless otherwise stated)

(Condensed Consolidated Balance Sheet)		**December 31, 2021**
Debt	$	(137,716)
Redeemable Series X preferred stock		21,306
Additional paid-in-capital		21,456
Warrant liability		143,237
Additional paid-in capital		(161,432)
Adjustment to accumulated deficit	**$**	**(113,149)**

e. Net loss per share

The change in net loss in the adoption of U.S. GAAP as described in items a-d above impacted net loss per share as follows:

		Six months ended June 30, 2021
Net loss attributable to common stockholders - basic	$	(31,478)
Weighted average number of shares - basic		16,465,885
Net loss per share attributable to common stockholders - basic	$	(1.91)
Dilutive numerator	$	(64,243)
Dilutive potential common shares		31,181,773
Diluted loss for the period attributable to common stockholders	$	(2.06)

20. Commitments and Contingencies

Contingencies

The Company may be named from time to time as a party to lawsuits arising in the ordinary course of business related to its sales, marketing, and the provision of its services and equipment. When the Company becomes aware of potential litigation, it evaluates the merits of the case in accordance with ASC 450, *Contingencies*. Litigation and contingency accruals are based on our assessment, including advice of legal counsel, regarding the expected outcome of litigation or other dispute resolution proceedings. If the Company determines that an unfavorable outcome is probable and can be reasonably assessed, it establishes the necessary accruals. As of June 30, 2022 and December 31, 2021, the Company is not aware of any contingent liabilities that should be reflected in the Condensed Consolidated Financial Statements.

21. Subsequent Events

On May 6, 2022, Satellogic entered into an Investment Agreement with Officina Stellare S.p.A. (“OS”). OS is engaged in the design and production of telescopes, opto-mechanical and aerospace instrumentation for ground and space-based applications to purchase 5% of OS’s outstanding common shares for $3.6 million. Additionally, OS issued 524,715 stock warrants to Satellogic, giving the Company the right to convert each warrant into a single common share over a period of up to 36 months. The investment was completed on September 30, 2022.

On September 29, 2022, Satellogic entered into a $5.7 million, three-year, sales agreement to provide constellation as a service. Revenue will be recognized over the term.

On December 3, 2022, a standard form of restricted stock unit award agreement was approved under the Satellogic Inc. 2021 Incentive Compensation Plan. Consideration for the shares to be issued ("RSU Shares") will be the service provided by recipients of the RSU Shares. The RSU Shares vest over a service period of four years.

Exhibit 99.2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements" within the meaning of the U.S. federal securities laws. The words "anticipates," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predicts," "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 the Company's current expectations and beliefs concerning future developments and their potential effects on the Company and include statements concerning, among other things, the plans, strategies and prospects, both business and financial of the Company. Although the Company believe its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, the Company cannot give any assurance that it either will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. Forward-looking statements in this MD&A include, but are not limited to, statements about:

- the benefits from the Merger;
- the Company's ability to maintain the listing of the Company's common stock or public warrants on Nasdaq;
- the Company's future financial performance, including funding expansion plans and opportunities;
- the Company's success in retaining or recruiting, or changes required in, its officers, key employees or directors;
- changes in the Company's strategy, future operations, financial condition, estimated revenue and losses, projected costs, prospects and plans;
- the Company's ability to coordinate with the U.S. National Oceanic and Atmospheric Administration ("NOAA") Commercial Remote Sensing Regulatory Affairs agency to assure an understanding of regulations as they evolve;
- the implementation, market acceptance and success of the Company's business model;
- the Company's expectations surrounding capital requirements as it seeks to build and launch more satellites;
- the Company's expectations surrounding the growth of its commercial platform as a part of its revenues;
- the Company's expectations surrounding the insurance it will maintain going forward;
- the Company's ability to conduct remaps of the planet with increasing regularity or frequency as it increases its number of satellites;
- the Company's ability to productize its internal data analytics platform;
- the Company's plans to build out its constellation of satellites to 202 by 2025;
- the Company's ability to launch satellites less expensively than its competitors; and
- the Company's ability to increase satellite production to meet demand and reach its mapping goals.

Many actual events and circumstances are beyond the control of the Company. Many factors could cause actual future results to differ materially from the forward-looking statements in this MD&A, including but not limited to:

- the Company's ability to execute its 2023 business plan without raising additional capital, or at all;
- the Company's ability to scale its constellation of satellites and to do so on the Company's projected timeframe and in accordance with projected costs;

- the Company'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;
- the Company's ability to capitalize on its current backlog and pipeline;
- the Company's ability to become or remain an industry leader;
- the number of commercial applications for the Company's products and services;
- demand for the Company's new Space Systems business line, and its ability to go from a signed contract to a satellite delivered in orbit in less than 8 months;
- the Company'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 the Company's business;
- the ability to implement business plans, forecasts and other expectations, and to identify and realize additional opportunities;
- the risk of downturns in the commercial launch services, satellite and spacecraft industry;
- the risk that the Company and its current and future collaborators are unable to successfully develop and commercialize the Company's products or services, or experience significant delays in doing so;
- the risk that third-party suppliers and manufacturers are not able to fully and timely meet their obligations;
- the risk of product liability or regulatory lawsuits or proceedings relating to the Company's products and services; and
- 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 Item 3.D "Risk Factors" of the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2021 and other documents filed or to be filed by the Company from time to time with the U.S. Securities and Exchange Commission ("SEC"). 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 the Company 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. The Company can give no assurance that it will achieve its expectations.

Company Overview

The Company's predecessor in interest was founded in 2010 and the Company was founded in 2014, to help solve some of the greatest challenges of our time: resource utilization and distribution. From tradeoffs between food, energy and water supplies, to monitoring the impact of natural disasters, global health and humanitarian crises in the midst of a looming climate emergency, access to a continually refreshed source of global, high-quality data is critical to confronting some of the world's most crucial issues. We are committed to creating a searchable catalog of everything on earth, and we believe we are uniquely positioned to provide the data that is critical to better inform decision-making aimed at addressing these challenges.

We are the first vertically integrated geospatial analytics company, and we are building the first scalable, fully automated earth observation ("EO") platform with the ability, when scaled, to remap the entire planet at both high-frequency and high-resolution, providing accessible and affordable solutions for our customers. We plan to democratize access to geospatial data by providing planetary insights at what we believe to be the lowest cost in the industry, ultimately driving better decision-making across a broad range of industries including agriculture, forestry, energy, financial services, and cartography.

We have created a highly scalable, vertically integrated and competitive operating model. We design the core components that go into creating and manufacturing our satellites to be mission specific. We manufacture many of our components, but we also partner with third parties to manufacture certain other components to our design specifications. Then, we assemble, integrate and test the components and satellites in our facilities. This vertical integration provides a significant cost advantage, enabling us to produce and launch satellites for less than one-tenth the cost of our competitors on average. Additionally, we own all our key intellectual property, and our patented technology allows us to capture approximately 10x more imagery than our competitors on average. Taken together, we are achieving over 60 times better unit economics than our closest peers in the NewSpace sector and more than 100 times better unit economics than legacy competitors. Additionally, we are well-positioned to effectively compete in the existing EO market that is currently supply-constrained and consists primarily of government and defense and intelligence customers. At June 30, 2022, we have 26 commercial satellites in orbit, 22 of which are presently delivering high-resolution data to our customers. Over the near term, we will take a measured approach to expanding our constellation, with our long term vision to reach a constellation size of approximately 200 satellites and daily remaps of the entire planet.

The Company's strategy is focused along three unique business lines: Asset Monitoring, Constellation-as-a-Service ("CaaS"), and Space Systems. These business lines will allow us to serve the existing Earth Observation market and begin to democratize access to a host of new earth observation customers.

We expect that our Asset Monitoring business represents the most predictable revenue stream, and we anticipate that it will be among the primary drivers of the business going forward. Every day, we have both government and commercial customers tasking our satellites around the world to monitor assets and to keep up with their changing reality. Defense and Intelligence ("D&I") customers look at ports, airfields or build-up of military equipment; mining companies monitor the environmental impact of their operations; and insurance companies are interested in building baselines and quickly assessing property damage as it occurs. With the largest available capacity, high quality imagery and superior unit economics, we can support a growing number of customers around the world.

Our CaaS business – that we previously referred to as Dedicated Satellite Constellation ("DSC") – offers governments around the world the ability to control satellites on top of specific areas of interest. Similar to how cloud-computing replaced most on-premise data centers, we expect the constellation-as-a-service model to become the preferred way to securely operate sovereign, autonomous capacity, complementing and increasingly replacing national Earth Observation satellites. We anticipate the CaaS line of business will provide us with a strong recurring-revenue base in the government and D&I market over time.

In 2022, we established Space Systems, effectively satellite sales and support, to leverage our ability to quickly build and launch high quality, sub-meter satellites at a low cost. We have built a vertically integrated satellite manufacturing capability that is critical to achieve our low-CAPEX cost and ultimately reach our unit-economic targets for our Asset Monitoring business. Vertical integration enables us to manage our supply chain and navigate recent global supply issues without affecting our satellite launch schedule. Our fast build-to-launch cycles for our satellites can go from purchase-order to commissioning in orbit very rapidly.

Merger Transaction

On January 25, 2022 (the "Closing Date"), Satellogic Inc. ("Satellogic" or the "Company"), a limited liability company incorporated under the laws of the British Virgin Islands ("BVI"), consummated the transactions contemplated by the Agreement and Plan of Merger dated as of July 5, 2021 (the "Merger Agreement"), by and among the Company, CF Acquisition Corp. V, a Delaware corporation ("CF V and now known as "Satellogic V Inc."), Ganymede Merger Sub 1 Inc., a business company with limited liability incorporated under the laws of the BVI and a direct wholly owned subsidiary of the Company ("Target Merger Sub"), Ganymede Merger Sub 2 Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("SPAC Merger Sub"), and Nettar Group Inc. (d/b/a Satellogic), a limited liability company incorporated under the laws of the BVI ("Nettar").

The Merger resulted in cash proceeds of $168 million, after transaction expenses and debt repayment, through the contribution of cash held in CF V's trust account, net of redemptions by CF V's public stockholders, and a concurrent PIPE offering led by SoftBank's SBLA Advisers Corp. and CF&Co., among other top-tier institutional investors, and the Liberty Investment. See Note 4 (Reverse Recapitalization) to the Condensed Consolidated Financial Statements for additional details.

Nettar Group Inc. is the holding company of Satellogic group prior to the Merger and was incorporated on October 7, 2014 under the laws of the BVI as an International Business Company. The registered office is located at Kingston Chambers BOX 173 C/O Maples Corporate Services BVI LTD Road Town, Tortola D8 VG1110.

References to “Nettar” contained herein refer to Nettar Group Inc. prior to the mergers, and references to “the Company” or “Satellogic” refer to Satellogic Inc. prior to the mergers and to the combined company following the Merger.

On January 26, 2022, the combined company began trading under the name Satellogic Inc. Its common stock trades on Nasdaq under the ticker symbol "SATL" and its warrants trade on Nasdaq under the ticker symbol "SATLW".

Recent Developments

On May 6, 2022, Satellogic entered into an Investment Agreement with Officina Stellare S.p.A. (“OS”). OS is engaged in the design and production of telescopes, opto-mechanical and aerospace instrumentation for ground and space-based applications to purchase 5% of OS’s outstanding common shares for $3.6 million. Additionally, OS issued 524,715 stock warrants to Satellogic, giving the Company the right to convert each warrant into a single common share over a period of up to 36 months. OS’s shares are listed on the Euronext Growth Milan stock exchange. The Company has the right to appoint a member to OS’s board of directors. The investment was completed on September 30, 2022.

On September 29, 2022, Satellogic entered into a $5.7 million, three-year, sales agreement to provide constellation as a service. Revenue will be recognized over the term.

Key Components of Results of Operations

The following briefly describes the components of revenue and expenses as presented in our Consolidated Statements of Operations and Comprehensive Loss.

Basis of Presentation

We are an early-stage revenue company with limited commercial operations, and our activities to date have been conducted in South America, Asia, Europe and North America. Currently, we conduct business through one operating segment. The accompanying unaudited interim Condensed Consolidated Financial Statements as of June 30, 2022, and for the six months ended June 30, 2022 and 2021 (“the Condensed Consolidated Financial Statements”) have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) and the rules and regulations of the SEC. Historically the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. For the Consolidated Financial Statements, the Company has decided to prepare its consolidated financial statements in accordance with U.S. GAAP. The change from reporting in IFRS to U.S. GAAP was treated as a change in accounting standard, whereby the Company retrospectively applied the change to all prior reporting periods. Where the adoption of U.S. GAAP resulted in a material change in an asset or liability, the adjustment was reported to the opening balance of accumulated deficit.

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The Condensed Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the significant accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Condensed Consolidated Financial Statements are presented in United States thousands of dollars (hereinafter "US dollars" or "$").

Revenue

Revenue is derived from selling imagery and our only business activity is building a satellite constellation to support the selling of imagery. We may sell our imagery as a single task and recognize revenue at a point-in-time, or we may enter an arrangement that provides a stand-ready commitment and recognize revenue over time. We began to recognize revenue for the first time during the year ended December 31, 2021, primarily from the selling of our imagery to a single commercial space technology customer in an over-time revenue recognition arrangement.

Cost of sales

Cost of sales includes direct costs related to ground stations, cloud and infrastructure costs and digital image processing. During 2021, the Company began to recognize cost of sales primarily related to a single customer with a commercial space technology company.

General and administrative expenses

General and administrative expenses consist of the costs related to salaries, wages and other benefits, professional fees and stock-based compensation expense related to our back-office functions. Also included in administrative expenses are bad debt expense and other administrative expenses.

Research and development

Research and development expenses consist of the costs related to salaries, wages and other benefits, professional fees, stock-based compensation expense and other research and development related expenses.

Depreciation expense

Depreciation expenses includes depreciation of satellites and other property and equipment.

Other operating expenses

Other operating expenses consist of salaries, wages and other benefits, professional fees and stock-based compensation related to our sales and marketing, production and mission operations functions.

Finance costs, net

Finance costs, net is primarily comprised of interest expense related to Debt and accrued dividends related to the issuance of Series X preferred stock in April 2021.

Change in fair value of financial instruments

The Company's warrant and earnout liabilities are subject to remeasurement to fair value at each balance sheet date. Changes in the fair value of these liabilities are recorded to the Change in fair value of financial instruments in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Loss on extinguishment of debt

Loss on extinguishment of debt consists of the net of gains and losses from the extinguishment of debt instruments.

Other income, net

Other income, net consists mainly of differences related to foreign exchange gains and losses.

Income tax expense

We are not subject to taxation in the BVI, but we may be subject to withholding taxes paid at source on interest and dividends received and paid in the various jurisdictions in which we operate. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where we operate and generate taxable income. Deferred income tax is provided using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Key Financial Performance Indicators

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, Non-GAAP Adjusted EBITDA and Non-GAAP Free Cash Flow. 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, depreciation, capital expenditures and other non-cash items (i.e., 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, Non-GAAP Adjusted EBITDA and Non-GAAP Free Cash Flow are not intended to be a substitute for any GAAP financial measure. For the definitions of Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA and Non-GAAP Free Cash Flow and reconciliations to the most directly comparable GAAP measure, see “Non-GAAP Financial Measure Reconciliations” below.

The results of certain key business metrics are as follows:

	Six Months Ended June 30,	
(in thousands of U.S. dollars)	**2022**	**2021**
Revenue	$ 2,388	$ 1,706
Net loss	$ (8,121)	$ (31,478)
EBITDA	$ 2,095	$ (21,481)
Adjusted EBITDA	$ (26,673)	$ (11,769)
Free cash flow	$ (50,222)	$ (15,099)

Results of Operations

Comparison of Results for the Six Months Ended June 30, 2022 and 2021

Results of operations are as follows:

	Six Months Ended June 30,		2022 vs 2021
(in thousands of U.S. dollars)	**2022**	**2021**	**Change 2021-2022**
Revenue	$ 2,388	$ 1,706	$ 682
Costs and expenses			
Cost of sales	1,329	1,251	78
General and administrative expenses	24,609	8,887	15,722
Research and development	5,716	4,144	1,572
Depreciation expense	6,485	5,060	1,425
Other operating expenses	13,736	4,461	9,275
Total costs and expenses	51,875	23,803	28,072
Operating loss	**(49,487)**	**(22,097)**	**(27,390)**
Other income (expense), net			
Finance costs, net	(1,606)	(4,985)	3,379
Change in fair value of financial instruments	44,596	32,765	11,831
Loss on extinguishment of debt	-	(37,216)	37,216
Other income, net	519	275	244
Total other income (expense), net	43,509	(9,161)	52,670
Loss before income tax	**(5,978)**	**(31,258)**	**25,280**
Income tax	(2,143)	(220)	(1,923)
Net loss	**$ (8,121)**	**$ (31,478)**	**$ 23,357**

Revenue

During the six months ended June 30, 2022, the Company recognized revenue of $2,388, primarily from the selling of our imagery to a single customer in an over-time revenue recognition arrangement. Revenue for the six months ended June 30, 2021 was $1,706. The Company was pre-revenue prior to 2021.

Cost of sales

Cost of sales increased to $1,329 for the six months ended June 30, 2022, primarily related to the higher revenue.

General and administrative expenses

	Six Months Ended June 30,		2022 vs 2021
(in thousands of U.S. dollars)	**2022**	**2021**	**Change**
General and administrative expenses			
Professional fees related to Merger transaction	$ 11,862	$ -	$ 11,862
Professional fees	2,513	2,444	69
Stock-based compensation	1,686	3,042	(1,356)
Salaries, wages, and other benefits	2,946	2,360	586
Bad debt expense	1,456	-	1,456
Insurance	2,040	52	1,988
Other administrative expenses	2,106	989	1,117
Total	**$ 24,609**	**$ 8,887**	**$ 15,722**

General and administrative expenses were $24,609 during the six months ended June 30, 2022, as compared to $8,887 for the six months ended June 30, 2021. The increase was primarily due to $11,862 of professional and legal fees associated with the Merger.

Research and development

	Six Months Ended June 30,		2022 vs 2021
(in thousands of U.S. dollars)	**2022**	**2021**	**Change**
Research and development			
Salaries, wages, and other benefits	$ 3,217	$ 2,404	$ 813
Stock-based compensation	972	1,063	(91)
Professional fees	245	312	(67)
Other research and development expenses	1,282	365	917
Total	**$ 5,716**	**$ 4,144**	**$ 1,572**

Research and development expenses increased $1,572 to $5,716 for the six months ended June 30, 2022, compared to $4,144 for the six months ended June 30, 2021. The increase was driven primarily by higher average headcount in 2022 as compared to 2021 which contributed to an increase in salaries and wages, and other research and development expenses, such as software costs and laboratory supplies.

Depreciation expense

Depreciation expense was $6,485 for the six months ended June 30, 2022, as compared to $5,060 for the six months ended June 30, 2021. The increase was due primarily to the higher number of operating satellites in orbit in 2022 as compared to the previous period.

Other Operating Expenses

	Six Months Ended June 30,		2022 vs 2021
(in thousands of U.S. dollars)	**2022**	**2021**	**Change**
Other operating expenses			
Salaries, wages, and other benefits	$ 6,690	$ 1,906	$ 4,784
Stock-based compensation	1,827	1,431	396
Professional fees	1,271	234	1,037
Software expenses	2,236	39	2,197
Other operating income and expenses	1,712	851	861
Total	**$ 13,736**	**$ 4,461**	**$ 9,275**

Other operating expenses increased $9,275 to $13,736 for the six months ended June 30, 2022, compared to $4,461 for the six months ended June 30, 2021. The increase was primarily due to higher average headcount in 2022 as compared to 2021, which contributed to higher compensation expense

Finance Costs, net

(in thousands of U.S. dollars)	Six Months Ended June 30, 2022	2021	2022 vs 2021 Change
Finance costs, net			
Interest expense	$ (1,588)	$ (4,717)	$ 3,129
Redeemable Series X preferred stock dividends	(97)	(256)	159
Other finance costs	(70)	(31)	(39)
Interest income	149	19	130
Total	**$ (1,606)**	**$ (4,985)**	**$ 3,379**

Finance costs, net decreased $3,379 to $1,606 for the six months ended June 30, 2022, compared to $4,985 for the six months ended June 30, 2021. The decrease was due to primarily to the decrease in interest expense associated with the retirement of debt, in connection with the Merger in January 2022.

Change in fair value of financial instruments

Change in fair value of financial instruments was $44,596 for the six months ended June 30, 2022, compared to $32,765 for the six months ended June 30, 2021. The change was primarily driven by the fair value of the bifurcated derivative component (conversion features) of the PIPE and Liberty Warrants and the Sponsor Earnout.

Loss on Extinguishment of Debt

In April 2021, the Company and its 2018 and 2019 convertible note holders agreed to extend the maturity date of the 2018 and 2019 convertible notes from April and September 2021, respectively, to April 2022. The Company recognized a loss on extinguishment of debt of $37,216 on the Consolidated Statements of Operations and Comprehensive Loss for the six months ended June 30, 2021, related to the agreement.

Other income, net

Other income, net increased $244 to $519 for the six months ended June 30, 2022, compared to $275 for the six months ended June 30, 2021. The increase was due to foreign currency exchange differences primarily generated by foreign exchange rates effects in operating activities (where expense is denominated in a foreign currency).

Income Tax

Income tax increased $1,923 to $2,143 for the six months ended June 30, 2022, compared to a tax expense of $220 for the six months ended June 30, 2021. The increase was due primarily to increases in intercompany income in certain taxable jurisdictions.

Non-GAAP Financial Measure Reconciliations

We have included reconciliations of non-GAAP EBITDA, non-GAAP Adjusted EBITDA and non-GAAP Free Cash Flow for the six months ended June 30 2022 and 2021. Non-GAAP EBITDA, Non-GAAP Adjusted EBITDA and Non-GAAP Free Cash Flow 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, 2022 or 2021.

We define Non-GAAP Adjusted EBITDA as Non-GAAP EBITDA as further adjusted for 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.

We define Non-GAAP Free Cash Flow as net cash used in operating activities less payments for capital expenditures.

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)	2022	2021
Net loss	$ (8,121)	$ (31,478)
Plus interest expense	1,588	4,717
Plus income tax	2,143	220
Plus depreciation	6,485	5,060
Non-GAAP EBITDA	**$ 2,095**	**$ (21,481)**
Plus Merger transaction costs	11,862	-
Less other income, net	(519)	(275)
Plus loss on extinguishment of debt	-	37,216
Less change in fair value of financial instruments	(44,596)	(32,765)
Plus stock-based compensation	4,485	5,536
Non-GAAP Adjusted EBITDA	**$ (26,673)**	**$ (11,769)**

The following table presents a reconciliation of Non-GAAP Free Cash Flow to cash flows used in operating activities for the periods indicated.

	Six Months Ended June 30,	
(in thousands of U.S. dollars)	2022	2021
Net cash used in operating activities	$ (34,487)	$ (11,478)
Less purchases of satellites and other property and equipment	15,735	3,621
Non-GAAP Free Cash Flow	**$ (50,222)**	**$ (15,099)**

Liquidity and Capital Resources

On January 25, 2022, we consummated the transactions contemplated by that previously announced Merger Agreement. The Merger resulted in the addition of approximately $168 million in cash to the Consolidated Statement of Financial Position. Our outstanding indebtedness as of December 31, 2021, which was comprised of notes debt, promissory note, Series X Redeemable preferred stock and the Cantor Loan was converted to shares of Class A common stock or settled as of the transaction date. As of June 30, 2022, we have $123.6 million in cash and cash equivalents on hand.

We expect our capital expenditures and working capital requirements to remain elevated in the near term as we seek to build and launch additional satellites. As a result of changes in the capital markets, inflationary pressures, and slower than anticipated revenue growth, we recently undertook various measures to control costs. These actions primarily related to the moderation of capital expenditures and also included evaluation of all discretionary spending. We believe that our cash on hand resulting from the Merger will be sufficient to meet our working capital and capital expenditure requirements for the next twelve months. Our longer-term liquidity (i.e., more than 12 months from the date of this filing) needs include cash necessary to support our business growth. Our ability to satisfy our longer-term liquidity will depend primarily on our revenue growth. Additional funding may also be required for a variety of reasons, including, but not limited to, delays in the anticipated schedule to build and launch our constellation of satellites. In addition, our projected capital expenditure requirements may be subject to cost overruns for reasons outside of our control and we may experience slower sales growth than anticipated, which would pose a risk to our achieving positive cash flow.

The net losses we have incurred since inception are consistent with our expectations and business strategy. We will continue to incur net losses in accordance with our operating plan as we continue to expand our constellation of satellites and our operations.

We are an early-stage growth company in the early stage of development, and subject to a number of risks associated with emerging, technology- oriented companies with a limited operating history, including, but not limited to, dependence on key individuals, a developing business model, initial and continued market acceptance of our services and protection of our proprietary technology. We also have risks from competition from substitute products and services. All of these risks, as well as the risks set forth under Item 3.D “Risk Factors” of our Form 20-F for the fiscal year ended December 31, 2021, could have an adverse impact on our business and financial prospects and cause us to seek additional financing to fund future operations.

Cash Flows Summary

Presented below is a summary of the Company’s operating, investing and financing cash flows:

	Six Months Ended June 30,	
(in thousands of U.S. dollars)	**2022**	**2021**
Net cash flows:		
Net cash flows used in operating activities	$ (34,487)	$ (11,478)
Net cash flows used in investing activities	(15,682)	(3,618)
Net cash flows from financing activities	164,214	20,332
Net change in cash, cash equivalents and restricted cash	**$ 114,045**	**$ 5,236**

Cash Flows from Operating Activities

The cash flows used in operating activities to date have been primarily comprised of costs and expenses related to development of our products, payroll, fluctuations in accounts payable and other current assets and liabilities. As we increased hiring in connection with the expansion of commercial operations, our cash used in operating activities has increased significantly as we begin to generate revenue from the business activities.

Cash flows used in operating activities are as follows:

	Six Months Ended June 30,	
(in thousands of U.S. dollars)	**2022**	**2021**
Net loss	$ (8,121)	$ (31,478)
Adjustments for the impact of non-cash items (1)	(18,471)	19,756
Net loss adjusted for the impact of non-cash items	(26,592)	(11,722)
Changes in assets and liabilities		
Accounts receivable (2)	(1,647)	(956)
Prepaids and other current assets(3)	(4,367)	21
Accounts payable (4)	280	1,721
Other(5)	(2,161)	(542)
Net cash provided by operating activities	**$ (34,487)**	**$ (11,478)**

(1) Includes items such as depreciation, changes in the fair value of financial instruments, interest expense, income tax expense, stock-based compensation expense, allowance for doubtful accounts, loss on debt extinguishment and changes in foreign currency and others.
(2) The change is primarily due to higher accounts receivable from our commercial space technology customer.
(3) The change is primarily due to higher prepaid expenses from software licenses and higher advances to suppliers.
(4) The change is primarily due to the timing of payments.
(5) The change is primarily due to timing of payments, net of an increase in contract liabilities for new revenue contract.

Cash Flows from Investing Activities

Our cash flows used in investing activities to date have been primarily comprised of purchases of satellite components and other property and equipment. Investing activities have increased substantially as we ramp up satellite production activity and factory development in connection with expanding our production capacity.

Net cash used in investing activities was $15,682 for the six months ended June 30, 2022, compared to $3,618 for the six months ended June 30, 2021. The increase in cash used in investing activities was primarily driven by an increase in purchases of satellite components, laboratory equipment and other property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $164,214 for the six months ended June 30, 2022, which resulted from the consummation of the transactions contemplated by that previously announced Merger Agreement, as discussed above. Net cash provided by financing activities during the six months ended June 30, 2021, were primarily related to funds received from the issuance of the Series X preferred stock.

Debt

Refer to Note 17 - Debt to the Condensed Consolidated Financial Statements for a discussion of our debt at December 31, 2021 and prior to the Merger. As of June 30, 2022, we had no outstanding debt.

Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with US GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements as well as the reported expenses incurred during the reporting periods. Our estimates are based on its historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding its historical and future performance, as these policies relate to the more significant areas involving management’s judgments and estimates.

While our significant accounting policies are described in the notes to our financial statements, we believe that the following accounting policies require a greater degree of judgment and complexity and are the most critical to understanding its financial condition and historical and future results of operations.

Stock-Based Compensation

Prior to completion of the Business Combination, as the the Company’s shares were not listed on a public marketplace, the calculation of the fair value of the the Company’s shares was subject to a greater degree of estimation in determining the basis for stock-based awards that were issued. Given the absence of a public market, we were required to estimate the fair value of the Company’s shares at the time of each grant. We considered objective and subjective factors in determining the estimated fair value and utilized third-party valuation experts to determine the grant date share price using a Black-Scholes model. Under the Black-Scholes model, we determined the value of the Company’s stock based on interpolating from the valuations in the most recent external equity financing rounds and, when applicable, an expected valuation for an initial public offering of the Company’s stock, subject to discounts for the probability and timing of an exit event and lack of marketability, among other factors.

The assumptions underlying the valuations represent our best estimates, which involve inherent uncertainties and the application of management's judgment. As a result, if we used significantly different assumptions or estimates, the stock-based compensation expense for prior periods could have been materially different.

Convertible Notes, Cantor Loan, Embedded Derivatives and Series X Preferred Stock

The initial fair value of our convertible notes, the Cantor Loan and Series X preferred stock (before bifurcation of the embedded derivatives) and the subsequent measurement of the embedded derivatives was calculated using an internal valuation model where many of the input parameters are not observable. The assumptions underlying the valuations represent our best estimates, which involve inherent uncertainties and the application of management's judgment. As a result, if we used significantly different assumptions or estimates, the change in the fair value of the convertible notes, the Cantor Loan, the Series X preferred stock and embedded derivatives could have been materially different. See Note 6 (Warrant Liabilities), Note 7 (Earnout Liabilities), Note 15 (Fair Value Measurements and Financial Instruments), Note 17 (Debt) to the Condensed Consolidated Financial Statements for additional details.

All our outstanding convertible notes, the Cantor Loan and Series X preferred stock were converted into shares of our Class A common stock. in connection with the closing of the Business Combination. See Note 4 (Reverse Recapitalization) to the Condensed Consolidated Financial Statements for additional details.

Impairment of Assets

The carrying amount of our assets are reviewed at each reporting date to determine whether there is an indication of impairment in the value of the assets. Most of our fixed assets are satellites, but we also have tools, equipment, furniture and fixtures, computers and leasehold improvements. We do not own any buildings or land.

We performed an impairment test as of June 30, 2022 and December 31, 2021 due to our net losses for the related periods. We concluded that our fixed assets were not impaired as our test concluded that the expected future cash flows exceeded the book value of fixed assets.

Estimates of future cash flows are highly subjective judgments based on management's experience and knowledge of our operations. These estimates can be significantly impacted by many factors, including changes in global economic conditions, operating costs, obsolescence of technology and competition.

If our estimates or underlying assumptions change in the future, we may be required to record impairment charges. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset would be reduced to its recoverable amount. That reduction is an impairment loss that would be recognized in the Consolidated Statements of Operations and Comprehensive Loss.

Emerging Growth Company Status

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

We are an "emerging growth company" as defined in Section 2(a) of the Securities Act and have elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. We expect to remain an emerging growth company at least through the end of the 2022 fiscal year and we expect to continue to take advantage of the benefits of the extended transition period, although we may decide to early adopt such new or revised accounting standards to the extent permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

As an emerging growth company, we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, and (ii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis).

We will also rely on certain reduced reporting and other requirements that are otherwise generally applicable to public companies.

Recent Accounting Pronouncements

Refer to Note 3 (Accounting Standard Updates) in the Condensed Consolidated Financial Statements included in this Report for more information about recent accounting pronouncements, the timing of their adoption and our assessment, to the extent we have made such an assessment, of their potential impact on our financial condition and our results of operations and cash flows.