# 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**
**under the Securities Exchange Act of 1934**

**Date of Report: August 15, 2024**
**Commission File Number: 001-41247**

# Satellogic Inc.
**(Translation of registrant's name into 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, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and 2023 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, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and 2023 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, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and 2023. |
| 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, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and 2023 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 Stockholders' Equity, (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) |
| August 15, 2024 | By: /s/ Rick Dunn |
| | Name: Rick Dunn |
| | Title: Chief Financial Officer |

**Exhibit 99.1 - Satellogic Inc.'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, | |
|---|---|---|
| | **2024** | **2023** |
| **Revenue** | $ 6,829 | $ 3,184 |
| **Costs and expenses** | | |
| Cost of sales, exclusive of depreciation expense shown separately below | 2,554 | 2,113 |
| General and administrative expenses | 14,284 | 9,867 |
| Research and development expense | 4,525 | 5,827 |
| Depreciation expense | 5,946 | 8,610 |
| Other operating expenses | 8,795 | 13,078 |
| Total costs and expenses | 36,104 | 39,495 |
| **Operating loss** | **(29,275)** | **(36,311)** |
| **Other income (expense), net** | | |
| Finance income (expense), net | 511 | 1,082 |
| Change in fair value of financial instruments | (5,024) | 5,580 |
| Other income, net | 2,297 | 1,922 |
| Total other income (expense), net | (2,216) | 8,584 |
| **Loss before income tax** | **(31,491)** | **(27,727)** |
| Income tax expense | (1,788) | (2,124) |
| **Net loss available to stockholders** | **$ (33,279)** | **$ (29,851)** |
| | | |
| **Other comprehensive loss** | | |
| Foreign currency translation (loss) gain, net of tax | (348) | 76 |
| **Comprehensive loss** | **$ (33,627)** | **$ (29,775)** |
| | | |
| Basic net loss per share for the period attributable to holders of Ordinary Shares | $ (0.37) | $ (0.33) |
| Basic weighted-average Ordinary Shares outstanding | 90,504,845 | 89,326,172 |
| Diluted net loss per share for the period attributable to holders of Ordinary Shares | $ (0.37) | $ (0.33) |
| Diluted weighted-average Ordinary Shares outstanding | 90,504,845 | 89,326,172 |

The accompanying notes are an integral part of the 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, 2024 | December 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 25,605 | $ 23,476 |
| Accounts receivable, net of allowance of $114 and $126, respectively | 1,680 | 901 |
| Prepaid expenses and other current assets | 4,344 | 2,173 |
| Total current assets | **31,629** | **26,550** |
| Property and equipment, net | 37,123 | 41,130 |
| Operating lease right-of-use assets | 2,215 | 3,195 |
| Other non-current assets | 5,631 | 5,507 |
| **Total assets** | **$ 76,598** | **$ 76,382** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Accounts payable | $ 9,475 | $ 7,935 |
| Warrant liabilities | 1,595 | 2,795 |
| Earnout liabilities | 213 | 419 |
| Operating lease liabilities | 1,536 | 2,143 |
| Contract liabilities | 2,829 | 3,728 |
| Accrued expenses and other liabilities | 2,730 | 4,372 |
| Total current liabilities | **18,378** | **21,392** |
| Secured Convertible Notes at fair value | 36,430 | — |
| Operating lease liabilities | 1,225 | 1,789 |
| Contract liabilities | 1,000 | 1,000 |
| Other non-current liabilities | 501 | 526 |
| **Total liabilities** | **57,534** | **24,707** |
| Commitments and contingencies (Note 15) | | |
| **Stockholders' equity** | | |
| Ordinary Shares, $0.0001 par value, unlimited shares authorized; 78,089,268 Class A shares issued and 77,521,445 outstanding; and 13,582,642 Class B shares issued and outstanding as of June 30, 2024 and 77,289,166 Class A shares issued and 76,721,343 outstanding and 13,582,642 Class B shares issued and outstanding as of December 31, 2023 | — | — |
| Treasury stock, at cost: 567,823 shares at June 30, 2024, and December 31, 2023 | (8,603) | (8,603) |
| Additional paid-in capital | 345,160 | 344,144 |
| Accumulated other comprehensive loss | (381) | (33) |
| Accumulated deficit | (317,112) | (283,833) |
| Total stockholders' equity | **19,064** | **51,675** |
| **Total liabilities, and stockholders' equity** | **$ 76,598** | **$ 76,382** |

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

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

| | Shares | | | | | |
|---|---|---|---|---|---|---|
| | **Ordinary Shares** | **Additional paid-in capital** | **Treasury stock** | **Accumulated other comprehensive loss** | **Accumulated deficit** | **Total stockholders' equity** |
| **Balance as of December 31, 2023** | **90,303,985** | **$ 344,144** | **$ (8,603)** | **$ (33)** | **$ (283,833)** | **$ 51,675** |
| Net loss | — | — | — | — | (33,279) | (33,279) |
| Other comprehensive loss | — | — | — | (348) | — | (348) |
| Exercise of stock options and RSUs vested | 800,102 | 53 | — | — | — | 53 |
| Withholding tax on stock-based compensation | — | (295) | — | — | — | (295) |
| Stock-based compensation | — | 1,258 | — | — | — | 1,258 |
| **Balance as of June 30, 2024** | **91,104,087** | **$ 345,160** | **$ (8,603)** | **$ (381)** | **$ (317,112)** | **$ 19,064** |

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

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

| | Shares | | | | | |
|---|---|---|---|---|---|---|
| | Ordinary Shares | Additional paid-in capital | Treasury Stock | Accumulated other comprehensive loss | Accumulated deficit | Total stockholders' equity |
| **Balance as of December 31, 2022** | **89,195,437** | **$ 337,928** | **$ (8,603)** | **$ (312)** | **$ (222,815)** | **$ 106,198** |
| Net loss | — | — | — | — | (29,851) | (29,851) |
| Other comprehensive loss | — | — | — | 76 | — | 76 |
| Exercise of stock options and RSUs vested | 466,093 | 200 | — | — | — | 200 |
| Withholding tax on stock-based compensation | — | (219) | — | — | — | (219) |
| Stock-based compensation | — | 2,841 | — | — | — | 2,841 |
| **Balance as of June 30, 2023** | **89,661,530** | **$ 340,750** | **$ (8,603)** | **$ (236)** | **$ (252,666)** | **$ 79,245** |

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

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

| | Six Months Ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| **Cash flows from operating activities:** | | |
| Net loss | $ (33,279) | $ (29,851) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation expense | 5,946 | 8,610 |
| Debt issuance costs | 2,397 | — |
| Operating lease expense | 1,075 | 1,405 |
| Stock-based compensation | 1,258 | 2,841 |
| Change in fair value of financial instruments | 5,024 | (5,580) |
| Foreign exchange differences | (2,208) | (2,909) |
| Loss on disposal of property and equipment | 136 | 376 |
| Expense for estimated credit losses on accounts receivable | 47 | 63 |
| Equity in net (income) loss of affiliate | (11) | 43 |
| Non-cash change in contract liabilities | (951) | — |
| Other, net | 100 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (992) | (303) |
| Prepaid expenses and other current assets | (2,362) | 168 |
| Accounts payable | 2,683 | (2,221) |
| Contract liabilities | 52 | 359 |
| Accrued expenses and other liabilities | (1,652) | 1,691 |
| Operating lease liabilities | (1,154) | (1,005) |
| **Net cash used in operating activities** | **(23,891)** | **(26,313)** |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (3,334) | (9,928) |
| Other | 14 | — |
| **Net cash used in investing activities** | **(3,320)** | **(9,928)** |
| **Cash flows from financing activities:** | | |
| Proceeds from Secured Convertible Notes | 30,000 | — |
| Payments of debt issuance costs | (2,397) | — |
| Tax withholding payments for vested equity-based compensation awards | (295) | (219) |
| Proceeds from exercise of stock options | 53 | 200 |
| **Net cash provided by (used in) financing activities** | **27,361** | **(19)** |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 150 | (36,260) |
| Effect of foreign exchange rate changes | 2,026 | 1,594 |
| Cash, cash equivalents and restricted cash - beginning of period | 24,603 | 77,792 |
| **Cash, cash equivalents and restricted cash - end of period** | **$ 26,779** | **$ 43,126** |

The accompanying notes are an integral part of the 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 British Virgin Islands ("BVI") company incorporated in the BVI, as a company limited by shares, 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 BVI business company incorporated in the BVI as a company limited by shares and a direct wholly owned subsidiary of the Company, Ganymede Merger Sub 2 Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company, and Nettar Group Inc. (d/b/a Satellogic), a limited liability company incorporated under the laws of the BVI ("Nettar").

On January 26, 2022, Satellogic's Class A ordinary shares, par value $0.0001 per share (the "Class A Ordinary Shares" and, together with the Class B ordinary shares, the "Ordinary Shares"), began trading on Nasdaq under the ticker symbol "SATL" and our warrants began trading on Nasdaq under the ticker symbol "SATLW".

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 a company limited by shares. 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," "we," "our," "us" or "Satellogic" refer to Satellogic Inc. prior to the mergers and to the combined company following the mergers.

Through our subsidiaries, we invest in the software, hardware, and optics of the aerospace industry focusing on satellite and image analytics technologies. Our 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. We also intend to leverage our 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, 2024 and December 31, 2023 and for the six months ended June 30, 2024 and June 30, 2023 (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 U.S. Securities and Exchange Commission ("SEC"). The Company conducts business through one operating segment.

The accompanying Condensed Consolidated Financial Statements include our accounts and those of our wholly owned subsidiaries. All intercompany accounts and transactions, including the intercompany portion of transactions with equity method investees, have been eliminated in consolidation. The Condensed Consolidated Financial Statements are presented in United States dollars (hereinafter "U.S. dollars" or "$").

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*

We are 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 an emerging growth 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. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised that has different application dates for public or private companies, we can adopt the new or revised standard at the time required for private companies to adopt such standard. The foregoing may make comparison of our 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.

*Going Concern and Liquidity*

We have evaluated whether there are any conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern over the next twelve months through August 2025. Since inception, we have incurred significant operating losses and have an accumulated deficit of $317.1 million as of June 30, 2024, with net cash used in operating activities of $23.9 million for the six months ended June 30, 2024. As of June 30, 2024, our existing sources of liquidity included cash and cash equivalents of $25.6 million. We believe that this current level of cash and cash equivalents are not sufficient to fund operations and capital expenditures to reach larger scale revenue generation from our product offerings.

In order for us to proceed and reach larger scale revenue generation, we will need to raise additional funds through the issuance of additional equity, debt or both. Until such time that we can generate revenue sufficient to achieve profitability, we expect to finance our operations through equity or debt financings, which may not be available to us on the timing needed or on terms that we deem to be favorable. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holders of Ordinary Shares. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If we are unable to obtain sufficient financial resources, our business, financial condition and results of operations will be materially and adversely affected. There can be no assurance that we will be able to obtain the needed financing on acceptable terms or at all. In an effort to alleviate these conditions, we continue to seek and evaluate opportunities to raise additional capital through the issuance of equity or debt securities.

On April 12, 2024, the Company, Nettar and Acquiom Agency Services LLC, as the Holder Representative (the "Holder Representative"), entered into the Note Purchase Agreement (the "Note Purchase Agreement") with the Purchaser (as defined in the Note Purchase Agreement), pursuant to which Nettar agreed to issue the floating rate secured convertible promissory notes ("Secured Convertible Notes") in the aggregate principal amount of $30.0 million to the Purchaser. The net proceeds from the issuance of the Secured Convertible Notes, after deducting transaction fees and other debt issuance costs, was approximately $27.6 million. The Secured Convertible Notes initially bear interest at a rate of SOFR plus 6.50% per annum, subject to an additional 4.0% per annum if certain events of default occur and are continuing. The Secured Convertible Notes are guaranteed by the Company and each of the Company's material subsidiaries (other than Nettar), and are secured by substantially all of the Company’s and its subsidiaries’ assets (including all of its intellectual property). Nettar may issue additional Secured Convertible Notes under the terms thereof, provided the aggregate principal outstanding amount does not exceed $50.0 million. The Secured Convertible Notes mature on April 12, 2028. See Note 14 (Secured Convertible Notes) for additional details on the Secured Convertible Notes.

Although we were able to secure debt financing of approximately $27.6 million during the second quarter of 2024, we do not believe this incremental funding will be sufficient to fund our operations for the next twelve months through August 2025. As a result of these uncertainties, and notwithstanding our plans and efforts to date, there is substantial doubt about our ability to continue as a going concern for one year from the date of when these Condensed Consolidated Financial Statements are issued. If we are unable to raise additional capital as and when needed, or upon acceptable terms, such failure would have a significant negative impact on our financial condition. As such, these conditions raise substantial doubt about the Company’s ability to continue as a going concern.

The accompanying Condensed Consolidated Financial Statements have been prepared assuming we will continue as a going concern. The going concern basis of presentation assumes that we will continue in operation one year after the date these Condensed Consolidated Financial Statements are issued, and we will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. If we cannot continue as a going concern, adjustments to the carrying values and classification of our assets and liabilities and the reported amounts of income and expenses could be required and could be material. We are continuing to take actions to secure sufficient financing (as described above) and thus believe that the application of the going concern assumption for the preparation of the Condensed Consolidated Financial Statements is appropriate.

## 2. Summary of Significant Accounting Policies

*Use of Estimates*

The preparation of the Condensed 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 Condensed 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, stock options; and determination of income tax. We evaluate our estimates and assumptions on an ongoing basis. Actual results could differ from those estimates and such differences may be material to the Condensed Consolidated Financial Statements.

*Revenue Recognition*

We recognize revenue in accordance with Topic 606, *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 we expect to receive in exchange for goods or services provided under such contracts. We apply 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) we satisfy each performance obligation.

Our main revenue stream is from services. We recognize as revenues, the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied, either over time or a point in time. Revenue is recognized upon delivery for asset monitoring contracts in which performance obligations are satisfied at a point in time upon image delivery. The Company has determined that it provides a series of distinct services in which the customer simultaneously receives and consumes data, so therefore the Company recognizes revenue ratably over the subscription period. For Space Systems contracts, revenue is typically recognized at a point in time, upon delivery of equipment.

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

We evaluate contracts with a minimum purchase commitment to determine whether we expect to be entitled to a breakage amount. We consider 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 our influence or control (e.g., volatility in a market, judgment of action of third parties, weather conditions), (ii) uncertainty about the amount of consideration is not expected to be resolved for a long period of time, (iii) our experience with similar types of contracts is limited, or that experience has limited predictive value, (iv) we have 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.

We exclude 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.

We generally do not enter into long-term financing arrangements or payment plans with customers. Although our business practice is not to enter into contracts with non-cash consideration, at times this may occur. In these instances, we determine 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 we cannot reasonably estimate the fair value of the non-cash consideration, we 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 us 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 Condensed 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 us. We are 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 our credit risk management policies and procedures. Credit risk of any entity doing business with us is systematically analyzed, including aspects of a qualitative nature. The measurement and assessment of our 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 our risk exposure is mainly influenced by the individual characteristics of each customer, we continuously analyze the creditworthiness of significant debtors. Accounts receivable are non-interest bearing and generally on terms of 30 to 90 days. As of June 30, 2024 three customers accounted for 65% of our accounts receivable, net of allowance. As of December 31, 2023, two customers accounted for 78% of our accounts receivable net of allowance.

We had three customers that accounted for more than 10% of our revenue totaling $4.6 million for the six months ended June 30, 2024 and two customers that accounted for more than 10% of our revenue totaling $2.6 million for the six months ended June 30, 2023.

*Impairment of Assets*

We assess potential impairments to long-lived assets whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets or asset group. We performed an impairment test as of June 30, 2024, due to our net loss for the period and concluded that the asset group is not impaired.

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

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

*Equity Method Investments*

We account for equity investments in which we have significant influence, but not a controlling financial interest, using the equity method of accounting. Under the equity method of accounting, investments are initially recorded at cost, less impairment, and subsequently adjusted to recognize our share of earnings or losses as a component of Other income (expense), net in the Condensed Consolidated Statements of Operations and Comprehensive Loss. Our equity method investments are required to be reviewed for impairment when it is determined there may be an other-than-temporary loss in value. We have not recorded any impairment losses related to our equity method investments during the period ended June 30, 2024.

*Stock-Based Compensation*

We measure and recognize all stock-based compensation expense based on estimated fair values for all stock-based awards made to employees and non-employees. Compensation cost is recognized over the requisite service period for each separate tranche, as though each tranche of the award is, in substance, a separate award. The expense calculation includes estimated forfeiture rates, which have been developed based upon historical experience.

The fair values for stock options are calculated using the Black-Scholes option pricing model using the following inputs:

Expected term - The simplified method is used to calculate the expected term.

Expected volatility - We determine the expected stock price volatility based on the historical volatilities of guideline companies from comparable industries.

Expected dividend yield - We do not use a dividend rate due to the fact that we have never declared or paid cash dividends on the Company's Ordinary Shares and we do not anticipate doing so in the foreseeable future.

Risk-free interest rate - We base our interest rate on a treasury instrument for which the term is commensurate with the maximum expected life of the stock options.

The fair values for restricted stock units ("RSUs") with service-based vesting conditions are calculated based upon our closing stock price on the date of the grant.

*Foreign Currencies*

The financial position and results of operations of certain of our 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 relevant 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 $2.2 million and $2.0 million during the six-month periods ended June 30, 2024 and 2023, respectively.

*Leases*

We determine if a contract is a lease or contains a lease at inception. On the lease commencement date, we recognize 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, we use our 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, we generally account for the lease and non-lease components as a single lease component. In assessing the lease term, we include options to renew only when we are reasonably certain that such option(s) will be exercised; a determination which is at our sole discretion. Variable lease payments are recognized as expenses in the period incurred. For leases with an initial term of 12 months or less, we have elected to not record an ROU asset and lease liability. We record 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.

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

We remeasure and reallocate 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 in the assessment of whether we will exercise a lease option. We assess ROU assets for impairment in accordance with our long-lived asset impairment policy.

We account 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.

For the periods presented, we do not have any financing type leases.

For the six months ended June 30, 2024 and 2023, lease expense was $1.1 million and $1.3 million, respectively. Lease obligations and right of use assets decreased as of June 30, 2024 compared to December 31, 2023 due primarily to the reduction in a facility lease term, which was accounted for as a lease modification in the six months ended June 30, 2024.

*Accounts Receivable and Allowance for Credit Losses*

Trade accounts receivable are stated at the amount owed by the customer, net of allowances for estimated credit losses, discounts, returns and rebates. We measure the allowance for credit losses based on the estimated loss.

In calculating an allowance for credit losses, we use our historical experience, external indicators, forward-looking information and an aging method. Generally, we assess collectability 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. For certain customers that have a large percentage of our total accounts receivable, we analyze them on a specific basis to determine expected collectability.

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 credit losses for the six months ended June 30, 2024 and 2023:

| | Six Months Ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| **Allowance for credit losses as of beginning of period** | $ 126 | $ 3,237 |
| Provision | 47 | 63 |
| Recoveries collected | (59) | — |
| **Allowance for credit losses as of end of period** | **$ 114** | **$ 3,300** |

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

*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, 2024 | December 31, 2023 |
|---|---|---|
| Cash and cash equivalents | $ 25,605 | $ 23,476 |
| Restricted cash included in Other non-current assets | 1,174 | 1,127 |
| **Total cash, cash equivalents and restricted cash** | **$ 26,779** | **$ 24,603** |

*Cash Flow Information*

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Cash paid during the period for:** | | |
| Income tax, net of refunds | $ 1,974 | $ 174 |
| Interest | $ 11 | $ 3 |

## 3. Accounting Standards Updates ("ASU")

***Recent Accounting Standards Not Yet Adopted***

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures, which aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments in the ASU enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The ASU applies to all public entities that are required to report segment information in accordance with ASC 280, and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is evaluating its impact and will implement this standard for year-ended reporting as of and for the year ended December 31, 2024 and interim reporting starting in 2025.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740)—Improvements to Income Tax Disclosures, which include improvements to income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. This ASU also includes certain other amendments to better align disclosures with Regulation S-X and to remove disclosures no longer considered cost beneficial or relevant. This ASU is effective for public entities for annual periods beginning after December 15, 2024, with earlier or retrospective application permitted. The amendments in this ASU should be applied prospectively for annual financial statements not yet issued or made available for issuance. The Company is evaluating its impact and will implement this standard for year-ended reporting as of and for the year ended December 31, 2024.

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

## 4. Revenue from Contracts with Customers

During the six months ended June 30, 2024 and 2023, the Company recognized revenue of $6.8 million and $3.2 million as described below:

### Disaggregation of Revenue

Information about our revenue by business line is as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Revenue by business line** | | |
| Asset Monitoring | $ 5,148 | $ 2,360 |
| Constellation as a Service (“CaaS”) | 824 | 824 |
| Space Systems | 857 | — |
| **Total Revenue** | **$ 6,829** | **$ 3,184** |

Information about our revenue by timing is as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Revenue by timing** | | |
| Over time | $ 1,680 | $ 823 |
| Point-in time | 5,149 | 2,361 |
| **Total revenue** | **$ 6,829** | **$ 3,184** |

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

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| **Revenue by geography** [(1)] | | |
| Asia Pacific | $ 1,565 | $ 269 |
| Europe | 1,081 | 993 |
| North America | 4,179 | 1,879 |
| South America | 4 | 43 |
| **Total revenue** | **$ 6,829** | **$ 3,184** |

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

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

*Contract liabilities and Remaining Performance Obligations*

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Non-current | $ 1,000 | $ 1,000 |
| Current | 2,829 | 3,728 |
| **Total** | **$ 3,829** | **$ 4,728** |

During the six months ended June 30, 2024, we recognized revenue of $3.3 million that was included as a Contract liability as of December 31, 2023. During the six months ended June 30, 2023, we recognized revenue of $0.1 million that was included as a Contract liability as of December 31, 2022.

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, 2024 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 | $ 10,113 | $ 6,087 | $ 2,500 | $ — |

## 5. Warrant Liabilities

| | Liberty Warrants and Liberty Advisory Fee Warrant | PIPE Warrant | *$8.63* Warrants | Total Warrants |
|---|---|---|---|---|
| **As of December 31, 2023** | $ 2,017 | $ 97 | $ 681 | $ 2,795 |
| Change in fair value of financial instruments | (933) | (41) | (226) | (1,200) |
| **As of June 30, 2024** | $ 1,084 | $ 56 | $ 455 | $ 1,595 |

*Liberty Warrants and Liberty Advisory Fee Warrant*

Related to a subscription agreement (the "Liberty Subscription Agreement") among the Company, CF V and an investor, the Company agreed to issue and sell, among other securities, warrants (i) to purchase up to 5,000,000 of the Company's Class A Ordinary Shares (the "Class A Ordinary Shares") at an exercise price of $10.00 per share and (ii) to purchase up to 15,000,000 of Company's Class A Ordinary Shares at an exercise price of $15.00 per share (collectively, the "Liberty Warrants"), in a private placement for an aggregate purchase price of $150.0 million. The transaction closed in February 2022. In connection with that transaction, an advisory fee, 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 Liberty Subscription Agreement) that includes a warrant to purchase 2,500,000 of the Company's Class A Ordinary Shares at an exercise price of $10.00 per share (the "Liberty Advisory Fee Warrant"). The Liberty Warrants and the Liberty Advisory Fee Warrant were initially recognized as a liability with a fair value of $30.9 million. The Liberty Warrants and the Liberty Advisory Fee Warrant remain unexercised and were remeasured to fair value of $1.1 million as of June 30, 2024.

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

*PIPE Warrant*

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 $0.1 million as of June 30, 2024.

*$8.63 Warrants*

In connection with the Merger, we entered into an Assignment, Assumption and Amendment Agreement (the "Amended Warrant Agreement"), dated January 25, 2022 with the CFAC Holdings V, LLC, a Delaware limited liability company (the "Sponsor"), and CF V that amends the Warrant Agreement (the "Existing Warrant Agreement"), dated January 28, 2021.

Pursuant to the Existing Warrant Agreement, we issued Public Warrants to purchase 8,333,333 Class A Ordinary Shares and 200,000 Private Placement Warrants. Additionally, we agreed to issue the Forward Purchase Warrant (together, with the Public Warrants and the Private Placement Warrants, the "$8.63 Warrants") to purchase 333,333 Class A Ordinary Shares pursuant to the Amended and Restated Forward Purchase Agreement entered into by the Company, the Sponsor and CF V.

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, we 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. $8.63 Warrants were remeasured to fair value of $0.5 million as of June 30, 2024.

## 6. Earnout Liability

| | Sponsor Earnout |
|---|---|
| **As of December 31, 2023** | $ 419 |
| Change in fair value of financial instruments | (206) |
| **As of June 30, 2024** | $ 213 |

*Sponsor Earnout*

Pursuant to that certain Sponsor Support Agreement, dated as of July 5, 2021, by and among us, the Sponsor and Nettar, the Sponsor has agreed that during the period between the Closing and the five-year anniversary of the Closing, the Sponsor shall not sell, transfer or otherwise dispose of Class A Ordinary Shares equal to 1,869,000 less 30% of Forfeiture Escrow Shares retired and canceled ("Sponsor Earnout"). The Sponsor Earnout is subject to potential forfeiture to us for no consideration until the occurrence of each tranche's respective earnout triggering event. The earnout triggering events related to achieving a closing price at or above $12.50, $15.00 and $20.00 per share, respectively, for any 10 trading days over a 20-trading-day period were not satisfied during the six months ended June 30, 2024. As a result, the 1,775,962 Class A Ordinary Shares were not vested and are subject to transfer restrictions and contingent forfeiture provisions.

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

The estimated fair value of the Sponsor Earnout liability is based on a Monte Carlo simulation valuation model using a distribution of potential outcomes on a semi-annual basis over the earnout period, using the most reliable information available. Assumptions used in the valuation are as follows:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Expected term (in years) | 2.57 | 3.07 |
| Dividend yield (%) | — % | — % |
| Expected volatility | 80.5 % | 64.0 % |
| Risk-free interest rate | 4.6 % | 4.0 % |
| Expected number of shares | 1,775,962 | 1,775,962 |

## 7. Property and Equipment

Property and equipment, net consists of the following:

| | Estimated Useful Life (in years) | June 30, 2024 | December 31, 2023 |
|---|---|---|---|
| Satellites and other equipment | 3-5 | $ 70,815 | $ 68,184 |
| Satellites under construction | Not applicable | 16,653 | 17,506 |
| Leasehold improvements | 5-10 | 7,743 | 7,624 |
| Other property and equipment | 3-10 | 4,328 | 4,241 |
| Total property and equipment | | 99,539 | 97,555 |
| Less: Accumulated depreciation | | (62,416) | (56,425) |
| Property and equipment, net | | **$ 37,123** | **$ 41,130** |

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

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Uruguay | $ 33,692 | $ 36,428 |
| Argentina | 437 | 807 |
| Spain | 771 | 861 |
| Netherlands | 4,251 | 5,896 |
| Other countries | 187 | 333 |
| **Total** (1) (2) (3) | **$ 39,338** | **$ 44,325** |

(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) We do not have any non-current assets in the country of incorporation of the holding company.

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

## 8. Additional Financial Statement Information

*Prepaid Expenses and Other Current Assets*

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Prepaid expenses and other current assets** | | |
| Prepaid expenses | $ 3,844 | $ 1,737 |
| Advances to suppliers | 154 | 197 |
| Other current assets | 346 | 239 |
| **Total** | **$ 4,344** | **$ 2,173** |

*Accrued Expenses and Other Liabilities*

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Accrued expenses and other liabilities** | | |
| Payroll and benefits payable | 1,302 | 1,490 |
| Other taxes payable | 1,428 | 2,882 |
| Other | 501 | 526 |
| **Total** | **$ 3,231** | **$ 4,898** |
| | | |
| **Total current** | **$ 2,730** | **$ 4,372** |
| **Total non-current** | **$ 501** | **$ 526** |

*Finance Costs, net*

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Finance income (expense), net** | | |
| Interest expense | $ (11) | $ (3) |
| Other finance costs | (55) | (65) |
| Interest income | 577 | 1,150 |
| **Total** | **$ 511** | **$ 1,082** |

## 9. Income Tax

We are incorporated in the BVI. Our operations are conducted through various subsidiaries in a number of countries throughout the world with significant operations in Uruguay, where we operate in a free trade zone. Consequently, income tax has been provided based on the laws and tax rates in effect in the countries in which operations are conducted or in which our subsidiaries are considered resident for corporate income tax purposes, including Argentina, China, Israel, the Netherlands, Spain, Uruguay, and the United States.

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

The components of income tax expense were as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| Loss before income tax | $ (31,491) | $ (27,727) |
| Provision for income tax | $ 1,788 | $ 2,124 |
| Effective tax rate | (5.7 %) | (7.7 %) |

Our effective tax rate for the six months ended June 30, 2024 differs from the BVI statutory rate of 0%. We maintain the exception under ASC 740-270-30-36(b), *Accounting for Income Taxes*, for jurisdictions that do not have reliable estimates of income. We have used a year-to-date methodology to determine the effective tax rate for the six months ended June 30, 2024 and 2023.

The Company recognizes uncertain income tax positions when it is not more-likely-than-not a tax position will be sustained upon examination. As of June 30, 2024, the Company has recognized uncertain tax positions related to positions taken in Argentina and Spain. If necessary, the Company accrues interest and penalties related to uncertain tax positions as a component of the income tax provision.

A reconciliation of the beginning and ending amounts of our gross unrecognized tax benefits is as follows:

| | Six Months Ended June |
|---|---|
| | 2024 |
| Balance at January 1, 2024 | $ (1,073) |
| Increases (decreases) in tax positions related to prior periods | (256) |
| Balance at June 30, 2024 | $ (1,329) |

## 10. Stock-based Compensation

Our employees, including senior executives, receive incentives in the form of stock options and RSUs, whereby employees render services as consideration for equity instruments (equity-settled transactions).

On the Closing Date, we established the 2021 Equity Incentive Plan under which RSUs were issued. The Equity Incentive Plan provides for grant of options, stock appreciation rights, restricted stock awards, RSUs, shares granted as a bonus or in lieu of another award, dividend equivalents, or other stock-based awards or performance awards at the discretion of a board-elected committee. We also maintain our 2015 Share Plan as amended (the “2015 Plan”) under which stock-based awards were issued or modified. The options were typically granted for a four-year vesting term and have a maximum term of 10 years. As of December 31, 2023, no further awards have or shall be granted under the 2015 Plan. There were no options granted during the six months ended June 30, 2024 or 2023. 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.

A summary of stock option activity for the six months ended June 30, 2024 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, 2023** | **4,909,302** | **$1.55** | **5.58** | **$3,393** |
| Forfeited | (103,812) | 4.10 | | |
| Exercised | (80,357) | 0.68 | | |
| Expired | (22,809) | 2.19 | | |
| **Outstanding at June 30, 2024** | **4,702,325** | **$1.49** | **5.05** | **$ 636** |
| **Exercisable at June 30, 2024** | **4,517,989** | **$1.39** | **4.97** | **$ 636** |

There were no material cancellations or modifications to the granted awards for the six months ended June 30, 2024 and 2023.
A summary of RSU activity for the six months ended June 30, 2024 is as follows:

| | Number of RSUs | Intrinsic value (in thousands) |
|---|---|---|
| **Outstanding unvested RSUs at December 31, 2023** | **3,229,915** | |
| Granted during the year | 1,792,798 | |
| Forfeited during the year | (1,021,199) | |
| Vested during the year [(1)] | (984,261) | |
| **Outstanding unvested RSUs at June 30, 2024** | **3,017,253** | **$ 3,138** |

[(1)] The issuance of Class A Ordinary Shares was deferred, as elected by the grantees, for 264,516 RSUs that vested during the six months ended June 30, 2024.

The weighted-average grant-date price of RSUs at June 30, 2024 was $1.68. The number of shares vested is net of 210,637 RSUs forfeited for payment of withholding taxes. There were 859,101 RSUs that vested in 2024 but were not yet issued as Ordinary Shares as of June 30, 2024.

As of June 30, 2024, unrecognized stock-based compensation cost related to outstanding options and RSUs that are expected to vest was $0.2 million and $2.9 million, respectively, which is expected to be recognized over a weighted-average period of 0.4 years and 1.7 years, respectively.

(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, 2024 and 2023 was classified in the Condensed Consolidated Statements of Operations and Comprehensive Loss as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| General and administrative expenses | $ 1,049 | $ 1,830 |
| Research and development expenses | 31 | 621 |
| Other operating expenses | 178 | 390 |
| Total | $ 1,258 | $ 2,841 |

## 11. Net Loss Per Share

Diluted loss per share considers the impact of potentially dilutive securities. We identified financial instruments that qualify as potential Ordinary Shares: (i) the share-based options awards described in Note 12 (Stock-based Compensation), (ii) the warrants described in Note 5 (Warrant Liabilities), (iii) the earnout liabilities described in Note 6 (Earnout Liabilities), and the convertible debt described in Note 14 (Secured Convertible Notes). Each of these potential Ordinary Shares are antidilutive for both periods since their conversion to Ordinary Shares would decrease loss per share from continuing operations.

Basic and diluted net loss per share attributable to holders of Ordinary Shares is calculated as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | **2024** | **2023** |
| Net loss attributable to holders of Ordinary Shares | $ (33,279) | $ (29,851) |
| Basic weighted-average Ordinary Shares outstanding | 90,504,845 | 89,326,172 |
| Basic net loss per share for the period attributable to holders of Ordinary Shares | $ (0.37) | $ (0.33) |
| | | |
| Effect of dilutive securities: | | |
| Dilutive numerator | $ (33,279) | $ (29,851) |
| Diluted weighted-average Ordinary Shares outstanding | 90,504,845 | 89,326,172 |
| Diluted net loss per share for the period attributable to holders of Ordinary Shares | $ (0.37) | $ (0.33) |

## 12. Fair Value Measurements and Financial Instruments

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

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

| As of June 30, 2024 | 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 | $ 455 | $ — | $ — |
| PIPE Warrant liability | — | — | 56 |
| Liberty Warrants and Liberty Advisory Fee Warrant liability | — | — | 1,084 |
| Total Warrant Liabilities | $ 455 | $ — | $ 1,140 |
| Sponsor Earnout Liability | $ — | $ — | $ 213 |
| Secured Convertible Notes | $ — | $ — | $ 36,430 |

| As of December 31, 2023 | 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 | $ 681 | $ — | $ — |
| PIPE Warrant liability | — | — | 97 |
| Liberty Warrants and Liberty Advisory Fee Warrant liability | — | — | 2,017 |
| Total Warrant Liabilities | $ 681 | $ — | $ 2,114 |
| Sponsor Earnout Liability | $ — | $ — | $ 419 |

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 have been estimated using the Black-Scholes model. Inputs used for the fair value measurement include:
    - Time to expiry – 2.6 years
    - Volatility – 80.5%
    - Risk free rate of return: 4.6%

- The fair value of the Sponsor Earnout has been estimated using the Monte Carlo model. Inputs used for the fair value measurement include:
    - Time to expiry – 2.6 years
    - Volatility – 80.5%
    - Risk free rate of return: 4.6%

- The fair values of the Liberty Warrants and Liberty Advisory Fee Warrant have been estimated using the Black-Scholes model. Inputs used for the fair value measurement include:
    - Time to expiry – 2.6 years
    - Volatility – 80.2%
    - Risk free rate of return: 4.6%

- The fair values of the Secured Convertible Notes is determined by using the “with” method. At each measurement date we valued the Secured Convertible Notes with the conversion option. The difference between the aggregate fair value of the Secured Convertible Notes and the unpaid principal balance was $6.4 million at June 30, 2024. Inputs used for the fair value measurement include:
    - Credit spread – 25.67% to 38.17%

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

- Volatility – 60%
- Risk free rate of return: 4.5%

- 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. We consider that the incremental borrowing rate remained unchanged, therefore the carrying amount of operating lease liabilities approximates their fair value.

- Changes in the fair value of Level 3 liabilities during the six months ended June 30, 2024 and 2023 were as follows:

| | Liberty Warrants and Liberty Advisory Fee Warrant | PIPE Warrant | Sponsor Earnout | Secured Convertible Notes |
|---|---|---|---|---|
| **At January 1, 2023** | **$ 6,191** | **$ 311** | **$ 1,353** | **$ —** |
| Remeasurement (gain)/loss [1] | (3,852) | (202) | (849) | — |
| **At June 30, 2023** | **$ 2,339** | **$ 109** | **$ 504** | **$ —** |
| | | | | |
| **At January 1, 2024** | **$ 2,017** | **$ 97** | **$ 419** | **$ —** |
| Issues | — | — | — | 30,000 |
| Remeasurement (gain)/loss [1] | (933) | (41) | (206) | 6,430 |
| **At June 30, 2024** | **$ 1,084** | **$ 56** | **$ 213** | **$ 36,430** |

(1) Recognized in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the six months ended June 30, 2024 and 2023, respectively.

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2024 or 2023.

## 13. Related Parties

We made purchases totaling $0.5 million and $1.4 million from our equity method investee, Officina Stellare (“OS”), in the six months ended June 30, 2024 and 2023 and there was $0.8 million and $0.3 million owed to OS and included in accounts payable at June 30, 2024 and December 31, 2023, respectively.

CF&Co, which is the beneficial owner of more than 5% of the Company’s outstanding Class A Ordinary Shares, served as the Company’s financial advisor in connection with the offering and sale of the Secured Convertible Notes. Pursuant to a letter agreement, CF&Co received a fee equal to $0.9 million after the closing of the Secured Convertible Notes. Howard Lutnick, a member of the Company’s Board of Directors, is the Chief Executive Office of CF&Co.

See Note 14 (Secured Convertible Notes) for additional details on the Secured Convertible Notes.

## 14. Secured Convertible Notes

There was no debt as of December 31, 2023. Debt as of June 30, 2024 is as follows:

| | | June 30, 2024 |
|---|---|---|
| Secured Convertible Notes | $ | 36,430 |
| Less: Current portion | | — |
| Total non-current debt | $ | 36,430 |

On April 12, 2024, the Company, Nettar and the Holder Representative entered into a Note Purchase Agreement with the Purchaser, pursuant to which Nettar agreed to issue $30.0 million aggregate principal amount of Secured Convertible Notes to the Purchaser. The net proceeds from the issuance of the Secured Convertible Notes, after deducting transaction fees and other debt issuance costs, was approximately $27.6 million. The Secured Convertible Notes initially bear interest at a rate of SOFR plus 6.50% per annum 11.7% as of June 30, 2024), subject to an additional 4.0% per annum if certain events of default occur and are continuing. The Secured Convertible Notes are guaranteed by the Company and each of the Company's material subsidiaries (other than Nettar), and are secured by substantially all of the Company's and its subsidiaries' assets (including all of its intellectual property). Nettar may issue additional Secured Convertible Notes under the terms thereof, provided the aggregate principal outstanding amount does not exceed $50.0 million.

The Secured Convertible Notes are convertible into shares of the Company's Class A Ordinary Shares at an initial conversion price of $1.20 (or 833 Class A Ordinary Shares per $1,000 principal amount of Secured Convertible Notes), subject to customary anti-dilution adjustments. The Company's ability to settle conversions using the Company's Class A Ordinary Shares is subject to CFIUS Approval (as defined in the Note Purchase Agreement).

Unless this Note has been previously settled or converted in accordance with the other features mentioned within agreement, the entire outstanding principal balance and all unpaid accrued interest shall become fully due and payable on the Maturity Date, April 12, 2028.

In the event of an asset sale by the Company (outside the ordinary course of business) or an insurance or condemnation event that results in net proceeds to the Company in excess of $2.0 million Nettar will be required to offer to prepay the Secured Convertible Notes up to the amount of such proceeds at par (unless such proceeds are used to purchase comparable assets within six months). In the event the Secured Convertible Notes are accelerated as a result of an event of default, Nettar must pay a pre-payment penalty equal to 5% of the greater of (i) the outstanding principal amount and (ii) the then-prevailing conversion value. In connection with a change of control of the Company (including delisting of the Company's Class A Ordinary Shares), the holder has the right to require the Company to repurchase the Secured Convertible Notes for cash at a price equal to the greater of (i) 105% of the redemption value of the Secured Convertible Notes or (ii) 105% of the then-prevailing conversion value, plus accrued but unpaid interest thereon, as well as any other amounts owed (the "Put Price"). Nettar also has the right to repurchase or force-convert the Secured Convertible Notes in connection with a full acquisition of the Company at the Put Price.

The Secured Convertible Notes contain certain restrictive covenants, including restrictions on (i) incurring indebtedness, subject to certain exceptions, (including the ability to issue additional Secured Convertible Notes; provided the aggregate principal outstanding amount does not exceed $50.0 million), (ii) creating certain liens, subject to certain exceptions, (iii) the payment of dividends or other restricted payments, (iv) the sale, transfer or otherwise conveyance of certain assets, subject to asset sale pre-payment described above, and (v) affiliate transactions.

In connection with the offering, the Company also entered into (i) a side letter with the Purchaser, pursuant to which the Purchaser will be entitled to pre-emptive rights, in order to maintain its as-converted ownership percentage on the same basis as new capital raised and (ii) a registration rights agreement with the Purchaser, pursuant to which the Company agreed to register for resale the Class A Ordinary Shares issuable upon conversion of the Secured Convertible Notes.

The Company has elected to measure its Secured Convertible Notes at fair value and accordingly recognized $2.4 million of debt issuance costs as incurred at the time of issuance in the Company's Condensed Consolidated Statements of Operations and Comprehensive Loss. The Secured Convertible Notes had a fair value of $36.4 million compared to a principal amount of $30.0 million at June 30, 2024.

The Company presents changes in fair value of the Secured Convertible Notes during the period as follows: (1) changes in fair value attributable to the Company's own credit risk are presented within Accumulated other comprehensive loss on the Condensed Consolidated Balance Sheets and as a component of Other comprehensive loss on the Condensed Consolidated Statements of Operations and Comprehensive Loss; and (2) other fair value changes are presented within Change in fair value of financial instruments on the Consolidated Statements of Operations and Comprehensive Loss.

## 15. Commitments and Contingencies

*Contingencies*

We may be named from time to time as a party to lawsuits arising in the ordinary course of business related to our sales, marketing, and the provision of our services and equipment. 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 we determine that an unfavorable outcome is probable and can be reasonably assessed, we establish the necessary accruals. As of June 30, 2024 and December 31, 2023, we are not aware of any contingent liabilities that should be reflected in the Condensed Consolidated Financial Statements.

**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 our current expectations and beliefs concerning future developments and their potential effects on us and include statements concerning, among other things, our plans, strategies and prospects, both business and financial. Although we believe our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot give any assurance that we 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 report include, but are not limited to, statements about:

- our future financial performance, including funding expansion plans and opportunities;
- our ability to continue as a going concern;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- changes in our strategy, future operations, financial condition, estimated revenue and losses, projected costs, prospects and plans;
- expectations and the expected benefits of our strategic and operational efficiency initiatives, including cash management and workforce reductions;
- our ability to coordinate with the U.S. National Oceanic and Atmospheric Administration ("NOAA") Commercial Remote Sensing Regulatory Affairs division to assure an understanding of regulations as they evolve;
- the implementation, market acceptance and success of our business model;
- our expectations surrounding capital requirements as we seek to build and launch more satellites;
- our expectations surrounding the growth of our commercial platform as a part of our revenues;
- our ability to conduct remaps of the planet's surface with increasing regularity or frequency as we increase the number of our satellites in orbit;
- our ability to productize our internal data analytics platform;
- our plans to grow our constellation of satellites;
- the expected performance of our Space Systems business line;
- our ability to launch satellites less expensively than our competitors; and
- our ability to increase satellite production to meet demand and reach our 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 report, including but not limited to:

- our ability to generate revenue as expected;
- our ability to continue as a going concern;
- our ability to effectively market and sell our earth observation ("EO") services and to convert contracted revenues and our pipeline of potential contracts into actual revenues;
- risks related to the Secured Convertible Notes;
- the potential loss of one or more of our largest customers;
- the considerable time and expense related to our sales efforts and the length and unpredictability of our sales cycle;

- risks and uncertainties associated with defense-related contracts;
- risks related to our pricing structure;
- our ability to scale production of our satellites as planned;
- unforeseen risks, challenges and uncertainties related to our expansion into new business lines;
- our dependence on third parties, to transport and launch our satellites into space;
- our reliance on third party vendors and manufacturers to build and provide certain satellite components, products, or services;
- our dependence on ground station and cloud-based computing infrastructure operated by third parties for value added services, and any errors, disruption, cybersecurity incidents, performance problems, or failure in their or our operational infrastructure;
- risk related to certain minimum service requirements in our customer contracts;
- market acceptance of our EO services and our dependence upon our ability to keep pace with the latest technological advances;
- our ability to identify suitable acquisition candidates or consummate acquisitions on acceptable terms, or our ability to successfully integrate acquisitions;
- competition for EO services;
- challenges with international operations or unexpected changes to the regulatory environment in certain markets;
- unknown defects or errors in our products;
- risk related to the capital-intensive nature of our business and our ability to raise adequate capital to finance our business strategies;
- uncertainties regarding our previously announced and ongoing efforts to reduce operational costs and control spending, including workforce reductions;
- uncertainties beyond our control related to the production, launch, commissioning, and/or operation of our satellites and related ground systems, software and analytic technologies;
- the failure of the market for EO services to achieve the growth potential we expect;
- risks related to our satellites and related equipment becoming impaired;
- risks related to the failure of our satellites to operate as intended;
- production and launch delays, launch failures, and damage or destruction to our satellites during launch;
- significant risks and uncertainties related to our insurance that may not be covered by insurance; and
- the impact of natural disasters, unusual or prolonged unfavorable weather conditions, epidemic outbreaks, terrorist acts and geopolitical events (including the ongoing conflicts between Russia and Ukraine, in the Gaza Strip and the Red Sea region) on our business and satellite launch schedules.

Risks, uncertainties and events may cause actual results to differ materially from the expectations described in our forward-looking statements.

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 filed on April 15, 2024 (our "2023 Annual Report") and other documents filed or to be filed by the Company from time to time with the 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***

We were founded in 2010 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 fully automated and searchable EO catalog, 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 company, and we are building the first scalable, fully automated 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 developing 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. 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 60x better unit economics than our closest peers in the NewSpace sector and more than 100x better unit economics than legacy competitors. Additionally, we believe we are well positioned to compete effectively in the existing EO market that is currently supply-constrained and consists primarily of government and defense and intelligence (“D&I”) customers. At June 30, 2024, we had 25 commercial satellites in orbit. As of the date of this report, we have 24 satellites in orbit, of which 20 are operational, one is in the commissioning stage and three are being used for testing. Over the near term, we will continue to take a measured approach to expanding our constellation, with our long-term vision to reach a constellation size of approximately 200 satellites and to have the capability to conduct daily remaps of the entire planet.

Our strategy is focused along three distinct business lines: Asset Monitoring, Constellation-as-a-Service (“CaaS”), and Space Systems. These business lines are designed to allow us to serve the existing EO market and begin to democratize access to a host of new EO customers.

In August 2023, we strategically realigned our business in an effort to capture high value opportunities in the U.S. market (the Domestication being another step in these efforts), focusing resources on what we believe to be our highest growth opportunities, while sustaining core customers and operating a lean organization. As part of this strategic realignment, we intend to change our jurisdiction of incorporation from the BVI to Delaware, and we refer to this change as the “Domestication.” To effect the Domestication we will, upon final approval of our Board, file a notice of continuation out of the BVI with the British Virgin Islands Registrar of Corporate Affairs and file a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware. The Domestication will not require shareholder approval under BVI law. We anticipate that the Domestication will become effective in calendar year 2024. For additional information regarding the Domestication, refer to our Registration Statement on Form F-4 (Registration No, 333-275875), filed with the SEC on December 4, 2023.

We continue to expect that our Asset Monitoring business will represent the most predictable revenue stream, and we anticipate that it will be among the primary drivers of the business going forward. Every day, both government and commercial customers task our satellites around the world to monitor assets and keep up with their changing reality. 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 sub-meter capacity, high quality imagery and superior unit economics, we can support a growing number of customers around the world.

Our CaaS business offers governments around the world the ability to control satellites above specific areas of interest. We anticipate that our CaaS line of business will, over time, provide us with a strong recurring-revenue base in the government and D&I market.

Our Space Systems business, effectively satellite sales and support, meets the needs of customers interested in our technology and capability that have a need or desire to own the satellites being utilized to capture imagery. As such, Space Systems leverages our ability to quickly build and launch high quality, sub-meter satellites at a low cost to meet the needs of our customers. We have built a vertically integrated satellite manufacturing capability that is critical in achieving our low-CAPEX cost and ultimately reaching our unit-economic targets for our Asset Monitoring business. Vertical integration enables us to manage our supply chain and navigate evolving global supply issues and challenges with minimal adverse impact to our satellite manufacturing schedule. Our fast satellite build-to-launch cycles can progress from purchase order to commissioning in orbit in as little as eight months.

***Recent Developments***

*Workforce Reduction and Cost Saving Initiatives*

In May and June 2024, we approved cumulative workforce reductions of approximately 104 employees. The reductions are a part of the Company's previously announced and ongoing efforts to reduce operating costs and control spending. The Company expects the workforce reductions to result in approximately $9.6 million of annual savings, and as of June 30, 2024, we have incurred approximately $2.0 million in associated severance-related charges that have been or will be paid in 2024. Additionally, the Company expects to reduce non-salary operating expenses by approximately $3.0 million on an annual basis and to moderate capital expenditures to pace investment with revenue and customer growth.

As the Company advances its ongoing evaluation of all strategic options, management continues to focus efforts on moving the Company towards a path to profitability. These efforts include continuing to grow revenue and customer base, reducing the overall cost structure, and moderating capital expenditures.

In connection with the aforementioned cost savings initiatives and the evaluation of strategic options, we have paused our US Domestication process.

The Company has recently been successful in deploying and operationalizing its new Mark V satellites. As a result of this successful deployment, the Company expects to reduce investment into its constellation growth initiatives at this time.

*Secured Convertible Notes*

On April 12, 2024, the Company, Nettar, and Holder Representative entered into a Note Purchase Agreement with the Purchaser, pursuant to which Nettar agreed to issue $30 million in aggregate principal amount of Secured Convertible Notes. The net proceeds from the issuance of the Secured Convertible Notes, after deducting transaction fees and other debt issuance costs, was approximately $27.6 million. The Secured Convertible Notes initially bear interest at a rate of SOFR plus 6.50% per annum, subject to an additional 4.0% per annum if certain events of default occur and are continuing. The Secured Convertible Notes are guaranteed by the Company and each of the Company's material subsidiaries (other than Nettar) and are secured by substantially all of the Company's and its subsidiaries' assets (including all of its intellectual property). Nettar may issue additional Secured Convertible Notes under the terms thereof, provided the aggregate principal outstanding amount does not exceed $50 million.

The Secured Convertible Notes are convertible into the Company's Class A Ordinary Shares at an initial conversion price of $1.20 (833 Class A Ordinary Shares per $1,000 principal amount of Secured Convertible Notes), subject to customary anti-dilution adjustments. The Company's ability to settle conversions using the Class A Ordinary Shares is subject to CFIUS Approval (as defined in the Secured Convertible Notes). As of the date of this report, CFIUS Approval has not been sought or obtained. See Note 14 (Secured Convertible Notes) for additional details on the Secured Convertible Notes.

Unless this Note has been previously settled or converted in accordance with the other features mentioned within agreement, the entire outstanding principal balance and all unpaid accrued interest shall become fully due and payable on the Maturity Date, April 12, 2028.

On June 7, 2024, the Company filed with the Securities and Exchange Commission a Registration Statement on Form F-3 (File No. 333-280056) (the “Resale Registration Statement”) relating to the $30 million of Secured Convertible Notes. As required by the transaction documents, the Resale Registration Statement registers for resale the Class A Ordinary Shares issuable upon the holder’s exercise of the Notes.

**Key Components of Results of Operations**

The following briefly describes the components of revenue and expenses as presented in our Condensed 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 Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP and the rules and regulations of the 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 thousands of dollars.

***Revenue***

Revenue is currently derived from our Asset Monitoring, CaaS and Space Systems business lines. We sell our imagery to Asset Monitoring customers as a single task and recognize revenue at a point-in-time, while we enter into arrangements with CaaS customers that provide a stand-ready commitment and recognize revenue over time. For our Space Systems business lines, we sell our satellites and related products directly to customers and typically recognize revenue at a point in time.

***Cost of sales***

Cost of sales includes direct costs related to ground stations, cloud and infrastructure costs, and digital image processing.

***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 expense for estimated credit losses on accounts receivable 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 income (expense), net***

Finance income (expense), net is primarily comprised of interest income earned on our cash and cash equivalents and expense related to debt.

***Change in fair value of financial instruments***

The Company's warrant and earn out 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.

***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, due to the 0% statutory tax rate, but we may be subject to withholding taxes paid at source on interest, dividends received and paid in the various jurisdictions in which we operate, other fixed, annual, determinable or periodic income, and/or income earned in other jurisdictions where we have operations. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities where we operate. 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, capital expenditures and other non-cash items (i.e., depreciation, embedded derivatives, debt extinguishment and stock-based compensation) which may vary for different companies for reasons unrelated to operating performance. However, different companies may define these terms differently and accordingly comparisons might not be accurate. Non-GAAP EBITDA, 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:

| (in thousands of U.S. dollars) | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|
| Revenue | $ 6,829 | $ 3,184 |
| Net loss | (33,279) | (29,851) |
| EBITDA | (25,534) | (19,114) |
| Adjusted EBITDA | (19,152) | (23,775) |
| Net cash used in operating activities | (23,891) | (26,313) |
| Free cash flow | (27,225) | (36,241) |

## Results of Operations

***Comparison of Results for the Six Months Ended June 30, 2024 and 2023***

Results of operations are as follows:

| | Six Months Ended June 30, | | 2024 vs 2023 | |
|---|---|---|---|---|
| *(in thousands of U.S. dollars)* | **2024** | **2023** | **$ Change** | **Percent Change** |
| **Revenue** | $ 6,829 | $ 3,184 | $ 3,645 | 114 % |
| **Costs and expenses** | | | | |
| Cost of sales, exclusive of depreciation shown separately below | 2,554 | 2,113 | 441 | 21 |
| General and administrative expenses | 14,284 | 9,867 | 4,417 | 45 |
| Research and development | 4,525 | 5,827 | (1,302) | (22) |
| Depreciation expense | 5,946 | 8,610 | (2,664) | (31) |
| Other operating expenses | 8,795 | 13,078 | (4,283) | (33) |
| Total costs and expenses | 36,104 | 39,495 | (3,391) | (9) |
| **Operating loss** | **(29,275)** | **(36,311)** | **7,036** | (19) |
| **Other income (expense), net** | | | | |
| Finance income (expense), net | 511 | 1,082 | (571) | (53) |
| Change in fair value of financial instruments | (5,024) | 5,580 | (10,604) | (190) |
| Other income, net | 2,297 | 1,922 | 375 | 20 |
| Total other income (expense), net | (2,216) | 8,584 | (10,800) | (126) |
| **Loss before income tax** | **(31,491)** | **(27,727)** | **(3,764)** | 14 |
| Income tax expense | (1,788) | (2,124) | 336 | (16) |
| **Net loss** | **$ (33,279)** | **$ (29,851)** | **$ (3,428)** | 11 % |

***Revenue***

Revenue increased $3.6 million, or 114%, to $6.8 million for the six months ended June 30, 2024 from $3.2 million for the six months ended June 30, 2023 driven primarily by an increase in imagery ordered by new and existing Asset Monitoring customers, as well as $0.9 million in revenue generated from the Space Systems business line that was established during the 2023 fiscal year. The composition of the 2024 revenue included $5.1 million attributable to our Asset Monitoring line of business, $0.9 million attributable to our Space Systems line of business, and $0.8 million attributable to our CaaS line of business.

***Cost of sales***

Cost of sales, exclusive of depreciation, increased $0.4 million, or 21%, to $2.6 million for the six months ended June 30, 2024 from $2.1 million for the six months ended June 30, 2023. The increase was primarily related to the cost of sales attributable to our Space Systems line of business that was established during the 2023 fiscal year.

### *General and administrative expenses*

| *(in thousands of U.S. dollars)* | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 | 2024 vs 2023 $ Change | 2024 vs 2023 Percent Change |
|---|---|---|---|---|
| **General and administrative expenses** | | | | |
| Professional fees related to Secured Convertible Notes | $ 2,397 | $ — | $ 2,397 | N/M |
| Professional fees | 4,543 | 2,018 | 2,525 | 125 % |
| Stock-based compensation | 1,049 | 1,830 | (781) | (43) |
| Salaries, wages, and other benefits | 4,463 | 3,546 | 917 | 26 |
| Expense for estimated credit losses on accounts receivable, net of recoveries collected | (12) | 63 | (75) | (119) |
| Insurance | 957 | 1,414 | (457) | (32) |
| Other administrative expenses | 887 | 996 | (109) | (11) |
| **Total** | **$ 14,284** | **$ 9,867** | **$ 4,417** | 45 % |

N/M: Not meaningful

General and administrative expenses increased $4.4 million, or 45%, to $14.3 million during the six months ended June 30, 2024 from $9.9 million for the six months ended June 30, 2023. The increase was primarily due to a $2.5 million increase in professional fees consisting mainly of the accrued advisory fee pursuant to the subscription agreement entered into with Liberty in connection with going public in 2022, professional fees related to the Secured Convertible Notes and a $0.9 million increase in salaries, wages and other benefits due to severance-related costs resulting from the aforementioned workforce reductions. The increase was offset primarily by a $0.8 million decrease in stock-based compensation due to the aforementioned workforce reductions and a $0.5 million decrease in insurance costs due to rate improvement on certain policies.

### *Research and development*

| *(in thousands of U.S. dollars)* | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 | 2024 vs 2023 $ Change | 2024 vs 2023 Percent Change |
|---|---|---|---|---|
| **Research and development** | | | | |
| Salaries, wages, and other benefits | $ 3,489 | $ 3,927 | $ (438) | (11)% |
| Stock-based compensation | 31 | 621 | (590) | (95) |
| Professional fees | 504 | 189 | 315 | 167 |
| Other research and development expenses | 501 | 1,090 | (589) | (54) |
| **Total** | **$ 4,525** | **$ 5,827** | **$ (1,302)** | (22)% |

Research and development expenses decreased by $1.3 million, or 22%, to $4.5 million during the six months ended June 30, 2024 from $5.8 million for the six months ended June 30, 2023. The decrease was due primarily to a $0.4 million decrease in salaries, wages and other benefits, as well as a $0.6 million decrease in stock-based compensation, both resulting from workforce reductions. The decrease was also driven primarily by a $0.6 million decrease in other research and development expenses, as a result of continued efforts to reduce operating costs and control spending.

### *Other Operating Expenses*

| (in thousands of U.S. dollars) | Six Months Ended June 30, 2024 | 2023 | 2024 vs 2023 $ Change | Percent Change |
|---|---|---|---|---|
| **Other operating expenses** | | | | |
| Salaries, wages, and other benefits | $ 4,691 | $ 6,797 | $ (2,106) | (31)% |
| Stock-based compensation | 178 | 390 | (212) | (54) |
| Professional fees | 192 | 951 | (759) | (80) |
| Software expenses | 2,523 | 2,698 | (175) | (6) |
| Other operating income and expenses | 1,211 | 2,242 | (1,031) | (46) |
| **Total** | **$ 8,795** | **$ 13,078** | **$ (4,283)** | (33)% |

Other operating expenses decreased $4.3 million, or 33%, to $8.8 million for the six months ended June 30, 2024 from $13.1 million for the six months ended June 30, 2023. The decrease was due primarily to a $2.1 million decrease in salaries, wages and other benefits resulting from workforce reductions. The decrease was also driven primarily by a $0.2 million decrease in software expenses and a $0.8 million decrease in professional fees as a result of continued efforts to reduce operating costs and control spending.

### *Finance Income (expense), net*

| (in thousands of U.S. dollars) | Six Months Ended June 30, 2024 | 2023 | 2024 vs 2023 $ Change | Percent Change |
|---|---|---|---|---|
| **Finance income (expense), net** | | | | |
| Interest expense | $ (11) | $ (3) | $ (8) | 267 % |
| Other finance costs | (55) | (65) | 10 | (15) |
| Interest income | 577 | 1,150 | (573) | (50) |
| **Total** | **$ 511** | **$ 1,082** | **$ (571)** | (53)% |

Finance income was $0.5 million for the six months ended June 30, 2024 compared to finance income of $1.1 million for the six months ended June 30, 2023. The income was primarily due to decreased interest income associated with the generally lower average money market account balance.

### *Change in fair value of financial instruments*

Change in fair value of financial instruments resulted in $5.0 million of expense for the six months ended June 30, 2024 compared to $5.6 million of income for the six months ended June 30, 2023. The change was primarily driven by the change in fair value of the Secured Convertible Notes issued on April 12, 2024. The change was also driven by an increase in fair value of warrant, and earn out liabilities in the six months ended June 30, 2024 and a decrease in fair value of warrant and earn out liabilities in the six months ended June 30, 2023. The change in fair value of these instruments is driven primarily by the price of our Class A Ordinary Shares.

### *Other income, net*

Other income, net increased $0.4 million or 20% to $2.3 million for the six months ended June 30, 2024 from $1.9 million for the six months ended June 30, 2023. The increase was due to foreign currency exchange differences primarily generated by foreign exchange rate effects in operating activities (where expense is denominated in a foreign currency).

***Income Tax***

Income tax expense decreased $0.3 million or 16% to $1.8 million for the six months ended June 30, 2024 from $2.1 million for the six months ended June 30, 2023. The decrease was primarily due to the decrease of income tax expense in Spain attributable to the utilization of stock compensation deferred tax assets, and the decrease of income tax expense in the United States attributable to the utilization of net operating losses.

***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, 2024 and 2023. 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 loss excluding interest expense, income taxes, and depreciation and amortization. The Company did not incur amortization expense during the six months ended June 30, 2024 or 2023.

We define Non-GAAP Adjusted EBITDA as Non-GAAP EBITDA further adjusted to exclude, professional fees related to Secured Convertible Notes, 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)* | **2024** | **2023** |
| **Net loss** | $ (33,279) | $ (29,851) |
| Plus interest expense | 11 | 3 |
| Plus income tax | 1,788 | 2,124 |
| Plus depreciation | 5,946 | 8,610 |
| **Non-GAAP EBITDA** | **$ (25,534)** | **$ (19,114)** |
| Plus professional fees related to Secured Convertible Notes | 2,397 | — |
| Less other income, net | (2,297) | (1,922) |
| Less change in fair value of financial instruments | 5,024 | (5,580) |
| Plus stock-based compensation | 1,258 | 2,841 |
| **Non-GAAP Adjusted EBITDA** | **$ (19,152)** | **$ (23,775)** |

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)* | **2024** | **2023** |
| **Net cash used in operating activities** | $ (23,891) | $ (26,313) |
| Less purchases of satellites and other property and equipment | (3,334) | (9,928) |
| **Non-GAAP Free Cash Flow** | **$ (27,225)** | **$ (36,241)** |

## Liquidity, Capital Resources and Going Concern

Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. As of June 30, 2024, we have $25.6 million in cash and cash equivalents on hand. Since our formation, we have devoted substantial effort and capital resources to the development of our satellite constellation and image technology. As of June 30, 2024, we have an accumulated deficit of $317.1 million, and for the six months ended June 30, 2024, we had net cash used in operating activities of $23.9 million and total Secured Convertible Note principal and accrued interest outstanding of $30.8 million.

As a result of the slower than anticipated revenue growth, we undertook cost and spending control measures in 2023 to maintain an appropriate cash runway. These actions included moderation of capital expenditures and a reduction of certain discretionary spending, as well as a headcount reduction of approximately 110 Full Time Equivalents ("FTEs"). In the second quarter of 2024 we further expanded our spending control measures which included additional workforce reductions of approximately 104 FTEs and additional operating cost reductions. The cumulative impact of the second quarter 2024 workforce reductions and operating expense savings is expected to result in approximately $9.6 million of annual savings and the Company incurred approximately $2.0 million in cumulative severance-related charges that has been paid out or will be paid out in 2024.

In addition, on April 12, 2024, the Company, Nettar, and the Holder Representative entered into the Note Purchase Agreement with the Purchaser, pursuant to which Nettar agreed to issue the Secured Convertible Notes in the aggregate principal amount of $30 million to the Purchaser. The net proceeds from the issuance of the Secured Convertible Notes, after deducting transaction fees and other debt issuance costs, was approximately $27.6 million. Nettar may issue additional Secured Convertible Notes under the terms thereof, provided the aggregate principal outstanding amount does not exceed $50.0 million. The Secured Convertible Notes mature on April 12, 2028. See Note 14 (Secured Convertible Notes) to the unaudited condensed consolidated interim financial statements included elsewhere in this report for additional information regarding the Secured Convertible Notes.

Currently, we primarily rely on our existing cash and cash equivalents balances to fund our business, including capital expenditures, working capital requirements and anticipated interest payments. Our current and future revenue depends largely on our ability to: 1) utilize our available satellite capacity with new and existing customers and 2) enter into new commercial relationships with new customers. There can be no assurance that we will attain positive cash flow from operations. We have experienced, and may continue to experience negative cash flows, and if we continue to experience negative cash flows, our existing cash and cash equivalents balances may be reduced, and we may be required to reduce capital expenditures, or make other changes to our operating structure, all of which could have a material adverse effect on our business.

Management assessed our ability to continue as a going concern and evaluated whether there are certain conditions and events that raise substantial doubt about our ability to continue as a going concern using all information available about the future. Given our current liquidity position, including the obligations under the Secured Convertible Notes, and historical operating losses, we believe there is substantial doubt that we can continue as a going concern. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued.

We have, however, prepared the unaudited condensed consolidated interim financial statements included elsewhere in this report on a going concern basis, assuming that our financial resources will be sufficient to meet our capital needs over the next twelve months. Accordingly, our financial statements contemplate the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business and do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. If we cannot continue as a going concern, adjustments to the carrying values and classification of our assets and liabilities and the reported amounts of income and expenses could be required and could be material. Despite substantial doubt that we will be able to continue as a going concern, we are continuing to take actions to secure sufficient financing (as described below) and thus believe that the application of the going concern assumption for the preparation of the unaudited condensed consolidated interim financial statements is appropriate.

In an effort to address our ability to continue as a going concern, we continue to seek and evaluate opportunities to raise additional capital through the issuance of equity or debt, or a combination of both, such as the Secured Convertible Notes, as well as evaluating other strategic alternatives. Until such time that we can generate revenue sufficient to achieve profitability, we expect to finance our operations through equity or debt financings, which may not be available to us on the timing needed, on terms that the Company deems to be favorable or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holders of Ordinary Shares. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. We believe that the net proceeds we receive from any such transactions, together with cash flows from operations of the business, will be sufficient to continue as a going concern. However, if we are unable to obtain sufficient financial resources, our business, financial condition and results of operations will be materially and adversely affected. There can be no assurance that we will be able to obtain the needed financing on acceptable terms or at all.

Additionally, 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. Our sales efforts involve considerable time and expense, and our sales cycle is long and unpredictable. We also have risks from competition from substitute products and services. All of these risks, as well as the risks set forth under Item 3D. “Risk Factors” of our Annual Report, 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)* | **2024** | **2023** |
| **Net cash flows:** | | |
| Net cash flows used in operating activities | $ (23,891) | $ (26,313) |
| Net cash flows used in investing activities | (3,320) | (9,928) |
| Net cash flows from financing activities | 27,361 | (19) |
| **Net change in cash, cash equivalents and restricted cash** | **$ 150** | **$ (36,260)** |

***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 reduced headcount and discretionary spending, net cash used by operations declined during 2024 as planned.

Cash flows used in operating activities are as follows:

| (in thousands of U.S. dollars) | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|
| Net loss | $ (33,279) | $ (29,851) |
| Adjustments for the impact of non-cash items [1] | 12,813 | 4,849 |
| Net loss adjusted for the impact of non-cash items | (20,466) | (25,002) |
| Changes in assets and liabilities | | |
| Accounts receivable [2] | (992) | (303) |
| Prepaids and other current assets[3] | (2,362) | 168 |
| Accounts payable [4] | 2,683 | (2,221) |
| Other[5] | (2,754) | 1,045 |
| **Net cash used in operating activities** | **$ (23,891)** | **$ (26,313)** |

(1) Includes items such as depreciation, changes in the fair value of financial instruments, stock-based compensation expense, changes in foreign currency and others.
(2) The change is primarily due to timing of collections of accounts receivable from an Asset Monitoring customer.
(3) The change is primarily due to an additional prepaid insurance policy.
(4) The change is primarily due to the timing of payments.
(5) The change is primarily due to timing of payments of local taxes.

### *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.

Net cash used in investing activities was $3.3 million for the six months ended June 30, 2024, compared to $9.9 million for the six months ended June 30, 2023. The decrease in cash used in investing activities was primarily driven by continued efforts to reduce spending.

### *Cash Flows from Financing Activities*

Net cash provided by financing activities was $27.4 million for the six months ended June 30, 2024, compared to approximately $19 thousand net cash used in financing activities during the six months ended June 30, 2023. The change was due to the net proceeds from the issuance of the Secured Convertible Notes during the six months ended June 30, 2024.

### *Debt*

On April 12, 2024, the Company, Nettar, and the Holder Representative entered into the Note Purchase Agreement with the Purchaser, pursuant to which Nettar agreed to issue the Secured Convertible Notes in the aggregate principal amount of $30 million to the Purchaser. For additional detail on the Secured Convertible Notes, see Note 14 (Secured Convertible Notes) to the unaudited condensed consolidated interim financial statements included elsewhere in this report.

As of December 31, 2023, we had no outstanding debt.

## Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of our unaudited condensed consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. The accounting policies that have been identified as critical to our business operations and to understanding the results of our operations pertain to revenue recognition, fair value of financial instruments, stock-based compensation, impairment of assets, and income taxes. The application of each of these critical accounting policies and estimates are set forth under Item 5.E “Critical Accounting Policies and Estimates” of our 2023 Annual Report.

**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 2024 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 elsewhere 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.