**Supplemental Listing Document**

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Societe Generale, the Certificates, or the Company (as defined below).

# 3,200,000 European Style Cash Settled Long Certificates relating to the Class A Common Stock of Space Exploration Technologies Corp. with a Daily Leverage of 3x

**issued by**

**SG Issuer**

**(Incorporated in Luxembourg with limited liability)**

**unconditionally and irrevocably guaranteed by**

**Societe Generale**

**Issue Price: S$5.00 per Certificate**

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Societe Generale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 12 June 2026 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 12 June 2026 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 17 July 2026.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

16 July 2026

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC"**) under the United States Commodity Exchange Act of 1936, as amended and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

**Table of Contents**

## RISK FACTORS

The following are risk factors relating to the Certificates:

(a) in respect of certain corporate adjustment events on the Underlying Stock, trading in the Certificates may be suspended on the relevant ex-date of the Underlying Stock and trading in the Certificates will resume on the next immediate trading day on the SGX-ST. Please note that trading in the Certificates on the SGX-ST may be suspended for more than one trading day in certain circumstances;

(b) circuit breakers are automatic mechanisms adopted in the U.S. stock market. Circuit breakers are invoked if the stock markets experience extreme broad-based declines or extreme volatility within a single stock, which are designed to slow the effects of extreme price movement through coordinated trading halts across securities markets in the U.S. stock market when severe price declines reach levels that may exhaust market liquidity.

Circuit breakers implemented by the Relevant Stock Exchange for the Underlying Stock may result in a temporary trading halt of the Underlying Stock on the Relevant Stock Exchange for the Underlying Stock, or under extreme circumstances, closure of the U.S. stock market (including all trading on the Relevant Stock Exchange for the Underlying Stock) before normal close of the trading session in the U.S. stock market.

Investors should be aware of the risk of potential high volatility in the trading prices of the Certificates upon commencement and throughout the trading hours of the SGX-ST on a trading day in Singapore in response to any overnight trigger of circuit breakers resulting in temporary trading halt of the Underlying Stock during the trading day of the Relevant Stock Exchange for the Underlying Stock immediately prior to such Singapore trading day;

(c) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(d) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(e) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(f) in the event that the Company is subject to any sanction by governmental authorities, (i) such sanction may impact general investor interest in the Underlying Stock, which may in turn affect the liquidity and market price of the Underlying Stock, and (ii) investors should consult their own legal advisers to check whether and to what extent investing in the Certificates will be in violation of applicable laws and regulations;

(g) in the event that the Company is controlled through weighted voting rights, certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters, and depending on the action taken by the Company, the market price of the Certificates could be adversely affected;

(h) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(i) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period.

The suspension may be lifted and trading in the Underlying Stock may resume outside or during the trading hours of the SGX-ST. If trading in the Underlying Stock resumes, trading in the Certificates will resume either in accordance with the scheduled trading resumption timing (if any) as specified in the announcement(s) to be published in respect of the resumption of trading in the Underlying Stock. Please note that the price of the Certificates may be highly volatile following the resumption of trading in the Certificates;

(j) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(k) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(l) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 32 to 37 and the examples and illustrations of adjustments set out in the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section of this document for more information;

(m) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(n) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(o) investors holding their position beyond market close of the SGX-ST should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below). Due to the difference in trading hours of the SGX-ST and the Relevant Stock Exchange for the Underlying

Stock, unless investors exit their position within the same SGX-ST trading day, they would bear the annualised costs;

(p) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(q) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(r) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous trading day. This process, referred to as compounding, may lead to a performance difference from 3 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(s) the Underlying Stock to which the Certificates relate are only quoted during US trading hours. This means that the Air Bag Mechanism (as defined below) can only be triggered when the SGX-ST is not open for trading. There is therefore a specific risk that overnight, investors in the Certificates incur a significant or even entire loss of the amounts invested in the Certificates, without being able to exit their investments in the Certificates;

(t) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(u) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is an approximately 33% or greater gap between the previous trading day closing price and the opening price of the Underlying Stock the following trading day, as the Air Bag Mechanism will only be triggered when market opens the following trading day or (ii) a sharp intraday fall in the price of the Underlying Stock of approximately 33% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors should note that the Air Bag Mechanism may only be triggered during the trading of the Relevant Stock Exchange for the Underlying Stock. Investors may refer to pages 53 to 54 of this document for more information;

(v) investors should note that the Certificates are issued over an Underlying Stock which is listed on an exchange with different trading hours from the SGX-ST. There may be a risk arising from the time difference between the trading hours of the Relevant Stock Exchange for the Underlying Stock (based on New York time) and the trading hours of the SGX-ST. As such, (i) the price of the Underlying Stock may not be available during the trading hours of the Certificates on SGX-ST; (ii) Air Bag Mechanism may be triggered during the trading hours of the Relevant Stock Exchange for the Underlying Stock, which would not be during SGX-ST trading hours; (iii) the trigger of an Air Bag Mechanism, when the Certificates are not open for trading, will lead to a different Leverage Strategy Closing Level, i.e. the value of the Certificates subsequently during the SGX-ST trading hours will be based on a different Leverage Strategy Closing Level reference for the purpose of the Leveraged Return calculation compared to a case where no Air Bag Mechanism would have been triggered; and (iv) given the Relevant Stock Exchange for the Underlying Stock is not open for trading during the SGX-ST trading hours, the market price of the Certificates may be affected by the derived spot price of the Underlying Stock on the Related Exchange during SGX-ST trading hours (which may deviate from the published price of the Underlying Stock), consequentially the market price of the Certificates during SGX-ST trading hours may deviate from the published price of the Underlying Stock during the US trading hours on the same day. There is therefore a specific risk that investors in the Certificates may incur a significant or even entire loss of the amounts invested in the Certificates, without being able to exit their investments in the Certificates.

In particular, please note that the trading price of the Underlying Stock may be volatile during a time in which the SGX-ST is not open for trading of the Certificates. Outside the trading hours of the SGX-ST, investors will not be able to sell or trade in the Certificates even if the trading price of the Underlying Stock is highly volatile.

Market news and/or corporate announcements relating to the Underlying Stock (including corporate event announcements or other price sensitive information) may be released outside the trading hours of the Relevant Stock Exchange for the Underlying Stock (based on New York time), but during the trading hours of the SGX-ST (based on Singapore time). The trading price of the Certificates may become highly volatile during the relevant trading hours of the SGX-ST in response to such market/corporate news pending opening of the Underlying Stock. The market and investors may not have sufficient time to digest fully, and/or assess the potential impact of, such corporate news on the Underlying Stock and hence the Certificates.

Investors may refer to pages 53 to 54 of this document for more information;

(w) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Certificates may be terminated prior to its Expiry Date for the following reasons which are not exhaustive: Illegality and force majeure, occurrence of a Holding Limit Event (as defined in the Conditions of the Certificates) or Hedging Disruption (as defined in the Conditions of the Certificates). For more detailed examples of when early termination may occur, please refer to the FAQ section under the “Education” tab on the website at dlc.socgen.com.

The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be substantially less than the amount initially invested, and at the worst case, be zero. Investors may refer to the Condition 13 on pages 39 to 42 of this document for more information;

(x) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(y) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(z) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(aa) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(bb) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(cc) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(dd) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(ee) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(ff) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(gg) U.S. withholding tax

The Issuer has determined that these Certificates substantially replicates the economic performance of one or more U.S. Underlying Equities (and as such, for the purposes of IRS Notice 2024-44, such Certificates are deemed to be "delta-one" Certificates and are therefore Specified Warrants for purposes of the Section 871(m) Regulations as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986".

Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of the Certificates, but it is not binding on the United States Internal Revenue Service (the "IRS") and the IRS may therefore disagree with the Issuer's determination. Because the Certificates are treated as Specified Warrants for purposes of the Section 871(m) Regulations, U.S. withholding tax under the Section 871(m) Regulations generally should apply to any dividend equivalents paid or deemed paid under the Certificates. In withholding this tax, the Issuer will apply the general tax rate of 30% to the payments subject to withholding under the Section 871(m) Regulations without regard to any applicable treaty rate. Therefore, in such cases, an investor's individual tax situation will not be taken into account.

**Potential investors are advised to consider the discussion in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986" and "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Foreign Account Tax Compliance Act Withholding" and to consult their own tax adviser on the tax impacts of the acquisition, holding, disposal and redemption of the Certificates. The requirement to pay such taxes may reduce the effective yield on the Certificates and may also have an adverse impact on their value;**

(hh) risks arising from the taxation of securities

Tax law and practice are subject to change, possibly with retroactive effect. This may have a negative impact on the value of the Certificates and/or the market price of the Certificates. For example, the specific tax assessment of the Certificates may change compared to its assessment at the time of purchase of the Certificates. This is especially true with regard to derivative Certificates and their tax treatment. Holders of Certificates therefore bear the risk that they may misjudge the taxation of the income from the purchase of the Certificates. However, there is also the possibility that the taxation of the income from the purchase of the Certificates will change to the detriment of the holders.

Holders of the Certificates bear the risk that the specific tax assessment of the Certificates will change. This can have a negative impact on the value of the Certificates and the investor may incur a corresponding loss. The stronger this negative effect, the greater the loss may be; and

(ii) risk factors relating to the BRRD

*French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.*

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD, as amended, has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank pari passu with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal is still subject to further discussions and as a result its precise legal application date is unknown. As such, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power.

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Framework (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD and the SRM Regulation provide the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution’s business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the

CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**BRRD II**"); and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among other things, the existing regime relating to the specific MREL with the aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which imposes a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended notably by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**") and Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities, EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended notably by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale).

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.*

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

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| Certificates: | 3,200,000 European Style Cash Settled Long Certificates relating to the Class A Common Stock of Space Exploration Technologies Corp. (the "**Underlying Stock**") |
| ISIN: | LU2088914309 |
| Company: | Space Exploration Technologies Corp. (RIC: SPCX.OQ) |
| Underlying Price and Source: | The closing price of the Underlying Stock on 16 July 2026 (Reuters) |
| Calculation Agent: | Societe Generale |
| Strike Level: | Zero |
| Daily Leverage: | 3x (within the Leverage Strategy as described below) |
| Notional Amount per Certificate: | SGD 5.00 |
| Management Fee (p.a.)[3]: | 0.40% |
| Gap Premium (p.a.)[4]: | 18.00%, is a hedging cost against extreme market movements beyond US market close on the same trading day. |
| Funding Cost[5]: | The annualised costs of funding, referencing a publicly published base rate plus spread. |
| Rebalancing Cost[5]: | The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock. |
| Launch Date: | 10 July 2026 |
| Closing Date: | 16 July 2026 |
| Expected Listing Date: | 17 July 2026 |

[3] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[4] Please note that the Gap Premium is calculated on a 360-day basis.
[5] These costs are embedded within the Leverage Strategy.

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| Last Trading Date: | The date falling 5 Business Days immediately preceding the Expiry Date, currently being 30 June 2028 |
| Expiry Date: | The Business Day immediately following the Valuation Date, currently being 7 July 2028 |
| Board Lot: | 100 Certificates |
| Valuation Date: | 6 July 2028 or if such day is not an Underlying Stock Business Day, the immediately following Underlying Stock Business Day and subject to the Market Disruption Event provisions. |
| Settlement Date: | No later than five Settlement Business Days following the Expiry Date, currently being 14 July 2028. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Cash Settlement Amount: | In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:<br><br>Closing Level multiplied by the Notional Amount per Certificate<br><br>Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Cash Settlement Amount. |
| Hedging Fee Factor: | In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360))<br><br>Where:<br><br>"**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and |

including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (such Underlying Stock Business Day being noted “t-1”) (included) and the Observation Date “t” (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 22 to 26 below.

Initial Exchange Rate: 1.2886

Final Exchange Rate: The rate for the conversion of United States Dollar to Singapore Dollar as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such

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| | source(s) as the Issuer may reasonably determine to be appropriate at such a time. |
| Air Bag Mechanism: | The “Air Bag Mechanism” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 20% or more (“**Air Bag Trigger Price**”) during the trading day of the Relevant Stock Exchange for the Underlying Stock (which represents an approximately 60% loss after a 3 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day during the trading hours of the Relevant Stock Exchange for the Underlying Stock. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.<br><br>The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.<br><br>Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 25 to 26 below and the “Description of Air Bag Mechanism” section on pages 51 to 52 of this document for further information of the Air Bag Mechanism. |
| Adjustments and Extraordinary Events: | The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made. |
| Underlying Stock Currency: | United States Dollar (“**USD**”) |
| Settlement Currency: | Singapore Dollar (“**SGD**”) |
| Exercise Expenses: | Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates. |
| Relevant Stock Exchange for the Certificates: | The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) |
| Relevant Stock Exchange for the Underlying Stock: | NASDAQ |

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| Related Exchange: | Each exchange or quotation system, or alternative trading system, where trading has a material effect (as determined by the Calculation Agent) on the overall market for the Underlying Stock when the Relevant Stock Exchange for the Underlying Stock is not open for trading |
| Underlying Stock Business Day, Business Day or Settlement Business Day: | An "**Underlying Stock Business Day**" means a day on which NASDAQ is open for dealings in the United States during its normal trading hours and banks are open for business in the United States.<br><br>A "**Business Day**" or a "**Settlement Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore. |
| Warrant Agent: | The Central Depository (Pte) Limited ("**CDP**") |
| Clearing System: | CDP |
| Fees and Charges: | Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.<br><br>Investors holding position beyond market close of the SGX-ST would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET. Due to the difference in trading hours of the SGX-ST and the Relevant Stock Exchange for the Underlying Stock, unless investors exit their position within the same SGX-ST trading day, they would bear such annualised costs. |
| Further Information: | Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium. |

## Specific Definitions relating to the Leverage Strategy

### *Description of the Leverage Strategy*

The Leverage Strategy is designed to track a 3 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 3 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

### *Leverage Strategy Formula*

**$\mathbf{LSL_t}$** means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

**$\mathbf{LR_{t-1,t}}$** means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

**$\mathbf{FC_{t-1,t}}$** means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

**$\mathbf{RC_{t-1,t}}$** means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows:

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

**TC** means the Transaction Costs applicable (including brokerage fees and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.20%

**Leverage** 3

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| $\mathbf{S_t}$ | means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions. |
| $\mathbf{Rate_t}$ | means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:<br>$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$ |
| $\mathbf{Rfactor_t}$ | means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:<br>$$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$<br>where<br>$Div_t$ is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes. |
| $\mathbf{CashRate_t}$ | means, in respect of each Observation Date(t), the US SOFR Secured Overnight Financing Rate, as published on Bloomberg Screen SOFRRATE Index page or any successor page, being the rate as of such Observation Date (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Bloomberg page. |
| $\%\mathbf{SpreadLevel_t}$ | 1%, subject to change by the Issuer on giving 10 Business Days' notice to investors via SGXNet. |
| **ACT(t-1,t)** | ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (such Underlying Stock Business Day being noted "t-1") (included) and the Observation Date "t" (excluded). |
| **DayCountBasisRate** | 365 |
| **Benchmark Fallback** | upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine. |
| **Reference Rate Event** | means, in respect of the Reference Rate any of the following has occurred or will occur:<br>(i) a Reference Rate Cessation;<br>(ii) an Administrator/Benchmark Event; or<br>(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market- |

wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

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| **Reference Rate Cessation** | means, for a Reference Rate, the occurrence of one or more of the following events:<br><br>(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;<br><br>(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or<br><br>(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts; |
| **Administrator/ Benchmark Event** | means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates. |
| **Reference Rate(s)** | means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate. |

***Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")***

**Extraordinary Strategy Adjustment for Performance Reasons**

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date ($LSL_{\mathrm{IRD}}$) should be computed as follows:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$

means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions:

(1) for k = 1:

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1:

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$

means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows:

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$

means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows:

$$\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{IS_{IR(k)}}$

means the Underlying Stock Price in respect of IR(k) computed as follows:

(1) for k=0

$$\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{IS_{IR(C)}} = \mathrm{S_{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

| | |
|---|---|
| **IR(k)** | For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;<br><br>For k=1 to n, means the $k^{th}$ Intraday Restrike Event on the relevant Intraday Restrike Date. |
| **IR(C)** | means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date. |
| **n** | means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date. |
| **Intraday Restrike Event** | means in respect of an Observation Date(t):<br><br>(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 20% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time.<br><br>(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 20% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time. |
| **Calculation Time** | means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level. |
| **TimeReferenceOpening** | means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto). |
| **TimeReferenceClosing** | means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto). |
| **Intraday Restrike Event Observation Period** | means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.<br><br>Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading. |
| **Intraday Restrike Event Time** | means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs. |

*The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.*

**TERMS AND CONDITIONS OF**

**THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES**

**1. Form, Status and Guarantee, Transfer and Title**

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of: -

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 12 June 2026, made by SG Issuer (the "**Issuer**") and Societe Generale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Societe Generale, Tour Societe Generale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case: -

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

**3. Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

**4. Exercise of Certificates**

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

"**Settlement Disruption Event**" means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the "SG Group"), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

"**Computer System**" means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

"**Data**" means any digital information, stored or used by the Computer System, including confidential data.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

**5. Warrant Agent**

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying

Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Subdivision or Consolidation of the Certificates*. The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.

(f) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(g) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

**6A. US withholding tax implications on the Payment**

Notwithstanding any other provision of these Conditions, in no event will the Issuer or the Guarantor be required to pay any additional amounts in respect of the Certificates for, or on account of, any withholding or deduction (i) required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**US Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the US Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto, (ii) imposed pursuant to the Section 871(m) Regulations ("**Section 871(m) Withholding**") or (iii) imposed by any other law of the United States. In addition, in determining the amount of Section 871(m) Withholding imposed on any payments on the Certificates, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the US Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

With respect to Specified Warrants that provide for net dividend reinvestment in respect of either an underlying U.S. security (i.e. a security that pays U.S. source dividends) or an index that includes U.S. securities, all payments on Certificates that reference such U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer or the Guarantor will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer or the Guarantor will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

For the purpose of this Condition:

"**Section 871(m) Regulations**" means the U.S. Treasury regulations issued under Section 871(m) of the Code.

"**Specified Warrants**" means, subject to special rules from 2017 through 2026 set out in Notice 2024-44 (the Notice), Warrants issued on or after 1 January 2017 that substantially replicate the economic performance of one or more U.S. underlying equities as determined by the Issuer on the date for such Warrants as of which the expected delta of the product is determined by the Issuer, based on tests set out in the applicable Section 871(m) Regulations, such that the Warrants are subject to withholding under the Section 871(m) Regulations.

**7. Purchases**

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

**8. Meetings of Certificate Holders; Modification**

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by

Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

**9. Notices**

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

**10. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

**11. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

**12. Delisting**

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

**13. Early Termination**

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Societe Generale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Societe Generale and the Relevant Affiliates, a

"**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Societe Generale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank

Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for Hedging Disruption*. If the Issuer or any of its affiliates is, following commercially reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any Hedge Positions (as defined below) or (ii) to freely realize, recover, receive, repatriate, remit, regain or transfer the proceeds of any Hedge Position (where either (i) or (ii) shall constitute a "**Hedging Disruption**"), the Issuer may terminate the Certificates early in accordance with Condition 13(e) provided that the intrinsic value on the previous trading day of the relevant Certificate is at or above the Issue Price. The Issuer's decision on whether a Hedging Disruption has occurred is final and conclusive. For the avoidance of doubt, Hedging Disruptions shall include the scenario where any Hedge Position cannot be maintained up to the amount necessary to cover all of the Issuer's obligations under the Certificates.

For the purposes hereof, "**Hedge Positions**" means any one or more commercially reasonable (i) positions (including long or short positions) or contracts in, or relating to, securities, options, futures, other derivatives contracts or foreign exchange, (ii) stock loan or borrowing transactions or (iii) other instruments, contracts, transactions or arrangements (howsoever described) that the Issuer or any of its affiliates determines necessary to hedge, individually or on a portfolio basis, any risk (including, without limitation, market risk, price risk, foreign exchange risk and interest rate risk) in relation to the assumption and fulfilment of the Issuer's obligations under the Certificates.

(d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(e) *Termination*. If the Issuer terminates the Certificates early, the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The determination of the fair market value may deviate from the determination of the Cash Settlement Amount under different scenarios, including but not limited to, where (i) the Daily Reset (as defined in the relevant Supplemental Listing Document) mechanism is suspended and/or (ii) the Final Reference Level is determined based on the closing price of the Underlying Stock on multiple Underlying Stock Business Days or Exchange Business Days, as the case may be. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

**14. Substitution of the Issuer**

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

**15. Governing Law**

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

**16. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

**17. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

## SUMMARY OF THE ISSUE

*The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.*

| | |
|---|---|
| Issuer: | SG Issuer |
| Company: | Space Exploration Technologies Corp. |
| The Certificates: | European Style Cash Settled Long Certificates relating to the Underlying Stock |
| Number: | 3,200,000 Certificates |
| Form: | The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 12 June 2026 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent (as amended and/or supplemented from time to time). |
| Cash Settlement Amount: | In respect of each Certificate, is the amount (if positive) equal to:<br><br>Notional Amount per Certificate x Closing Level |
| Denominations: | Certificates are represented by a global warrant in respect of all the Certificates. |
| Exercise: | The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates. |
| Exercise and Trading Currency: | SGD |
| Board Lot: | 100 Certificates |

| | |
|---|---|
| Transfers of Certificates: | Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP. |
| Listing: | Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 17 July 2026. |
| Governing Law: | The laws of Singapore |
| Warrant Agent: | The Central Depository (Pte) Limited<br>4 Shenton Way<br>#02-01 SGX Centre 2<br>Singapore 068807 |
| Further Issues: | Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST. |

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

## INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

**What are European Style Cash Settled Long Certificates on Single Equities?**

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

**A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry**

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

**B) Trading the Certificates before Expiry**

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates beyond market close of the SGX-ST: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. Due to the difference in trading hours of the SGX-ST and the Relevant Stock Exchange for the Underlying Stock, unless investors exit their position within the same SGX-ST trading day, they would bear the annualised costs.

### Illustration of the Calculation of Hedging Fee Factor

| | | |
|---|---|---|
| Hedging Fee Factor | = | Product of the Daily Fees |

| | | |
|---|---|---|
| Daily Fees | = | **Daily Management Fee Adjustment** |
| | | 1 – Management Fee x ACT (t-1;t) / 360 |
| | | x |
| | | **Daily Gap Premium Adjustment** |
| | | 1 – Gap Premium (t-1) x ACT (t-1;t) / 360 |

### Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

| | | t[6]=0 | | t=1 | | t=2 | | t=i |
|---|---|---|---|---|---|---|---|---|
| Value of Certificates | = | Notional Amount | x | Leverage Strategy daily performance[7] x Daily Fees | x | Leverage Strategy daily performance x Daily Fees | x … | Leverage Strategy Daily performance x Daily Fees |

| | | t=0 | | **Product of the daily Leverage Strategy Performance** | | **Product of the Daily Fees (Hedging Fee Factor)** |
|---|---|---|---|---|---|---|
| Value of Certificates | = | Notional Amount | x | Leverage Strategy daily performance x Leverage Strategy daily performance | x | Daily Fees x Daily Fees |

| | | t=0 | | | | |
|---|---|---|---|---|---|---|
| Final Value of Certificates | = | Notional Amount | x | Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate | x | Hedging Fee Factor |

### Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday within SGX-ST trading hours, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

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[6] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date on which no Market Disruption Event occurs.

[7] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

**Example of Calculation of Hedging Fee Factor and Cash Settlement Amount**

*The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.*

Assuming an investor purchases the following Certificates at the Issue Price:

| | |
|---|---|
| Underlying Stock: | Class A Common Stock of Space Exploration Technologies Corp. |
| Expected Listing Date: | 03/07/2018 |
| Expiry Date: | 18/07/2018 |
| Initial Reference Level: | 1,000 |
| Initial Exchange Rate: | 1 |
| Final Reference Level: | 1,200 |
| Final Exchange Rate: | 1 |
| Issue Price: | 5.00 SGD |
| Notional Amount per Certificate: | 5.00 SGD |
| Management Fee (p.a.): | 0.40% |
| Gap Premium (p.a.): | 18.00% |
| Strike Level: | Zero |

**Hedging Fee Factor**

Hedging Fee Factor on the n**th** Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\mathrm{HFF}\ (1) = \mathrm{HFF}\ (0) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (\mathrm{t}-1; \mathrm{t})}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (\mathrm{t}-1; \mathrm{t})}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 18.00\% \times \frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \text{ x } 99.9989\% \text{ x } 99.9500\% \approx 99.9489\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\mathrm{HFF}\ (2) = \mathrm{HFF}\ (1) \times \left(1\ -\ \text{Management Fee}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right) \times \left(1\ -\ \text{Gap Premium}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)$$

$$\mathrm{HFF}\ (2) = \ 99.9489\% \ \times \left(1\ - 0.40\%\ \times \frac{3}{360}\right) \times \left(1\ - 18.00\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9489\% \text{ x } 99.9967\% \text{ x } 99.8500\% \approx 99.7956\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\mathrm{HFF}\ (\mathrm{n}) = \mathrm{HFF}\ (\mathrm{n}-1) \times \left(1\ -\ \text{Management Fee}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right) \times \left(1\ -\ \text{Gap Premium}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.2359% as illustrated below:

| Date | HFF |
|---|---|
| 03/07/2018 | 100.0000% |
| 04/07/2018 | 99.9489% |
| 05/07/2018 | 99.8978% |
| 06/07/2018 | 99.8467% |
| 09/07/2018 | 99.6937% |
| 10/07/2018 | 99.6427% |
| 11/07/2018 | 99.5918% |
| 12/07/2018 | 99.5409% |
| 13/07/2018 | 99.4900% |
| 16/07/2018 | 99.3374% |
| 17/07/2018 | 99.2867% |
| 18/07/2018 | 99.2359% |

**Cash Settlement Amount**

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.2359%

= 119.08%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.08% x 5.00 SGD

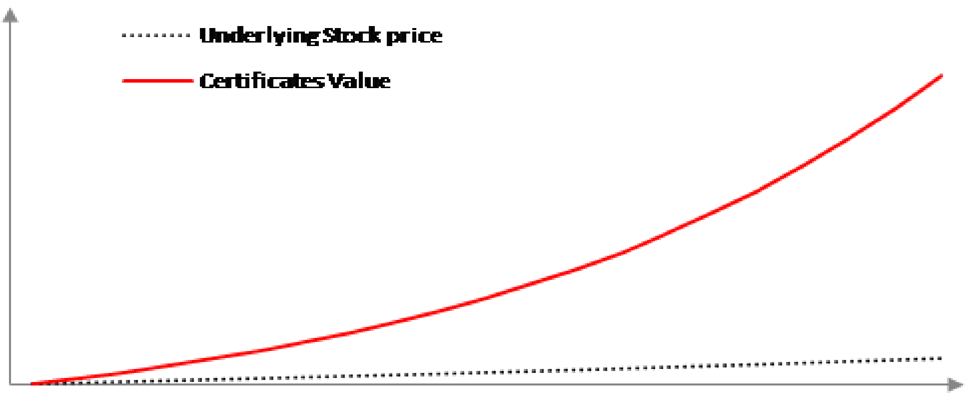
**= 5.954 SGD**

**Illustration on how returns and losses can occur under different scenarios**

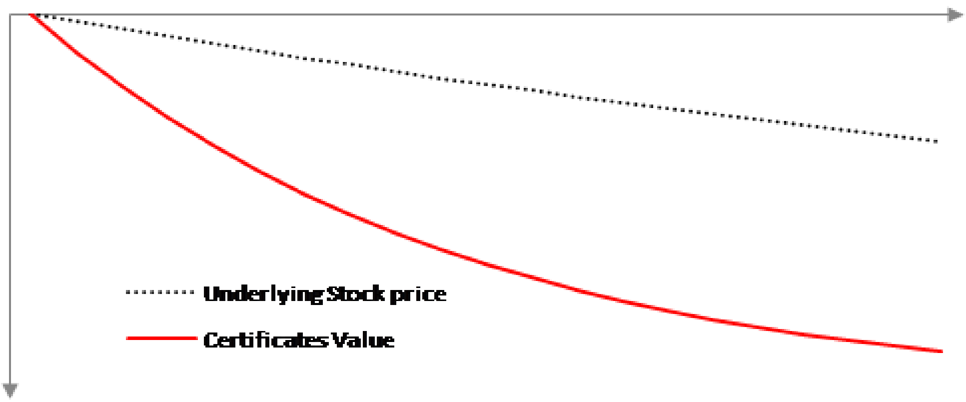
*The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees or any other market parameters*.

1. Illustrative examples

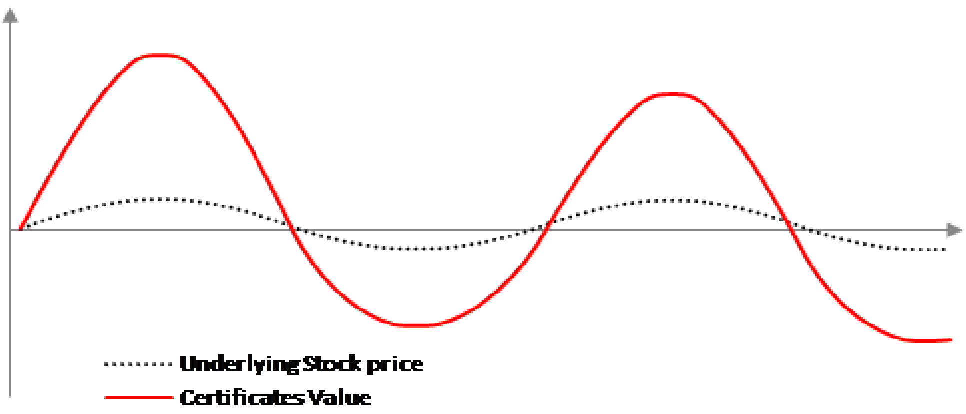
*Scenario 1 – Upward Trend (during US trading hours)*




*Scenario 2 – Downward Trend (during US trading hours)*




*Scenario 3 – Volatile Market (during US trading hours)*



2. Numerical Examples

*Scenario 1 – Upward Trend*

| **Underlying Stock** | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Value at end of US trading day | 10,000.0 | 10,200.0 | 10,404.0 | 10,612.1 | 10,824.3 | 11,040.8 |
| Accumulated Return | 0.00% | 2.00% | 4.04% | 6.12% | 8.24% | 10.41% |

| **Value of the Certificates** | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Value at end of US trading day | 5.00 | 5.30 | 5.62 | 5.96 | 6.31 | 6.69 |
| Accumulated Return | 0.00% | 6.00% | 12.36% | 19.10% | 26.25% | 33.82% |

*Scenario 2 – Downward Trend*

| **Underlying Stock** | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | -2.0% | -2.0% | -2.0% | -2.0% | -2.0% |
| Value at end of US trading day | 10,000.0 | 9,800.0 | 9,604.0 | 9,411.9 | 9,223.7 | 9,039.2 |
| Accumulated Return | 0.00% | -2.00% | -3.96% | -5.88% | -7.76% | -9.61% |

| **Value of the Certificates** | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | -6.0% | -6.0% | -6.0% | -6.0% | -6.0% |
| Value at end of US trading day | 5.00 | 4.70 | 4.42 | 4.15 | 3.90 | 3.67 |
| Accumulated Return | 0.00% | -6.00% | -11.64% | -16.94% | -21.93% | -26.61% |

*Scenario 3 – Volatile Market*

| **Underlying Stock** | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 2.0% | -2.0% | 2.0% | -2.0% | 2.0% |
| Value at end of US trading day | 10,000.0 | 10,200.0 | 9,996.0 | 10,195.9 | 9,992.0 | 10,191.8 |
| Accumulated Return | 0.00% | 2.00% | -0.04% | 1.96% | -0.08% | 1.92% |

| **Value of the Certificates** | | | | | | |
|---|---|---|---|---|---|---|
| | Day 0 | Day 1 | Day 2 | Day 3 | Day 4 | Day 5 |
| Daily return | | 6.0% | -6.0% | 6.0% | -6.0% | 6.0% |
| Value at end of US trading day | 5.00 | 5.30 | 4.98 | 5.28 | 4.96 | 5.26 |
| Accumulated Return | 0.00% | 6.00% | -0.36% | 5.62% | -0.72% | 5.24% |

**Description of Air Bag Mechanism**

The Certificates integrate an "Air Bag Mechanism" which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, the following events occur:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is less than 15 minutes of continuous trading until Market Close when the Air Bag Mechanism is triggered; and thereafter

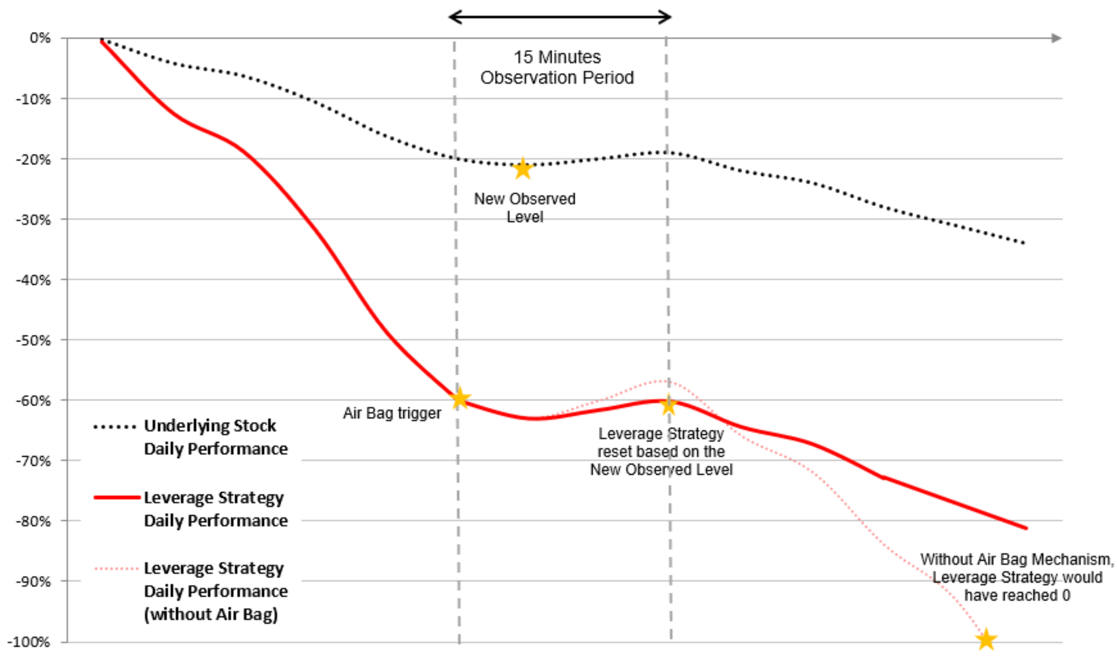
- Reset Period: the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy after the reset.

With **Market Close** defined as:

- the Underlying Stock closing time with respect to the Observation Period

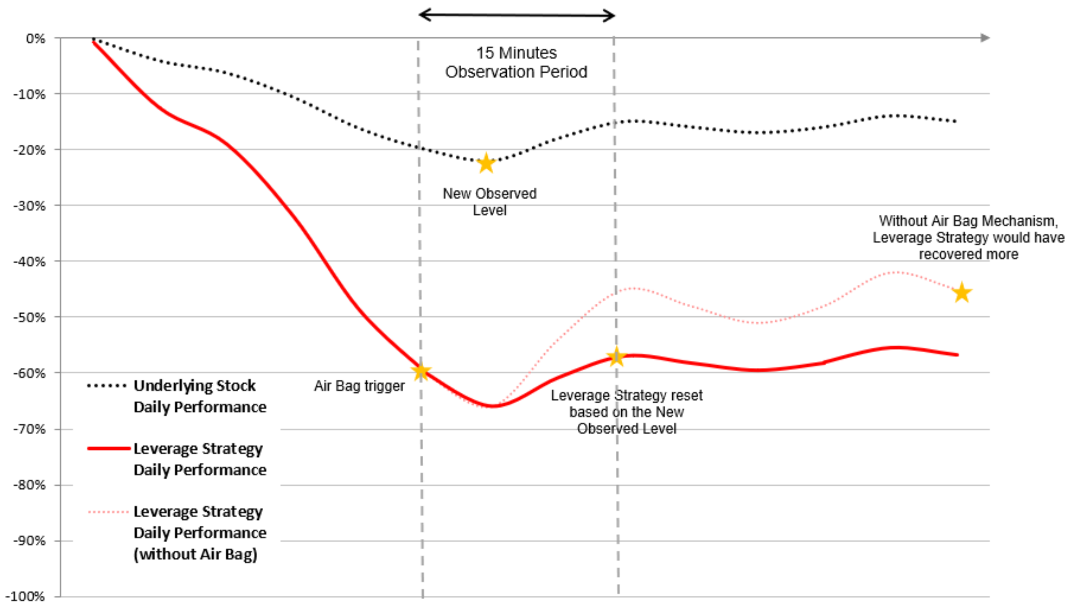
Illustrative examples of the Air Bag Mechanism[8]

*Scenario 1 – Downward Trend after Air Bag trigger (during US trading hours)*

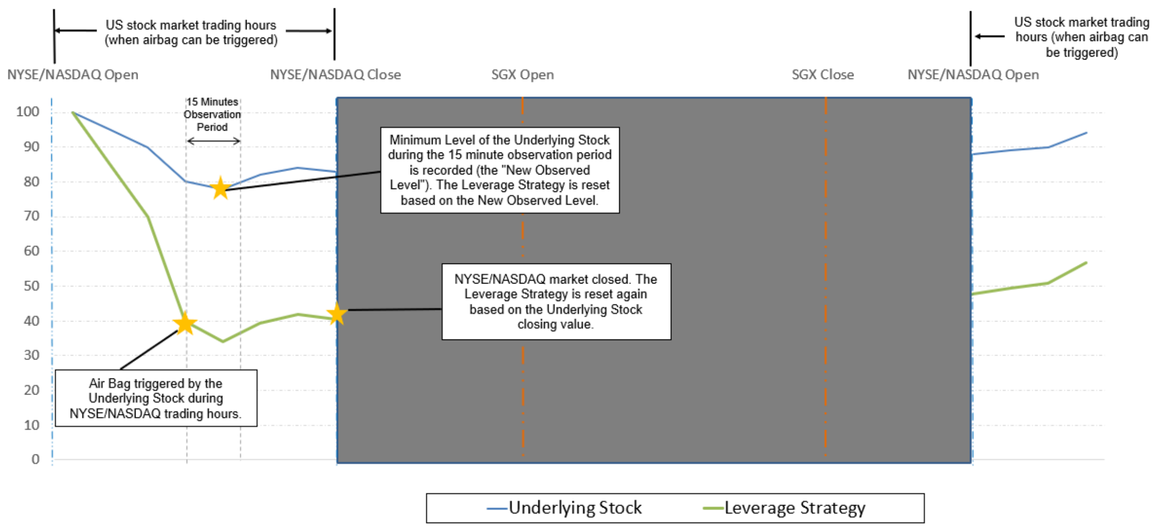



[8] The illustrative examples are not exhaustive. The illustrative examples above are designed to illustrate the impact of the Air Bag Mechanism on the assumption that there will be a residual value in the Certificates following the Air Bag triggers. Please refer to "Scenarios where the investor may lose the entire value of the investment" on pages 53 to 54 on hypothetical scenarios when investors may lose their entire value of the investment.

*Scenario 2 – Upward Trend after Air Bag trigger (during US trading hours)*




- **The Air Bag Mechanism can only be triggered during trading hours of the Relevant Stock Exchange for the Underlying Stock**

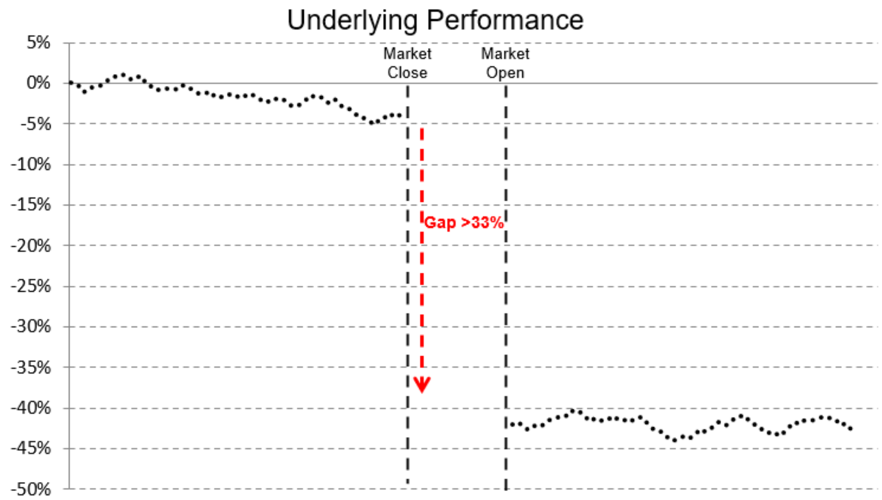


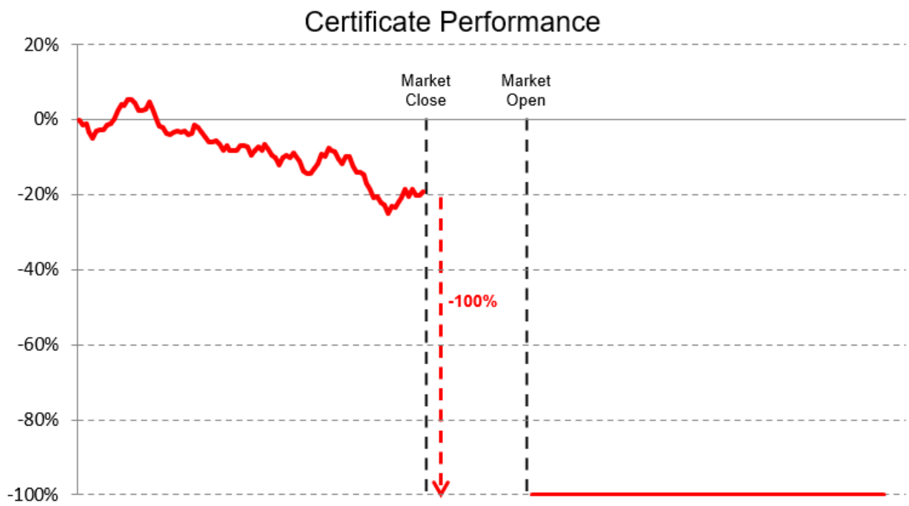
**Scenarios where the investor may lose the entire value of the investment**

*The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.*

<u>*Scenario 1 –Fall of the Underlying Stock outside of US trading hours*</u>

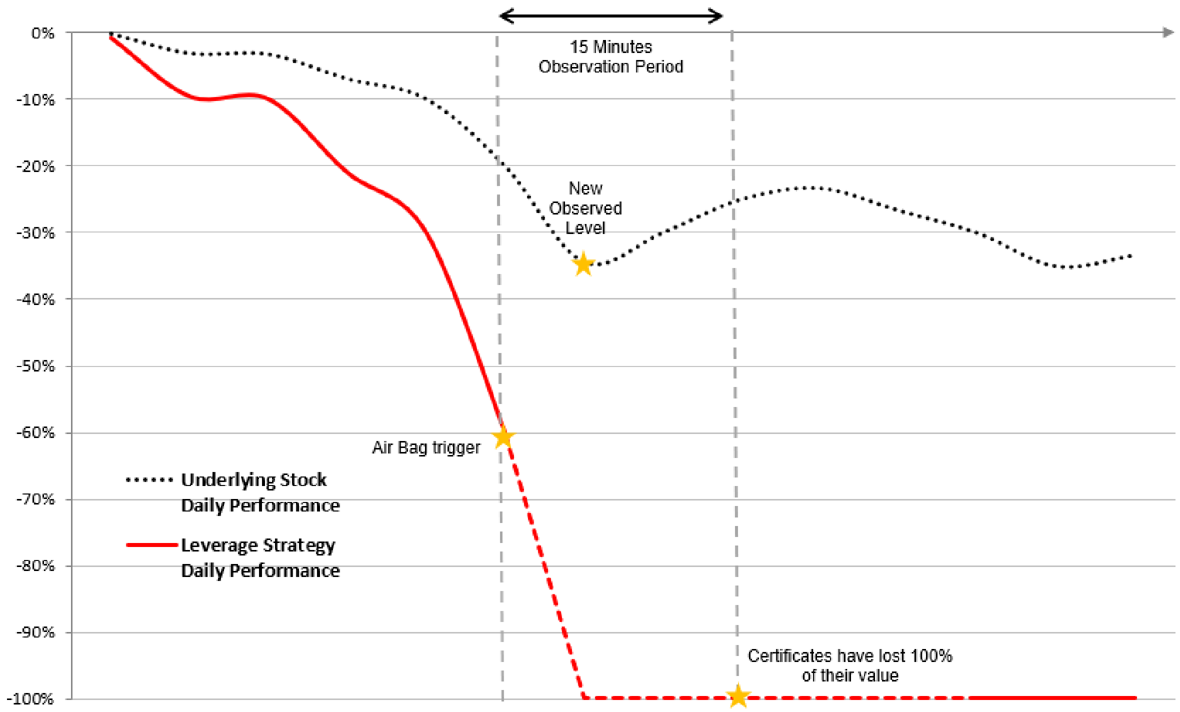
On any Underlying Stock Business Day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous trading day of the Relevant Stock Exchange for the Underlying Stock. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is approximately 33% or more below the closing price on the previous trading day of the Relevant Stock Exchange for the Underlying Stock, the Air Bag Mechanism may only be triggered during the trading hours of the Relevant Stock Exchange for the Underlying Stock, and the Certificates would lose their entire value in such event.  In such case, as the Certificates became valueless during the US trading hours, at subsequent SGX-ST open, the DMM may not provide any quotation on the Certificates and the Issuer may apply to suspend trading of the Certificates.



*Scenario 2 – Sharp intraday fall of the Underlying Stock during US trading hours*

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificates can lose 100% of their value in the event the price of the Underlying Stock falls by approximately 33% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event. In such case, as the Certificates became valueless during the US trading hours, at subsequent SGX-ST open, the DMM may not provide any quotation on the Certificates and the Issuer may apply to suspend trading of the Certificates.



**Examples and illustrations of adjustments due to certain corporate actions**

*The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters*.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula:

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{t-1}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag Mechanism would not be triggered if the stock price falls by 20% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

**M** is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

**R** is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. <u>Stock split</u>

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 6\%$$

| $\mathrm{S_{t-1}}$ | $\mathrm{S_{t-1}} \times Rfactor_t$ | $\mathrm{S_t}$ | Adjusted Underlying Stock Performance |
|---|---|---|---|
| 100 | 50 | 51 | 2% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 5.00 | 5.30 | 6% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $40.0, which is 20% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{t-1}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 3\%$$

| $S_{t-1}$ | $S_{t-1} \times Rfactor_t$ | $S_t$ | Adjusted Underlying Stock Performance |
|---|---|---|---|
| 100 | 200 | 202 | 1% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 5.00 | 5.15 | 3% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $160, which is 20% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

$S_{t-1}$ = $100

$S_t$ = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 15\%$$

| $S_{t-1}$ | $S_{t-1} \times Rfactor_t$ | $S_t$ | Adjusted Underlying Stock Performance |
|---|---|---|---|
| 100 | 80 | 84 | 5% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 5.00 | 5.75 | 15% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $64, which is 20% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$S_{t-1}$ = \$100

$S_t$ = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 6\%$$

| $S_{t-1}$ | $S_{t-1} \times Rfactor_t$ | $S_t$ | Adjusted Underlying Stock Performance |
|---|---|---|---|
| 100 | 83.33 | 85 | 2% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 5.00 | 5.30 | 6% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$66.66, which is 20% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$S_{t-1}$ = \$100

$S_t$ = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S}_t}{\mathrm{S}_{t-1} \times Rfactor_t} - 1\right) = 3 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 15\%$$

| $\mathrm{S}_{t-1}$ | $\mathrm{S}_{t-1} \times Rfactor_t$ | $\mathrm{S}_t$ | Adjusted Underlying Stock Performance |
|---|---|---|---|
| 100 | 80 | 84 | 5% |

| Value of the Certificate (t-1) | Value of the Certificate (t) | Certificates' performance (excluding any cost and fees) |
|---|---|---|
| 5.00 | 5.75 | 15% |

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $64, which is 20% below $80, the Underlying Stock Reference Price.

## INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of NASDAQ at www.nasdaq.com and/or the Company's web-site at https://www.spacex.com/. The Issuer has not independently verified any of such information.*

Space Exploration Technologies Corp. (the "**Company**"), founded in 2002, is the only company building the integrated hardware and software infrastructure of the future across space, connectivity, and AI. The Company designs, manufactures, launches, and operates products and services built on cutting-edge technologies, including the world's most advanced rockets and spacecraft.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2025, 2024 and 2023 and the unaudited consolidated financial statements of the Company and its subsidiaries for the three months ended 31 March 2026 and 2025, and has been extracted and reproduced from the Company's prospectus dated 11 June 2026. Further information relating to the Company may be located on the web-site of NASDAQ at www.nasdaq.com.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Societe Generale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

| | | | |
|---|---|---|---|
| (a) | Maximum bid and offer spread | : | (i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and<br>(ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate. |
| (b) | Minimum quantity subject to bid and offer spread | : | 10,000 Certificates |
| (c) | Last Trading Day for Market Making | : | The date falling 5 Business Days immediately preceding the Expiry Date |

In addition, the DMM may not provide quotations in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) when trading in the Underlying Stock is suspended or limited in a material way for any reason (including price quote limits activated by the Relevant Stock Exchange for the Underlying Stock or otherwise[9]), for the avoidance of doubt, the DMM is not obliged to provide quotation for the Certificate at any time when the Underlying Stock is not negotiated/traded for any reason during the last trading session of the Relevant Stock Exchange for the Underlying Stock;

(iv) when trading of the Underlying Stock on any Related Exchange, or access to pricing information of the Underlying Stock on any Related Exchange is suspended, not available, or limited in a material way for any reason (including price quote limits activated by the Related Exchange on such Underlying Stock or otherwise);

(v) where the Certificates are suspended from trading for any reason including, but without limitation, as a result of trading in the Underlying Stock on any Related Exchange being suspended, or trading generally on any Related Exchange being suspended;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or the Relevant Stock Exchange for the Underlying Stock[9] or any Related Exchange for the Underlying Stock, or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock, or in trading of the Underlying Stock on any Related Exchange;

[9] Price quote limits activated by the Relevant Stock Exchange for the Underlying Stock are not applicable to the market making of the Certificates (as defined herein).

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Certificates;

(x) if the SGX-ST, the Relevant Stock Exchange for the Underlying Stock or any Related Exchange experiences exceptional price movement and volatility;

(xi) when any Related Exchange(s) relating to the trading of the Underlying Stock and the Relevant Stock Exchange for the Underlying Stock are not open for dealings concurrently;

(xii) when it is a public holiday in Singapore and the SGX-ST is not open for dealings; and

(xiii) during trading hours of the SGX-ST on any Business Day when it is a public holiday in the United States and the Relevant Stock Exchange for the Underlying Stock is not open for dealings.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

## SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with the information set out in the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore Dollar. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2025 or the Guarantor since 31 March 2026, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Societe Generale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Societe Generale at the above address for the attention of Societe Generale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Societe Generale,

Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the Base Listing Document (which can also be viewed at: https://www.sgx.com/securities/prospectus-circulars-offer-documents);

(e) this document; and

(f) the Guarantee.

## PLACING AND SALE

### General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

### Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

### Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

**United Kingdom**

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is either one (or both) of the following:

  (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or

  (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to buy or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

**United States**

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Certificates, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or other redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the

Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person), or (iv) a U.S. Person for purposes of the final rules implementing the credit risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended.

## APPENDIX

## REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2025, 2024 AND 2023 AND THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2026 AND 2025 OF SPACE EXPLORATION TECHNOLOGIES CORP. AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2025, 2024 and 2023 and the unaudited consolidated financial statements of the Company and its subsidiaries for the three months ended 31 March 2026 and 2025, and has been extracted and reproduced from the Company's prospectus dated 11 June 2026.

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Space Exploration Technologies Corp.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Space Exploration Technologies Corp. and its subsidiaries (the “Company”) as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income (loss), of redeemable convertible preferred stock and shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

*Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for digital assets in 2024.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Significant Transactions with Related Parties***

As discussed in Note 18 to the consolidated financial statements, the Company has entered into significant transactions with related parties.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.





*Revenue Recognition – Estimate of Total Cost at Completion for Certain Contracts Recognized Over Time*

As described in Notes 2 and 3 to the consolidated financial statements, the Company recognized revenue of $4.1 billion and $11.4 billion for the year ended December 31, 2025 within the Space and Connectivity segments, respectively, a portion of which related to contracts recognized over time using the cost-to-cost input method. Under the cost-to-cost input method, the Company records revenue based upon costs (such as materials and labor hours) incurred to date relative to the total estimated cost at completion. Developing the estimated total cost at completion for each performance obligation requires the use of significant management judgment, including assumptions regarding (i) launch timing, labor hours, allocation of shared costs for launch vehicles that have been identified as reusable for multiple launches, as well as expected technological changes to launch vehicles and spacecraft for Space contracts, and (ii) labor hours, allocation of shared costs used in the production of satellites, satellite material costs, as well as expected technological changes to satellites for Connectivity contracts. The Company recognizes changes in estimated contract revenue or costs at completion and the resulting changes in contract profit on a cumulative basis.

The principal considerations for our determination that performing procedures relating to revenue recognition – estimate of total cost at completion for certain contracts recognized over time is a critical audit matter are (i) the significant judgment by management in developing the estimate of total cost at completion, including significant judgments and assumptions on a contract by contract basis, and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's estimate of total cost at completion, including estimated labor hours.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing the completeness and accuracy of underlying data used by management related to actual costs to date, (ii) testing management's process for developing the estimate of total cost at completion, including evaluating on a test basis, the reasonableness of certain significant judgments and assumptions considered by management specific to each contract, including estimated labor hours. Evaluating the significant judgments and assumptions related to the estimates of total cost at completion involved evaluating whether the significant judgments and assumptions used by management were reasonable considering (i) management's historical forecasting accuracy; (ii) evidence to support the relevant aforementioned assumptions; (iii) the consistent application of accounting policies; and (iv) the timely identification of circumstances which may require a modification to a previous estimate.

/s/PricewaterhouseCoopers LLP

Los Angeles, California

March 30, 2026, except for the effects of the reorganization of entities under common control and the effects of the stock split discussed in Note 1 to the consolidated financial statements and the change in reportable segments discussed in Note 19 to the consolidated financial statements, as to which the date is May 7, 2026

We have served as the Company's auditor since 2012.

## Space Exploration Technologies Corp.
## Consolidated Balance Sheets
## (in millions, except per share data)

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 24,747 | $ 11,385 |
| Marketable securities | — | 800 |
| Accounts receivable, net of allowance for credit losses of $39 and $119 at December 31, 2025 and 2024, respectively | 1,579 | 1,052 |
| Inventory | 2,416 | 2,003 |
| Prepaid expenses and other current assets | 2,210 | 868 |
| Total current assets | 30,952 | 16,108 |
| Property, plant, and equipment, net[(a)] | 42,602 | 21,147 |
| Finance lease right-of-use assets | 1,260 | 1,686 |
| Intangible assets, net | 1,548 | 2,211 |
| Digital assets | 1,637 | 1,749 |
| Goodwill | 11,809 | 11,129 |
| Deferred tax assets | 141 | 696 |
| Other assets | 2,130 | 2,336 |
| **Total assets** | $ 92,079 | $ 57,062 |
| **Liabilities, Redeemable Convertible Preferred Stock, and Shareholders' Equity** | | |
| Current liabilities | | |
| Accounts payable | 11,792 | 4,413 |
| Deferred revenue, current | 6,111 | 5,498 |
| Debt and finance leases, current (related party of $455 and $- at December 31, 2025 and 2024, respectively) | 928 | 372 |
| Accrued expenses and other current liabilities | 2,569 | 1,508 |
| Total current liabilities | 21,400 | 11,791 |
| Long-term liabilities | | |
| Deferred revenue, net of current | 6,005 | 4,681 |
| Debt and finance leases, net of current (related party of $4,052 and $- at December 31, 2025 and 2024, respectively) | 21,968 | 13,421 |
| Other liabilities | 1,381 | 1,365 |
| **Total liabilities** | 50,754 | 31,258 |
| Commitments and contingencies (Note 17) | | |
| **Redeemable convertible preferred stock** | | |
| Redeemable convertible preferred stock, par value $0.001; 2,351 and 1,997 shares issued; 2,046 and 1,748 shares outstanding as of December 31, 2025 and 2024, respectively | 38,752 | 20,941 |
| **Shareholders' equity** | | |
| Class A common stock, par value $0.001; 2,036 and 1,832 shares issued; 1,954 and 1,832 shares outstanding as of December 31, 2025 and 2024, respectively | 3 | 2 |
| Class B common stock, par value $0.001; 644 and 768 shares issued and outstanding as of December 31, 2025 and 2024, respectively | 1 | 1 |
| Class C common stock, par value $0.001; 482 and 421 shares issued and outstanding as of December 31, 2025 and 2024, respectively | 0 | 0 |
| Class D common stock, par value $0.0001; no shares issued and outstanding as of December 31, 2025 and 2024, respectively | — | — |
| Additional paid-in capital | 37,706 | 35,865 |
| Accumulated deficit | (37,035) | (32,098) |
| Accumulated other comprehensive income | 1,898 | 1,093 |
| **Total shareholders' equity** | 2,573 | 4,863 |
| **Total liabilities, redeemable convertible preferred stock, and shareholders' equity** | $ 92,079 | $ 57,062 |

(a) Refer to Note 18, Related Party Transactions for additional details on related party arrangements.

The accompanying notes are an integral part of these consolidated financial statements.



Table of Contents

## Space Exploration Technologies Corp.
## Consolidated Statements of Operations
## (in millions, except per share data)

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Revenue** | $ 18,674 | $ 14,015 | $ 10,387 |
| **Costs and expenses** | | | |
| Cost of revenue | 9,451 | 7,996 | 6,110 |
| Research and development | 8,643 | 3,464 | 2,105 |
| Selling, general, and administrative | 2,644 | 1,813 | 1,665 |
| Restructuring charges | 487 | 213 | 237 |
| Impairment | 38 | 63 | 3,775 |
| Total costs and expenses | 21,263 | 13,549 | 13,892 |
| **Income (loss) from operations** | (2,589) | 466 | (3,505) |
| Interest expense (related party of $66, $-, and $- for December 31, 2025, 2024, and 2023, respectively) | (1,945) | (1,580) | (1,693) |
| Interest income | 492 | 371 | 249 |
| Other income (expense), net | (177) | 985 | (42) |
| **Income (loss) before income taxes** | (4,219) | 242 | (4,991) |
| Provision for (benefit from) income taxes | 718 | (549) | (363) |
| **Net income (loss)** | $ (4,937) | $ 791 | $ (4,628) |
| Net income (loss) attributable to shareholders - basic | $ (4,937) | $ 18 | $ (4,628) |
| Net income (loss) attributable to shareholders - diluted | $ (4,937) | $ 21 | $ (4,628) |

| Net income (loss) per share of common stock attributable to common shareholders | Year Ended December 31, | | |
|---|---|---|---|
| Basic | $ (1.69) | $ 0.01 | $ (1.68) |
| Diluted | $ (1.69) | $ 0.00 | $ (1.68) |
| **Weighted average shares used in computing net income (loss) per share of common stock** | | | |
| Basic | 2,926 | 2,848 | 2,759 |
| Diluted | 2,926 | 9,956 | 2,759 |

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)

**Space Exploration Technologies Corp.**
**Consolidated Statements of Comprehensive Income (Loss)**
**(in millions)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Net income (loss)** | $ (4,937) | $ 791 | $ (4,628) |
| **Other comprehensive income (loss)** | | | |
| Change in foreign currency translation adjustments, net of tax | 805 | (391) | 222 |
| Unrealized gains (losses) on marketable securities, net of tax | 0 | (1) | 1 |
| Other comprehensive income (loss) | 805 | (392) | 223 |
| **Comprehensive income (loss)** | $ (4,132) | $ 399 | $ (4,405) |

The accompanying notes are an integral part of these consolidated financial statements.

**Space Exploration Technologies Corp.**
**Consolidated Statements of Redeemable Convertible Preferred Stock and Shareholders' Equity**
**(in millions)**

| | Redeemable Convertible Preferred Stock | | Common Stock | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
| **Balances at December 31, 2022** | 136 | $ 7,239 | 2,742 | $ 3 | $ 35,275 | $ (28,757) | $ 1,262 | $ 7,783 |
| Share-based compensation | — | 3 | — | — | 784 | — | — | 784 |
| Issuance of redeemable convertible preferred stock | 750 | 750 | — | — | — | — | — | — |
| Common stock issued, net of tax withholding | — | — | 249 | 0 | (41) | — | — | (41) |
| Repurchase of common stock | — | — | (11) | 0 | (170) | — | — | (170) |
| Net loss | — | — | — | — | — | (4,628) | — | (4,628) |
| Other comprehensive income (loss) | — | — | — | — | — | — | 223 | 223 |
| **Balances at December 31, 2023** | 886 | $ 7,992 | 2,980 | $ 3 | $ 35,848 | $ (33,385) | $ 1,485 | $ 3,951 |
| Adjustment for prior periods from adoption of ASU 2023-08 | — | — | — | — | — | 496 | — | 496 |
| Share-based compensation | — | — | — | — | 914 | — | — | 914 |
| Issuance of redeemable convertible preferred stock | 862 | 13,001 | — | — | — | — | — | — |
| Common stock issued, net of tax withholding | — | — | 75 | 0 | 72 | — | — | 72 |
| Repurchase of common and redeemable convertible preferred stock | 0 | (21) | (46) | 0 | (1,000) | — | — | (1,000) |
| Conversion of redeemable convertible preferred stock to common stock | 0 | (31) | 14 | 0 | 31 | — | — | 31 |
| Net income | — | — | — | — | — | 791 | — | 791 |
| Other comprehensive income (loss) | — | — | — | — | — | — | (392) | (392) |
| **Balances at December 31, 2024** | 1,748 | $ 20,941 | 3,023 | $ 3 | $ 35,865 | $ (32,098) | $ 1,093 | $ 4,863 |
| Share-based compensation | — | — | — | — | 2,087 | — | — | 2,087 |
| Issuance of redeemable convertible preferred stock | 299 | 17,898 | — | — | — | — | — | — |
| Common stock issued, net of tax withholding | — | — | 97 | 1 | 740 | — | — | 741 |
| Repurchase of common stock | — | — | (69) | 0 | (1,125) | — | — | (1,125) |
| Conversion of redeemable convertible preferred stock to common stock | (1) | (87) | 28 | 0 | 87 | — | — | 87 |
| Transfer of equity in business combination | — | — | 0 | 0 | 52 | — | — | 52 |
| Net loss | — | — | — | — | — | (4,937) | — | (4,937) |
| Other comprehensive income (loss) | — | — | — | — | — | — | 805 | 805 |
| **Balances at December 31, 2025** | 2,046 | $ 38,752 | 3,079 | $ 4 | $ 37,706 | $ (37,035) | $ 1,898 | $ 2,573 |

The accompanying notes are an integral part of these consolidated financial statements.





**Space Exploration Technologies Corp.**
**Consolidated Statements of Cash Flows**
**(in millions)**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income (loss) | $ (4,937) | $ 791 | $ (4,628) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 6,701 | 3,824 | 2,635 |
| Share-based compensation | 1,947 | 784 | 679 |
| Intangible asset impairment | — | — | 3,775 |
| Deferred income taxes | 626 | (675) | (409) |
| Unrealized (gain) loss on digital assets | 112 | (955) | — |
| Impairment and loss on disposal of fixed assets, net | 88 | 135 | 36 |
| Amortization of debt discount and issuance costs | 93 | 84 | 212 |
| Other | 66 | 115 | 214 |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | (543) | (347) | 345 |
| Inventory | (413) | (309) | (72) |
| Prepaid expenses and other assets | (673) | (328) | 41 |
| Accounts payable | 709 | 472 | 220 |
| Deferred revenue | 1,929 | 1,876 | 1,695 |
| Operating lease liabilities, net | (56) | (37) | (15) |
| Other liabilities | 1,136 | 346 | (208) |
| Net cash provided by operating activities | $ 6,785 | $ 5,776 | $ 4,520 |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant, and equipment (related party of $666, $171, and $11 for December 31, 2025, 2024, and 2023, respectively) | (20,737) | (11,163) | (4,415) |
| Capitalized interest | (169) | — | — |

| | Year Ended December 31, | | |
|---|---|---|---|
| Proceeds from product rebates | 118 | | — |
| Purchases of marketable securities | (611) | (3,542) | (3,535) |
| Maturities of marketable securities | 548 | 3,712 | 2,731 |
| Proceeds from sales of marketable securities | 1,457 | 193 | 333 |
| Investments in unconsolidated affiliates | (86) | — | — |
| Other investing activities, net | (95) | 4 | 19 |
| Net cash used in investing activities | $ (19,575) | $ (10,796) | $ (4,867) |
| **Cash flows from financing activities** | | | |
| Principal repayments on finance leases | (295) | (154) | — |
| Proceeds from debt and other financing obligations | 16,055 | — | — |
| Payment of debt issuance costs | (66) | — | — |
| Repayments on debt and other financing obligations | (6,858) | (77) | (112) |
| Proceeds from issuance of capital stock, net of issuance costs | 18,807 | 13,101 | 774 |
| Proceeds from employee equity award plans | 328 | 224 | 141 |



| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Payments for repurchase of common and redeemable convertible preferred stock | (1,125) | (1,021) | (170) |
| Taxes paid related to net share settlement of equity award | (496) | (243) | (211) |
| Net cash provided by financing activities | $ 26,350 | $ 11,830 | $ 422 |
| Effect of exchange rate changes on cash and cash equivalents | 63 | 1 | (2) |
| Net change in cash and cash equivalents and restricted cash | 13,623 | 6,811 | 73 |
| Cash and cash equivalents and restricted cash, beginning of year | 11,501 | 4,690 | 4,617 |
| Cash and cash equivalents and restricted cash, end of year | $ 25,124 | $ 11,501 | $ 4,690 |
| **Supplemental disclosures of cash flow information** | | | |
| Cash paid for the following: | | | |
| Interest, net of interest capitalized | $ 1,476 | $ 1,500 | $ 1,365 |
| Income taxes, net | $ 154 | $ 134 | $ 45 |
| **Supplemental schedule of noncash investing and financing activities** | | | |
| Share-based compensation capitalized in property, plant, and equipment, net | $ 154 | $ 132 | $ 108 |
| Acquisition of property, plant, and equipment included in accounts payable | $ 7,088 | $ 2,481 | $ 505 |

The accompanying notes are an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**(tables in millions, except per share data)**

### Note 1 - Nature of Business

***Description of Business***

Space Exploration Technologies Corp. and its wholly owned subsidiaries, collectively referred to as the "Company" or "SpaceX," operate three segments – (i) the Space segment designs, manufactures, and launches reusable rockets to provide high cadence, reliable, and affordable access to space at unprecedented scale, (ii) the Connectivity segment operates a worldwide high-speed, low-latency broadband network powered by thousands of Starlink satellites in Low-Earth Orbit, delivering connectivity to millions of consumer, enterprise, and government customers through our Starlink offering, and (iii) the AI segment operates a vertically integrated AI platform spanning a frontier LLM Grok, AI solutions for consumer and enterprise customers, X — a real-time information, entertainment, and free speech platform — and AI computational infrastructure.

SpaceX is advancing the boundaries of space technology and human spaceflight through its Falcon launch vehicles and Dragon spacecraft and is currently developing Starship, a fully reusable transportation system that is designed to carry crew, cargo, satellites, and data centers to Earth orbit, the Moon, Mars, and beyond.

SpaceX operates Starlink which delivers high-speed, low-latency broadband internet to customers around the globe, including to those who live in some of the most remote places on Earth. The Company also provides access to satellite-to-mobile texting and voice services to mobile users (referred to as "Starlink Mobile").

SpaceX operates a global platform for public conversation known as X (formerly known as Twitter) as well as the Grok suite of text and multi-modal AI models, accessible to individual users via online platforms such as x.com and to enterprise clients for applications in research, productivity, and decision-making.

The Company's corporate headquarters is located in Starbase, Texas. SpaceX was incorporated in the state of Delaware on March 14, 2002 and converted into a corporation organized under the laws of the State of Texas on February 14, 2024.

On May 4, 2026, the Company effected a five-for-one forward stock split of its authorized, issued, and outstanding shares of Class A, Class B, and Class C Common Stock ("2026 Stock Split"). The conversion rate of SpaceX Redeemable Convertible Preferred Stock was proportionately adjusted to factor in the 2026 Stock Split. All share and per share information has been retroactively adjusted to reflect the 2026 Stock Split for all periods presented.

On February 2, 2026, the Company completed its acquisition of X.AI Holdings Corp. ("xAI"), pursuant to which xAI became a wholly-owned subsidiary of the Company ("xAI Merger"). Prior to the xAI Merger, on March 28, 2025, xAI completed its acquisition of X Holdings Corp. ("X") and X.AI Corp., in which X and X.AI Corp. became wholly-owned subsidiaries of xAI ("X Merger", and collectively with xAI Merger, "Mergers"). X.AI Corp began operations in March 2023 and Twitter, Inc. ("Twitter") was acquired by Mr. Elon Musk in October 2022. The Mergers were each effected through a share exchange.

The Mergers have been accounted for as reorganizations of entities under common control as Mr. Elon Musk had a controlling financial interest in the Company, xAI and X through his majority voting interest in each such entity during the years presented in these consolidated financial statements. The Company's consolidated financial statements have been prepared to reflect the retrospective combination of the net assets of the entities at their historical carrying amounts for all periods presented. No new goodwill or other intangible assets have been recorded and all historical related party transactions between the entities have been eliminated in consolidation. The capital stock and shareholders' equity for all periods presented reflects a continuation of the historical SpaceX capital stock and shareholders' equity, combined with the historical capital stock and shareholders' equity of X and xAI merged under common control, as adjusted by the respective exchange ratios used to effect the Mergers, except for xAI's historical redeemable convertible preferred stock. This presentation constitutes a change in reporting entity. Refer to



Table of Contents

Note 13, Redeemable Convertible Preferred Stock and Shareholders' Equity for additional details.

As the consolidated financial statements already reflect the reorganization of entities under common control for all periods presented, separate financial statements of xAI and X are not provided.

### Note 2 - Summary of Significant Accounting Policies

***Basis of Presentation***

The consolidated financial statements are presented in accordance with generally accepted accounting principles ("GAAP") in the United States of America ("U.S.").

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of 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 assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Amounts which are subject to significant judgment and use of estimates include revenues recognized over time using the cost-to-cost input method, the determination of valuation allowances associated with deferred tax assets and estimates of tax liabilities, reserves for excess and obsolete inventory, fair value of indefinite-lived intangible assets and goodwill, useful lives of property, plant, and equipment, the determination of incremental borrowing rate for lease liabilities, litigation and settlement costs, and the valuation and assumptions underlying share-based compensation. On an ongoing basis, the Company evaluates its estimates compared to historical experience and current trends, which forms the basis for making judgments about the carrying value of assets and liabilities. In addition, the Company engages valuation specialists to assist in the valuation of equity instruments.

***Concentration of Supplier Risk***

Certain materials and products that are key inputs in the Company's Space, Connectivity, and AI segments are available from a limited number of suppliers, including sole or limited-source suppliers; and the Company's direct chip suppliers are dependent on a concentrated group of advanced semiconductor fabrication facilities. The Company believes that alternative suppliers are available for many, but not all, of these products and services. The inability of these suppliers to deliver necessary components of the products in a timely manner and at prices, quality levels, and volumes acceptable to the Company, or interruptions in supply of materials or products on which these suppliers rely, could have an adverse effect on the Company's ability to meet customer demands and contractual obligations, to execute on its growth strategy, or to manage its expenses or timelines as expected, which could adversely impact the Company's financial condition and operating results.

***Cash and Cash Equivalents and Restricted Cash***

Cash and cash equivalents consist of cash in checking accounts, money market accounts, and certificates of deposit at high quality financial institutions primarily in the U.S. All highly liquid investments with an original maturity of three months or less at the date of purchase are considered to be cash equivalents. The Company maintains certain cash and cash equivalents for which the withdrawal or use is restricted. The restricted cash and cash equivalents are generally held in separate, dedicated accounts required to secure letters of credit related to various customer, insurance, and facility lease agreements.



Table of Contents

The Company's total cash and cash equivalents and restricted cash, as presented in the consolidated statements of cash flows, are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Cash and cash equivalents | $ 24,747 | $ 11,385 | $ 4,620 |
| Restricted cash included in prepaid expenses and other current assets | 182 | 23 | 28 |
| Restricted cash included in other assets | 195 | 93 | 42 |
| **Total as presented in the consolidated statements of cash flows** | $ 25,124 | $ 11,501 | $ 4,690 |

***Marketable Securities***

The Company's marketable securities consist primarily of debt securities of the U.S. Government, time deposits and certificates of deposits, and are classified and accounted for as either available-for-sale or held-to-maturity. Management determines the classification of its investments at the time of purchase and reevaluates the classification at each balance sheet date. Marketable securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity and are carried at cost. The Company's available-for-sale investments in marketable securities are recorded at fair value, with any unrealized gains and losses, net of taxes, reported as a component of accumulated other comprehensive income (loss) in shareholders' equity until realized. Realized gains and losses on the sale of available-for-sale marketable securities are recorded in Other income (expense), net. Interest on marketable securities is included in Interest income.

The Company classifies its marketable securities as either short-term or long-term based on each instrument's underlying contractual maturity date. Marketable securities with maturities of 12 months or less from the balance sheet date are classified as short-term, and maturities greater than 12 months from the balance sheet date are classified as long-term and included in Other assets.

***Accounts Receivable, Unbilled Receivables, and Allowance for Credit Losses***

The Company extends credit in the normal course of business to its customers and performs credit evaluations on a case-by-case basis. The Company generally does not obtain collateral or other security to secure accounts receivable. Billed receivables are recorded at their carrying amount, net of allowance for credit losses, and do not bear interest. Unbilled receivables is comprised principally of revenue recognized on contracts that are not contractually billable at the balance sheet date.

The allowance for credit losses is established through a provision for bad debt expense which is recorded in Selling, general, and administrative expense in the consolidated statements of operations. The Company determines the adequacy of its allowance for credit losses by considering a number of factors including: age of invoices, each customer's expected ability to pay and collection history, customer-specific information, and current economic conditions that may impact a customer's ability to pay. Accounts receivable are written off when they are deemed uncollectible.

***Fair Value Measurement***

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The three-tiered fair value hierarchy, which prioritizes which inputs should be used in measuring fair value, is comprised of:

Level I Observable inputs such as quoted prices in active markets

Level II Inputs other than quoted prices in active markets that are observable either directly or indirectly

Level III Unobservable inputs for which there is little or no market data

The fair value hierarchy requires the use of observable market data when available in determining fair value. The Company's financial assets only include cash equivalents, certain restricted cash accounts, digital assets and marketable securities that are measured and recorded at fair value on a recurring basis. The carrying amounts of the Company's other financial instruments, including cash, accounts receivable, and accounts payable approximate fair value because of their short maturities. The carrying value of financing obligations approximate fair value based on the interest rate remaining relatively consistent from the dates these arrangements were initially entered into and/or the overall materiality of the related liability balances.

***Launch Vehicles and Spacecraft***

The Company has four types of launch vehicles - Falcon 9, Falcon Heavy, Dragon, and Starship. Falcon 9 and Falcon Heavy are comprised of the following significant components: boosters (also known as first stages), second stages, Merlin engines, and fairings. Boosters, fairings, and Merlin engines are reusable and are classified as Property, plant, and equipment, net. The second stages are not reusable and are recorded as inventory until they are launched for point-in-time revenue transactions or assigned for over-time revenue transactions. Dragon is composed of a fully reusable capsule that is classified as Property, plant, and equipment, net. Starship is a fully reusable rocket composed of boosters, ships, and Raptor engines and is currently in the development stage. A majority of Starship costs are expensed to Research and development as incurred.

***Inventory***

Inventory consists primarily of raw materials and work-in-progress used in the production of launch vehicles and Starlink Kits, and finished goods for Starlink Kits, Falcon 9 and Falcon Heavy second stages awaiting launch.

Inventory is computed using standard cost or weighted average, which approximates actual cost on a first-in, first-out basis and is stated at the lower of cost or net realizable value. The Company records inventory write-downs in Cost of revenue in the consolidated statements of operations for estimated obsolescence or unmarketable inventories based upon assumptions about future demand and design, and technological or other changes.

***Property, Plant, and Equipment, net***

Property, plant, and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets except flight vehicles, which is computed based on the expected number of average flights for each flight vehicle. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease term. Management periodically reviews these useful life estimates with engineering and operations teams and revises them as additional data becomes available.

The Company estimates the useful lives of its satellite assets based on engineering studies, historical on-orbit performance, propellant life, utilization patterns, design enhancements across generations, and planned transitions to newer satellite technology. The Company estimates broadband satellites to have a five-year useful life and the first generation mobile satellites to have a three-year useful life.

The Company estimates the expected flights for its flight vehicle hardware based on three key criteria: (1) the continued ability to successfully recover and refurbish the hardware for additional flights, (2) the continued economic feasibility of using the hardware on incremental flights, supported by declining refurbishment costs and sensitivity analyses, and (3) customer acceptance for reflown hardware as evidenced by the Company's launch manifest.

Expenditures for maintenance and repairs that do not extend the lives of the respective assets are expensed as incurred while significant refurbishment, renewals, and enhancements that increase the functionality, output or expected life of an asset are capitalized and depreciated ratably over the identified useful life.





Satellites include costs to build the satellites (parts, labor, and allocated overhead) as well as capitalized launch costs incurred by the Space segment to launch the satellites to orbit, which include an allocation of the flight vehicle hardware costs.

The Company capitalizes certain interest costs associated with significant acquisition or construction of certain Property, plant, and equipment, net. The Company begins to capitalize qualified interest cost once activities necessary to get the asset ready for its intended use have commenced. The Company calculates qualified interest capitalization using the average amount of accumulated expenditures during the period the asset is being prepared for its intended use and a capitalization rate which is derived from the Company's weighted average borrowing rate during such time, in the absence of specific borrowings related to the significant long term construction projects. The Company ceases capitalization on any portions substantially completed and ready for their intended use. Capitalized interest is considered a part of the assets' historical cost, and depreciates over the estimated useful lives of the underlying assets.

The Company evaluates impairment of its Property, plant, and equipment assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company reviews Property, plant, and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. If estimated future cash flows are less than the carrying value of the asset or asset group, an impairment charge is recognized to the extent its carrying value exceeds its estimated fair value. Routine asset disposals, scrapping, gateway decommissions, and other recurring operational losses are charged to Cost of revenue or Selling, general, and administrative expenses depending on the nature of the assets, or to impairment if the impairment is considered to be outside the normal course of business.

The estimated useful lives of the Company's Property, plant, and equipment, net are as follows:

| Classification | Estimated Useful Life |
| --- | --- |
| Servers and networking equipment | 5 - 6 years |
| Satellites | 3 - 5 years |
| Machinery and equipment | 3 - 10 years |
| Flight vehicle hardware | 5 - 25 flights |
| Data center infrastructure | 20 - 25 years |
| Launch sites | 7 - 20 years |
| Buildings and improvements | 30 years |
| Leasehold improvements | Shorter of 7 - 20 years or the life of the lease |

***Leases***

The Company leases facilities, corporate offices, data centers, and manufacturing equipment primarily in the U.S. under various operating and finance leases. In addition, the Company enters into various lease agreements for its satellite gateway sites throughout the world.

The Company determines whether an arrangement is or contains a lease at inception. If a lease exists, any lease arrangements with contractual terms longer than twelve months are classified as either an operating or finance lease. Finance leases are generally those leases that allow the Company to substantially utilize or pay for the entire asset over its estimated life. All other leases that do not meet any of the criteria for finance lease classification are classified as operating leases.

Leases with a lease term of twelve months or less are not recorded on the consolidated balance sheets and are expensed on a straight-line basis over the lease term in the consolidated statements of operations.

Certain lease agreements include options that grant the Company the ability to renew or extend the lease term, or early terminate the lease. When determining the lease term, the Company does not include renewal or early termination options unless they are deemed to be reasonably certain of being exercised at the lease commencement date.





Upon lease commencement, the Company recognizes a lease liability measured at the present value of the fixed future minimum lease payments and a right-of-use asset for an amount equal to the lease liability, adjusted by prepaid and accrued rent, lease incentives, and initial direct costs. The Company has elected the practical expedient to not separate lease and non-lease components. Operating lease expense is recognized on a straight-line basis over the lease term, with the cost presented as a component of Cost of revenue, Research and development, or Selling, general, and administrative expenses in the consolidated statements of operations depending on the nature of the operating lease. Finance lease cost is composed of a separate interest component and amortization component. The interest component of a finance lease is included in Interest expense in the consolidated statements of operations and the amortization component of a finance lease is included in Cost of revenue, Research and development, or Selling, general, and administrative expenses in the consolidated statements of operations depending on the nature of the finance lease.

The Company's leases generally do not provide information about the rate implicit in the lease. Therefore, the Company utilizes an incremental borrowing rate to calculate the present value of future lease obligations. The Company's incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located.

***Goodwill and Indefinite-Lived Intangible Assets***

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and the liabilities assumed in connection with a business combination. Goodwill and indefinite-lived intangible assets are not amortized but rather, are tested for impairment annually on October 1 and more frequently if events and circumstances indicate that the asset might be impaired. Events that could indicate impairment of goodwill and other indefinite-lived intangible assets that trigger an impairment assessment include, but are not limited to, adverse economic market conditions, long-term declining industry outlook conditions, entity-specific financial underperformance, changes in the use of the asset, and other adverse legal and regulatory events. Goodwill is tested for impairment at the reporting unit level.

The Company may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying value and if so, the Company performs a quantitative test. Impairment is recognized when the quantitative assessment results in the carrying value exceeding the fair value. The reporting unit's estimated fair value is determined on the basis of discounted future cash flows and market approach using the guideline public company method.

The Company conducted its annual goodwill impairment test and no goodwill impairments were identified for the years ended December 31, 2025, 2024, and 2023. Refer to Note 6, Intangible Assets and Goodwill for additional discussion on indefinite-lived intangible assets.

***Digital Assets***

The Company has ownership of and control over its digital assets, which consist of bitcoin, and utilizes, and expects to continue to utilize, third-party custodians to hold its bitcoin.

The Company determines and records the fair value of its bitcoin based on quoted prices on the active exchange that the Company has determined is the principal market for bitcoin (Level I inputs). The cost of bitcoin is based upon the specific identification method. Realized and unrealized gains and losses are recorded to Other income (expense), net in the Company's consolidated statements of operations.

The Company adopted Accounting Standards Update No. 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60)* ("ASU 2023-08")*,* using a modified retrospective approach effective January 1, 2024. The cumulative effect of the changes made on the Company's January 1, 2024 consolidated balance sheet for the adoption of ASU 2023-08 were as follows:

| | Balance at December 31, 2023 | Adjustment from adoption of ASU 2023-08 | Balance at January 1, 2024 |
|---|---|---|---|
| **Assets** | | | |
| Digital assets | $ 299 | $ 496 | $ 794 |
| | | | |
| **Shareholders' Equity** | | | |
| Accumulated deficit | $ (4,664) | $ 496 | $ (4,168) |

***Loss Contingencies***

The Company is currently involved in, and may in the future be involved in, legal proceedings, claims, investigations, and government inquiries and investigations arising in the ordinary course of business. The Company records a liability when it believes that it is both probable that a loss has been incurred and the amount or range can be reasonably estimated. If the Company determines there is a reasonable possibility that it may incur a loss and the loss or range of loss can be estimated, it discloses the possible loss to the extent material. Significant judgment is required to determine both probability and the estimated amount. The Company reviews these provisions on a regular basis and adjusts these provisions accordingly to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Legal fees are expensed as incurred.

***Joint Ventures and Investments***

The Company has made strategic investments in joint ventures. The Company evaluates each investment to determine if the investee is a variable interest entity, and, if so, whether the Company is the primary beneficiary of the variable interest entity. The Company has determined, as of December 31, 2025, there were no variable interest entities required to be consolidated in the Company's consolidated financial statements. The Company's investments in unconsolidated affiliates are primarily non-marketable equity securities without readily determinable fair values. The Company accounts for each of its investments in unconsolidated affiliates either under equity method accounting, fair value, or by adjusting the carrying value of its non-marketable equity securities to fair value upon observable transactions for identical or similar investments of the same issuer or upon impairment (referred to as the measurement alternative). The investments in unconsolidated affiliates are included within Other assets on the consolidated balance sheets. Gains and losses on the Company's non-marketable equity securities are recognized in Other income (expense), net in the consolidated statements of operations. Refer to Note 9, Investments in unconsolidated affiliates for additional details.

***Revenue Recognition***

Below describes the Company's significant revenue recognition policies by segment.

*Space Segment*

The Company's Space segment generates revenue primarily through (i) Launch Services for the deployment of payloads to their intended orbits for both commercial and government customers utilizing Falcon 9 and Falcon Heavy, and (ii) Launch and Development for the development of spacecraft and provision of launch and mission services for government agency space programs utilizing Falcon 9, Falcon Heavy, Starship, and Dragon.

Space revenue is derived from fixed-price contracts related to the development and provision of launch services for the deployment of spacecraft and other payloads to its intended orbit for both commercial customers and governmental agency space programs. The Company recognizes revenue as control is transferred to the customer, either "over time" or at a "point in time". The Company recognizes revenue over time for Launch and Development contracts when the Company's performance on the contract creates an asset with no alternative use and when the Company has an enforceable right to payment for performance to date. The Company measures progress on these





contracts using the cost-to-cost input method, as the Company believes this represents the most appropriate measure towards satisfaction of its performance obligation. Under the cost-to-cost input method, the Company records revenue based upon costs (such as materials and labor hours) incurred to date relative to the total estimated cost at completion. For Launch Services contracts where revenue is recognized at a point in time, due to the interchangeability of flight hardware and minimal unique engineering costs, revenue and costs are deferred and not recognized until the launch or deployment of the customer's spacecraft to its intended orbit.

The Company's contracts are complex and require the Company to estimate total costs to perform over the term of the contracts, as well as the measurement of progress towards completion for each performance obligation. Developing the estimated total cost at completion for each performance obligation requires the use of significant management judgment, including assumptions regarding launch timing, labor hours, allocation of shared costs for launch vehicles that have been identified as reusable for multiple launches, as well as expected technological changes to launch vehicles and spacecraft. The Company recognizes changes in estimated contract revenue or costs at completion and the resulting changes in contract profit on a cumulative basis.

*Connectivity Segment*

The Company’s Connectivity segment generates revenue primarily through broadband and Starlink Mobile services to consumers, and enterprise and government customers throughout 156 markets.

Substantially all of the Company’s contracts with Starlink customers contain multiple performance obligations. These performance obligations typically include (i) the broadband services provided through Starlink and (ii) the sale of the Starlink Kit (inclusive of the terminal). For customer contracts that include multiple performance obligations, the Company accounts for individual performance obligations if they are distinct. The transaction price is allocated to each performance obligation based on its standalone selling price. The Company determines the standalone selling price based on the price at which the good or service is sold separately on a standalone basis to similar customers in similar locations. Starlink Mobile services have one performance obligation.

The Company’s performance obligation to provide broadband and Starlink Mobile services is satisfied over time as the customer simultaneously receives and consumes the benefits provided. The Company generates service revenue by (i) fixed price services that require advanced or recurring monthly payments by the customer or (ii) variable priced services based on actual data usage of the Starlink broadband. The amounts received from customers for advanced payment for broadband and Starlink Mobile service are included in deferred revenue on the Company’s consolidated balance sheets and revenue is recognized either ratably over the subscription term or based on actual data usage. The Company’s contracts are generally month to month and the revenue recognized for these recurring customers is equal to the amount billed in that month.

The Company’s performance obligation to provide the Starlink Kit and other related hardware is satisfied at the point in time when control is transferred to the customer. In almost all circumstances, control passes to the customer upon delivery of the Starlink Kit and other related hardware to the customer, or in the instance of certain enterprise customers, when it is installed. Starlink Kit revenue is reported net of sales returns and chargebacks. Shipping and handling charges are included in the transaction price. The Company recognizes shipping and handling activities as fulfillment activities and not as a separate performance obligation.

The Company recognizes revenue over time for certain contracts related to the Starshield business that are long-term in nature using the cost-to-cost input method. The Company records revenue based upon costs (such as materials and labor hours) incurred to date relative to the total estimated cost at completion.

The Company’s Starshield contracts are complex and require the Company to estimate the total costs to perform over the term of the contracts, as well as the measurement of progress towards completion for each performance obligation. Developing the estimated total cost at completion for each performance obligation requires the use of significant management judgment, including assumptions regarding labor hours, allocation of shared costs used in the production of satellites, satellite material costs, as well as expected technological changes to satellites. The Company recognizes changes in estimated contract revenue or costs at completion and the resulting changes in contract profit on a cumulative basis.





*AI Segment*

The AI segment generates revenue from the sale of advertising and from AI solutions and infrastructure services, which include (i) subscription offerings, (ii) data licensing arrangements, and (iii) API access to Grok models.

Revenue from advertising is recognized in the period in which the advertising is delivered, as evidenced by a user engaging with the ad in a manner that satisfies the advertiser’s selected engagement criteria. The Company evaluates whether it acts as principal or agent when third parties are involved. For advertising products sold directly through its X platform, the Company controls the specified ad services prior to transfer to the advertiser, is responsible for serving the advertisements, and fulfills the advertiser’s engagement criteria. Accordingly, it acts as principal and recognizes revenue on a gross basis. For advertising sold through supply side platform (“SSP”) partners, the Company receives a percentage share of gross advertising spend. The SSP partner controls the advertising inventory prior to its transfer to the advertisers, is primarily responsible for fulfilling the performance obligation to the advertiser, and has discretion in pricing. As a result, the Company acts as agent and recognizes revenue on a net basis.

Subscription revenue is recognized ratably over the period of the subscription term.

Data licensing arrangements grant customers a right to access, search, and analyze the Company’s historical and real-time intellectual property (“IP”) on the X platform through the developer channel for a defined period. These arrangements may contain a single performance obligation (satisfied at a point in time for historical IP or over time for future IP) or multiple performance obligations satisfied separately. For arrangements with a fixed monthly fee and a single future IP performance obligation, revenue is recognized on a straight-line basis over the period in which the Company provides the data. When such arrangements contain multiple performance obligations, the Company allocates revenue on a relative basis between the performance obligations based on standalone selling price based on directly observable standalone transactions and recognizes revenue as the performance obligations are satisfied. For certain data licensing arrangements, the Company charges customers based on the amount of sales they generate from downstream customers using its data. For arrangements with a minimum guarantee and a single future IP performance obligation, the minimum guarantee is recognized on a straight-line basis over the period. For arrangements with a minimum guarantee and two or more performance obligations, the Company allocates revenue on a relative basis between the performance obligations based on standalone selling price based on directly observable standalone transactions and recognizes revenue as each performance obligation is satisfied. Any royalties in excess of minimum guarantees, if any, are recognized over the contract term, on a straight-line, on a cumulative catch-up basis.

For the Company’s API services, the primary performance obligation is to stand ready to provide customers with access to the platform to process data through token-based inputs and utilize compute hours for outputs. Revenue is recognized ratably on a straight-line basis over the contract term for subscription arrangements that provide stand-ready access. For usage-based arrangements, revenue is recognized as the services are consumed (i.e., as tokens are processed or compute hours are utilized).

For all segments, the Company records payment processing fees for its credit card sales within Cost of revenue. Taxes collected from customers and remitted to government authorities are not included in the transaction price. The Company expenses sales commissions as incurred when the amortization period is one year or less within Selling, general, and administrative expenses in the consolidated statements of operations.

### *Cost of Revenue*

Cost of revenue includes the cost of materials, depreciation and amortization, shipping and handling, payment processor fees, customs and duties, revenue share costs, infrastructure costs, allocated overhead, and employee compensation costs (including salaries, benefits, and share-based compensation). Infrastructure costs consist primarily of rocket, kit, and satellite manufacturing facilities and data center costs related to the Company's colocated facilities, which include lease and hosting costs, related support and maintenance costs, energy and bandwidth costs, and public cloud hosting costs.





### *Warranty on Starlink Kits*

The Company offers a standard product warranty for a period of one to two years on Starlink Kits. The Company has an obligation to either repair or replace the defective Starlink Kit. At the time revenue is recognized, an estimate of future warranty costs is recorded as a component of Cost of revenue. Factors that affect the warranty obligation include historical as well as current product failure rates and costs incurred in correcting product failures. Warranty expenses and related liabilities are not material to the consolidated financial statements.

### *Research and Development Expenses*

The Company sponsors various research and development projects, whose costs are expensed as incurred. Research and development ("R&D") expenses consist of cost of materials, employee compensation costs (including salaries, benefits, and share-based compensation), contractor compensation expenses, cloud computing expenses, data services, equipment lease expenses, depreciation for R&D equipment and allocated overhead. R&D costs also include certain expenses related to the development of features and modules created through engineering services for the Company's products, where the Company retains the associated intellectual property.

### *Software Development Costs*

The Company expenses software development costs marketed under on-premise perpetual license agreements. Costs incurred prior to the establishment of technological feasibility are expensed as research and development costs. Due to the nature of the Company's development cycle, technological feasibility typically occurs shortly before the product is available for general release. All software development costs for the years ended December 31, 2025, 2024, and 2023 were expensed as incurred.

### *Share-Based Compensation*

The fair value of stock options, restricted share units ("RSUs") and restricted share awards ("RSAs") with service and/or performance conditions and the employee share purchase plan ("ESPP") are estimated on the grant or offering date. The fair value of RSUs, RSAs, and ESPP is determined based on the fair value of the Company's common stock on the date of grant and the fair value of stock options is determined using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires inputs such as the fair value of the Company's common stock, risk-free interest rate, expected award term and expected share price volatility.

Share-based compensation expense for equity awards with performance conditions is recognized over the requisite service period when the vesting of the award becomes probable. Share-based compensation expense is recognized on a straight-line basis for equity awards with only a service condition and on a graded vesting basis for equity awards with a performance condition. The Company accounts for forfeitures as they occur rather than on an estimated basis.

The fair value and derived service period of awards granted to the Company's CEO with market, service, and performance conditions are estimated on the grant date using a Monte Carlo simulation model. A Monte Carlo simulation model requires inputs such as fair value of the Company's common stock, the risk-free interest rate, expected award term, expected share dilution and expected share price volatility. These inputs, which are subjective and generally require judgment, are unique to each award based on the best available information at the valuation date. For these awards, share-based compensation expense is not recognized until the performance condition is probable. Once the performance condition is met, share-based compensation is recorded based on the requisite service period associated with the probable performance condition.

### *Advertising Expense*

The Company expenses the cost of advertising and other promotional expenditures to primarily market Starlink services as incurred. For the years ended December 31, 2025, 2024, and 2023, advertising expenses included in Selling, general, and administrative expenses on the consolidated statements of operations are $69 million, $31 million, and $29 million, respectively.





### *Net Income (Loss) per Share of Common Stock Attributable to Common Shareholders*

Net income (loss) per share attributable to common shareholders is computed using the two-class method required for participating securities. Under this method, net income is allocated to common shareholders and participating securities based on their respective rights to receive dividends as if all earnings for the period had been distributed. Certain series of the Company's redeemable convertible preferred stock are considered participating securities because they are entitled to receive dividends on an as-converted basis if and when dividends are declared on common stock. These securities do not participate in net losses. The Company's classes of common stock have identical economic rights, resulting in the same net income (loss) per share for each class. Accordingly, the Company presents a single net income (loss) per share for all classes of common stock.

Diluted net (loss) income per share is computed based on the more dilutive of (i) the two-class method or (ii) the if-converted method. Potentially dilutive shares from outstanding share-based compensation awards, including stock options and restricted stock units, are included when calculating diluted net income (loss) per share of attributable to common shareholders using the treasury stock method when their effect is dilutive.

Refer to Note 13, Redeemable Convertible Preferred Stock and Shareholders' Equity for additional details of the Company's preferred and common stock.

***Income Taxes***

The Company utilizes the asset and liability method of accounting for income taxes as set forth in ASC Topic 740, *Income Taxes* ("ASC 740"). Under this method, deferred tax assets and liabilities are recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the net deferred tax assets will not be realized. The Company's ability to realize deferred tax assets is assessed at each year-end and a valuation allowance is established if necessary. The factors used to assess the likelihood of realization may include forecasts of future taxable income, future reversal of existing taxable temporary differences, and available tax planning strategies that could be implemented to realize net deferred tax assets.

The Company applies the provisions of ASC 740-10, which requires the Company to recognize in the consolidated financial statements the impact of a tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic* 740) ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The Company adopted this ASU on a prospective basis effective January 1, 2025. Refer to Note 16, Income Taxes for the inclusion of new disclosures required.

***Investment Tax Credits***

The Company recognizes investment tax credits when there is reasonable assurance that the credit will be received and the Company will comply with the conditions specified in the agreement or statutory requirements. The Company records capital-related credits as a reduction to Property, plant, and equipment, net within the consolidated balance sheets and recognizes a reduction to depreciation expense over the useful life of the corresponding acquired asset.

***Foreign Currency***

The reporting currency of the Company is the United States ("U.S.") dollar. The Company determines the functional and reporting currency of each of its international subsidiaries based on the primary currency in which they operate. If the functional currency is not the U.S. dollar, the Company recognizes a cumulative translation adjustment created by the different rates the Company applies to current period income or loss and the balance sheet. For each





subsidiary, the Company applies the monthly average functional exchange rate to its monthly income or loss and the month-end functional currency rate to translate the balance sheet.

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. Transaction gains and losses are recognized in Other income (expense), net in the consolidated statements of operations. Net foreign currency transaction gains (losses) were not material to the consolidated financial statements.

***Recent Accounting Pronouncements***

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses (Subtopic 220-40)*. The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. This ASU also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. This ASU will likely result in the required additional disclosures being included in the consolidated financial statements, once adopted. The Company is currently evaluating the provisions of this ASU.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in this update provide a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current classified accounts receivable and contract assets. This update is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date. Early adoption is permitted. The Company is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on the consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* . The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date; or follow a modified transition approach that is based on the status of the respective projects and whether software costs were capitalized before the date of adoption; or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is permitted. The Company is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on the consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*. The ASU establishes authoritative guidance in GAAP about accounting for government grants received by business entities, clarifies the appropriate accounting, in an effort to reduce diversity in practice, and increase consistency of application across business entities. The ASU is effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Adoption of this ASU can be applied a modified prospective approach, a modified retrospective approach, or a retrospective approach. Early adoption is permitted. The Company is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on the consolidated financial statements.





**Note 3 - Revenue**

Revenue disaggregated by products and services is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Products | $ 1,510 | $ 1,470 | $ 1,093 |
| Services | 17,164 | 12,545 | 9,294 |
| **Total revenues** | $ 18,674 | $ 14,015 | $ 10,387 |

All of products revenue is attributable to the Connectivity segment.

Revenue disaggregated by type and segment is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Launch Services | $ 2,576 | $ 2,584 | $ 1,964 |
| Launch & Development | 1,510 | 1,212 | 1,593 |
| **Space** | 4,086 | 3,796 | 3,557 |
| Consumer | 7,208 | 4,830 | 2,817 |
| Enterprise & Government (1) | 4,179 | 2,769 | 1,052 |
| **Connectivity** | 11,387 | 7,599 | 3,869 |
| Advertising | 1,844 | 1,728 | 2,323 |
| AI Solutions & Infrastructure | 1,357 | 892 | 638 |
| **AI** | 3,201 | 2,620 | 2,961 |
| **Total revenues** | $ 18,674 | $ 14,015 | $ 10,387 |

(1) Enterprise & Government revenue includes revenue from Starlink Mobile service offerings.

***Deferred revenue***

Deferred revenue is recorded when cash payments are received or due, in advance of the Company's performance. Deferred revenue primarily relates to Space agreements and Connectivity enterprise and government contracts. Total deferred revenue as of December 31, 2024 was $10,179 million, of which $4,080 million was recognized as revenue for the year ended December 31, 2025. Total deferred revenue as of December 31, 2025 was $12,116 million. Revenue recognized during the years ended December 31, 2024 and 2023 that were included in the deferred revenue balance at the beginning of each period was $3,414 million and $2,691 million, respectively.

***Backlog***

The Company's backlog represents the transaction price of performance obligations to customers for which work remains to be performed. The amount of backlog increases with new contracts or additions to existing contracts and decreases as revenue is recognized on existing contracts. Contracts are included in backlog when an enforceable agreement has been reached. Backlog does not include amounts related to performance obligations that are billed and recognized as they are delivered, optional purchases that do not represent material rights and any estimated amounts of variable consideration that are subject to constraint. Backlog totaled $28,377 million as of December 31, 2025, of which $12,116 million was recognized as deferred revenue at December 31, 2025. Approximately 32% is expected to be recognized within one year, and approximately 53% to be recognized in 2027 and 2028, with the remaining 15% to be recognized thereafter.

***Concentration of risk***

Consolidated revenue from a significant customer is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Customer A | 20.9 % | 24.2 % | 25.2 % |

Revenue from this customer relates to all three segments. No other customers represented more than 10% of consolidated revenue during the years ended December 31, 2025, 2024 and 2023.

**Note 4 - Inventory**

Inventory consists of the following:

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Raw materials | $ 1,030 | $ 923 |
| Work-in-progress | 803 | 730 |
| Finished goods | 583 | 350 |
| **Inventory** | $ 2,416 | $ 2,003 |

**Note 5 - Property, Plant, and Equipment, Net**

Property, plant, and equipment, net consist of the following:

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Servers and networking equipment | $ 22,694 | $ 6,892 |
| Satellites | 11,949 | 7,591 |
| Machinery and equipment | 6,343 | 5,343 |
| Data center infrastructure | 2,960 | 224 |
| Launch sites | 2,404 | 2,121 |
| Land, buildings and improvements (1) | 1,876 | 913 |
| Flight vehicle hardware | 1,689 | 1,577 |
| Leasehold improvements | 784 | 1,019 |
| Construction-in-progress | 4,604 | 3,007 |
| Property, plant, and equipment | 55,303 | 28,687 |
| Less: Accumulated depreciation | (12,701) | (7,540) |
| **Property, plant, and equipment, net** | $ 42,602 | $ 21,147 |

(1) Land is not a depreciable asset.

Construction in progress is primarily comprised of ongoing construction and expansion of the facilities and equipment as well as AI infrastructure that has not yet been placed in service.

Depreciation expense for the years ended December 31, 2025, 2024 and 2023 was $5,915 million, $2,977 million and $1,897 million respectively.

Interest is capitalized during the construction period for significant long term construction projects, such as the AI infrastructure data centers. For the year ended December 31, 2025, the Company capitalized $169 million of interest,





which is included in Construction-in-progress amounts above. No interest was capitalized during the years ended December 31, 2024 and 2023.

For the years ended December 31, 2025 and 2024, the Company recorded impairment charges of $38 million and $63 million, respectively, related to the write off of (i) damaged flight vehicle in the Space segment, and (ii) abandoned production line and damaged satellite hardware in the Connectivity segment. These charges are reflected in Impairment in the consolidated statements of operations. There was no impairment related to Property, plant, and equipment recorded in Impairment during the year ended December 31, 2023.

During the years ended December 31, 2024 and 2023, the Company also recorded impairment charges of $36 million and $54 million, respectively, related to its leasehold improvements and office equipment as part of its facilities consolidation efforts in the AI segment in Restructuring charges in the consolidated statements of operations. There was no impairment related to Property, plant, and equipment recorded in Restructuring charges during the year ended December 31, 2025. Refer to Note 20, Restructuring for additional details.

In 2024, the Company closed two taxable revenue bond transactions with a local municipality, in order to receive a personal property tax abatement on newly acquired server and networking equipment in the state. Pursuant to this transaction, the municipality issued taxable revenue bonds of $442 million and $258 million principal amount each to the Company and used the constructive proceeds to purchase the server and networking equipment from the Company, and then leased the equipment back to the Company. As this effectively created a bond receivable and a corresponding financing obligation with the municipality, and the Company has the legal right to set-off and intends to set-off the corresponding lease expense and bond service payments received, there was no impact to the consolidated statements of operations and consolidated balance sheets.

**Note 6 - Intangible Assets and Goodwill**

***Intangible Assets***

Finite-lived intangible assets consist of the following:

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Weighted-Average Useful Life (years) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Brand | 5.0 | $ 743 | $ (335) | $ 408 |
| User base | 9.0 | 1,291 | (456) | 835 |
| Existing technology | 3.2 | 27 | (16) | 11 |
| Advertising customer relationships | 5.0 | 752 | (478) | 274 |
| Acquired workforce | 2.0 | 9 | — | 9 |
| **Total** | | $ 2,822 | $ (1,285) | $ 1,537 |

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Weighted-Average Useful Life (in years) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Brand | 5.0 | $ 707 | $ (177) | $ 530 |
| User base | 9.0 | 1,225 | (297) | 928 |
| Existing technology | 3.0 | 1,140 | (823) | 317 |
| Advertising customer relationships | 5.0 | 714 | (311) | 403 |
| Data licensing customer relationships | 3.0 | 102 | (74) | 28 |
| Developed technology | 2.0 | 3 | (2) | 1 |
| **Total** | | $ 3,891 | $ (1,684) | $ 2,207 |





Amortization expense associated with finite-lived intangible assets was $786 million, $847 million, and $738 million in the years ended December 31, 2025, 2024, and 2023, respectively.

The Company also has indefinite-lived intangible assets of $11 million and $4 million as of December 31, 2025 and 2024, respectively. Indefinite-lived intangible assets primarily consist of domain names, which are expected to provide long-term branding and marketing benefits. No impairment charges were recognized on indefinite-lived intangible assets for the years ended December 31, 2025, 2024, and 2023 other than the Twitter impairment described below.

Estimated future amortization expense of finite-lived intangible assets as of December 31, 2025 is as follows:

| | |
|---|---|
| 2026 | $ 452 |
| 2027 | 421 |
| 2028 | 256 |
| 2029 | 143 |
| 2030 | 142 |
| Thereafter | 123 |
| | $ 1,537 |

***Twitter Impairment***

In 2023, the Company rebranded its Twitter platform to X. As a result of the rebranding, the Company performed an impairment assessment and recorded an impairment charge of $3,775 million on its previously indefinite-lived brand intangible for the AI segment. The Company's brand intangible asset was determined to no longer be indefinite-lived and is presented as a finite-lived intangible asset with a five-year useful life. The fair value of the brand intangible asset was determined using the relief-from-royalty method.

***Spectrum Transactions***

On September 7, 2025, the Company entered into a License Purchase Agreement (the "Spectrum License Purchase Agreement") with Spectrum Business Trust 2025-1, a Nevada Business Trust ("Trust") and EchoStar Corporation ("EchoStar", and the transactions contemplated thereby, "Spectrum Transactions") for total consideration of $17,000 million as discussed below.

Pursuant to the terms and subject to the conditions set forth in the Spectrum License Purchase Agreement, the Company agreed to purchase EchoStar's rights and licenses related to an aggregate of 50 MHz of spectrum in frequency ranges 2000–2020, 2180–2200, 1915–1920 and 1995–2000 (the "AWS-4 and H-Block Licenses" and such spectrum, "the Spectrum") granted by the Federal Communication Commissions ("FCC"), together with certain international authorizations, filings, concessions, licenses, rights and priorities related to that spectrum and certain assets associated therewith (collectively, the "Foreign Assets"). The transfer of the AWS-4 and H-Block Licenses will occur in two steps: first, the AWS-4 and H-Block Licenses will be transferred by EchoStar to the Trust (the "Spectrum Transfer Closing"), and second, the AWS-4 and H-Block Licenses will be transferred by the Trust to the Company (the "Spectrum Acquisition Closing"). The Foreign Assets will be transferred directly to the Company at the Spectrum Acquisition Closing, to the extent the required regulatory approvals have been obtained by such date; provided, however, that the failure to obtain such approvals will not delay or prevent the Spectrum Acquisition Closing.

In connection with the Spectrum License Purchase Agreement and the Spectrum Transactions, on September 7, 2025, the Company and the Trust entered into a Credit Agreement, pursuant to which the Company has agreed upon the Spectrum Transfer Closing, to loan to the Trust (via loans which are able to be canceled at six-month intervals) to be used by the Trust to make debt service payments on EchoStar's debt through at least November 30, 2027, but in no event later than November 30, 2028. These loans will be secured on a junior lien basis by the AWS-4 and H-Block Licenses. The aggregate amount of debt service payments through November 30, 2028 will equal approximately $3,000 million.

On November 5, 2025, the parties amended and restated the Spectrum License Purchase Agreement to include EchoStar's licenses for up to 15MHz of additional unpaired AWS-3 spectrum, and increased the consideration by $2,600 million, to a total amount of consideration of $19,600 million. The cash payoff consideration (as noted below), two-step transfer process, debt service payments, trust structure, and maintenance obligations remain unchanged.

The total consideration, approximating $19.6 billion, consisting of (i) approximately $11.1 billion in equity, payable through the issuance of approximately 261.8 million shares of the Company's Class A common stock at a fixed value of $42.40 per share, and (ii) up to $8.5 billion related to the payoff of designated EchoStar debt, with any shortfall below $8.5 billion to be paid in cash. The allocation of cash and equity consideration is subject to certain adjustments based on the amount of EchoStar debt satisfied at or prior to closing.

The Spectrum Acquisition Closing is expected to occur on or about November 30, 2027. The completion of the Spectrum Transactions is subject to the satisfaction or waiver of customary closing conditions, including, among others, receipt of certain consents and approvals from the FCC and the Department of Justice ("DOJ"). The Spectrum License Purchase Agreement also provides for specified termination rights. As of December 31, 2025, the Spectrum Transfer Closing has not yet occurred, and as a result, the Company is not yet obligated to make any payments under the Credit Agreement with the Trust. Once the Spectrum Transfer Closing occurs, the Spectrum Transactions will be recognized as acquired intangible assets.

***Goodwill***

The activity for goodwill is as follows:

| | | |
|---|---|---|
| Balance at December 31, 2023 | $ | 11,418 |
| Cumulative translation adjustments | | (289) |
| Balance at December 31, 2024 | | 11,129 |
| Business combination | | 52 |
| Cumulative translation adjustments | | 628 |
| **Balance at December 31, 2025** | $ | 11,809 |

As of December 31, 2025 and 2024, goodwill attributable to the Connectivity segment was $513 million and $505 million, respectively, and goodwill attributable to the AI segment was $11,296 million and $10,624 million, respectively.

**Note 7 - Digital Assets**

Digital assets consist of the following:

| | December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | | 2024 | | | | |
| (in millions except units of digital assets) | Units | Cost Basis | | Fair Value | | Units | Cost Basis | | Fair Value | |
| Digital assets held: | | | | | | | | | | |
| Bitcoin | 18,712 | $ | 661 | $ | 1,637 | 18,712 | $ | 661 | $ | 1,749 |
| **Total** | 18,712 | $ | 661 | $ | 1,637 | 18,712 | $ | 661 | $ | 1,749 |





The fair value of digital assets is determined using a Level I in the fair value hierarchy. The following table provides activities related to digital assets:

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| Beginning balance, at fair value | $ | 1,749 | $ | 794 |
| Unrealized gain (loss), net | | (112) | | 955 |
| **Ending balance, at fair value** | $ | 1,637 | $ | 1,749 |

**Note 8 - Financial Instruments**

The Company's assets that are measured at fair value on a recurring basis are as follows:

| | Level | Cost | | Unrealized Gain | | Unrealized Loss | | Fair Value | |
|---|---|---|---|---|---|---|---|---|---|
| **Cash and cash equivalents** | | | | | | | | | |
| Cash | I | $ | 3,408 | $ | — | $ | — | $ | 3,408 |
| Money market funds | I | | 21,339 | | — | | — | | 21,339 |
| **Prepaid expenses and other** | | | | | | | | | |

| | As of December 31, 2025 | | | | |
|---|---|---|---|---|---|
| current assets | | | | | |
| Restricted cash | I | 30 | — | — | 30 |
| Restricted cash in money market funds | I | 152 | — | — | 152 |
| **Other assets** | | | | | |
| Restricted cash | I | 182 | — | — | 182 |
| Restricted cash in money market funds | I | 13 | — | — | 13 |
| **Total** | | $ 25,124 | $ — | $ — | $ 25,124 |

| | As of December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Level | Cost | Unrealized Gain | Unrealized Loss | Fair Value |
| **Cash and cash equivalents** | | | | | |
| Cash | I | $ 3,865 | $ — | $ — | $ 3,865 |
| Money market funds | I | 7,520 | — | — | 7,520 |
| **Marketable securities** | | | | | |
| Government securities | II | 800 | 1 | (1) | 800 |
| **Prepaid expenses and other current assets** | | | | | |
| Restricted cash | I | 23 | — | — | 23 |
| **Other assets** | | | | | |
| Restricted cash | I | 88 | — | — | 88 |
| Restricted cash in money market funds | I | 5 | — | — | 5 |
| Government securities | II | 581 | 1 | — | 582 |
| **Total** | | $ 12,882 | $ 2 | $ (1) | $ 12,883 |





**Note 9 - Investments in Unconsolidated Affiliates**

***Equity method investment***

In April 2025, the Company, through its wholly-owned subsidiary CTC Property LLC ("CTC"), entered into a joint venture Stateline Power, LLC ("Stateline"), with Solaris Power Solutions Stateline, LLC ("Stateline Power Solutions"), a wholly owned subsidiary of Solaris Energy Infrastructure, Inc. ("Solaris").

Stateline was formed to provide off-grid power to CTC's data center campus pursuant to a long-term equipment rental arrangement. In connection with the formation of Stateline, Solaris contributed non-cash assets valued at $86 million, consisting primarily of progress payments on power generation equipment now owned by Stateline and pre-funded expenses, in exchange for a 50.1% equity interest in Stateline. CTC contributed $86 million in cash in exchange for the remaining 49.9% equity interest. Interests in Stateline held by CTC were subsequently assigned to MZX Tech LLC ("MZX"), another wholly-owned subsidiary of the Company.

Concurrent with its formation, CTC (subsequently assigned to MZX) entered into a master equipment rental agreement ("Rental Agreement") with Stateline under which Stateline will lease power generation equipment to MZX for use at the Company's data center facility. The Rental Agreement lease commences upon completion of equipment deployment and commissioning activities by Stateline. No rental payments were made by the Company for the year ended December 31, 2025.

The Company evaluated its interest in Stateline under ASC 810 and determined that Stateline is a variable interest entity but the Company is not the primary beneficiary because it does not have the power to direct the activities that most significantly impact Stateline's economic performance, which are the operations of the assets managed by a subsidiary of Solaris and the Company's lack of control over how the assets are managed and redeployed after the initial term of the Rental Agreement. As a result, the Company accounts for its interest in Stateline using the equity method of accounting. As of December 31, 2025, the carrying value of the equity method investment was $86 million, which represents the Company's initial investment in Stateline. Activity in Stateline during the year ended December 31, 2025 was not material.

***Equity investments without readily determinable fair value***

As of December 31, 2025 and 2024, the Company held investments in unconsolidated affiliates which are accounted for as equity investments without readily determinable fair values of $157 million and $154 million, respectively. For the years ended December 31, 2025, 2024, and 2023, the Company recorded a total of $0 million, $1 million, and $45 million of impairment charges related to the equity method investments in Other income (expense), net in the consolidated statements of operations. The Company recorded cumulative downward adjustments of $59 million on these investments as of December 31, 2025. No upward adjustments were recorded in the years ended December 31, 2025, 2024 and 2023.

**Note 10 - Debt**

| | As of December 31, 2025 | | |
|---|---|---|---|
| | Principal | Unamortized Deferred Financing Costs | Net |
| X 2027 and X 2030 Notes | $ 27 | $ — | $ 27 |
| X B-1 Term Loan | 6,504 | 280 | 6,224 |
| X B-3 Term Loan | 5,966 | 54 | 5,912 |
| xAI Fixed Rate Term Loan | 995 | 4 | 991 |
| xAI Floating Rate Term Loan | 995 | 40 | 955 |
| xAI 12.5% Secured Senior Notes | 3,000 | 12 | 2,988 |
| Other financings (1) | 4,562 | — | 4,562 |
| Total debt | 22,049 | 390 | 21,659 |
| Finance lease liability | 1,237 | — | 1,237 |
| Total debt and finance leases | $ 23,286 | $ 390 | $ 22,896 |
| Less: Short-term portion | 928 | — | 928 |
| **Total debt and finance leases, net of current** | 22,358 | 390 | 21,968 |

| | As of December 31, 2024 | | |
|---|---|---|---|
| | Principal | Unamortized Deferred Financing Costs | Net |
| X 2027 and X 2030 Notes | $ 27 | $ — | $ 27 |
| X B-1 Term Loan | 6,571 | 359 | 6,212 |
| X Bridge Credit Facilities | 5,966 | — | 5,966 |
| Other financings | 57 | — | 57 |
| Total debt | 12,621 | 359 | 12,262 |
| Finance lease liability | 1,531 | — | 1,531 |
| Total debt and finance leases | 14,152 | 359 | 13,793 |
| Less: Short-term portion | 372 | — | 372 |
| **Total debt and finance leases, net of current** | 13,780 | 359 | 13,421 |

(1) Includes obligations related to certain AI infrastructure assets recorded as failed sale-leaseback transactions. Refer to Other Financings below for additional details.

***SpaceX ABL Credit Agreement***

*General.* In 2018 and subsequently amended through 2023, SpaceX entered into a senior secured asset-based revolving credit agreement ("SpaceX ABL Credit Agreement") with a syndicate of banks. The SpaceX ABL Credit Agreement provided for a senior secured asset-based revolving credit facility, from which the Company may draw upon as needed for up to $1,500 million. The SpaceX ABL Credit Agreement was collateralized primarily by a pledge of certain of SpaceX's inventory and equipment, and availability under the SpaceX ABL Credit Agreement was based on the estimated fair value of such assets, as reduced by certain reserves. The Company was required to meet various covenants, including meeting certain reporting requirements, and certain financial covenants applied once more than 85.0% of the SpaceX ABL Credit Agreement was drawn upon. In February 2025, SpaceX terminated the SpaceX ABL Credit Agreement. No amounts were outstanding at the time of termination.

***SpaceX Credit Facility***

*General.* In February 2025, the Company entered into a five-year senior unsecured revolving credit agreement ("SpaceX Credit Facility") with a syndicate of banks, under which the Company may draw up to $1,500 million,





subject to a customary financial covenant and other reporting requirements. The SpaceX Credit Facility terminates, and all outstanding loans become due and payable, on February 7, 2030, unless the parties agree to an extension. No amounts were borrowed under the SpaceX Credit Facility during 2025.

*Interest Rates.* Under the SpaceX Credit Facility, borrowings bear interest at the Company's option, at a rate per annum of (i) between 0.75%-1.25%, depending on the Company's current debt rating, plus the relevant Term SOFR or (ii) between 0.0%-0.25% depending on the Company's current debt rating plus the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate, (c) Term SOFR plus 1.0% and (d) 1.0%. The Company may also borrow in various alternative currencies at various alternative rates, including rates based on SONIA for Pound Sterling loans and EURIBOR for Euro loans plus an applicable margin. The fee for undrawn amounts is between 0.07%-0.11% per annum, depending on the Company's current debt rating. Interest is payable either monthly or quarterly, depending on the interest loan option.

*Covenants.* The Company was in compliance with the covenants of the SpaceX Credit Facility as of December 31, 2025; however, the Company had a technical default when the Company acquired xAI on February 2, 2026 due to the amount of debt assumed as part of the acquisition at the subsidiary level. On March 2, 2026, the Company obtained a waiver from the syndicate of banks and amended the SpaceX Credit Facility allowing for the debt refinance completed on March 2, 2026 (refer to Note 21, Subsequent Events for additional details), resulting in the Company being in compliance with all covenants.

***X 2027 and 2030 Notes***

*General.* In 2019, a subsidiary of X, an indirect subsidiary of the Company, issued $700 million aggregate principal amount of 3.875% senior notes due 2027 (the "X 2027 Notes") in a private placement. The X 2027 Notes mature on December 15, 2027. In 2022, a subsidiary of X issued $1,000 million aggregate principal amount of 5.000% senior notes due 2030 (the "X 2030 Notes") in a private placement. The X 2030 Notes mature on March 1, 2030. The X 2027 and X 2030 Notes represent senior unsecured obligations of the Company.

*Interest Rates.* For the X 2027 Notes, the interest rate is fixed at 3.875% per annum and interest is payable semi-annually in arrears on June 15 and December 15 of each year. For the X 2030 Notes, the interest rate is fixed at 5.000% per annum and interest is payable semi-annually in arrears on March 1 and September 1 of each year.

*Principal Repayments.* In November 2022, the Company purchased approximately $675 million aggregate principal amount of X 2027 Notes and $998 million aggregate principal amount of the X 2030 Notes in settlement of the change in control of Twitter. The X 2027 Notes and X 2030 Notes that remain outstanding may be redeemed at the option of the Company, in whole or in part, at any time prior to September 15, 2027 and December 1, 2029, respectively, at a price equal to 100.0% of the principal amounts plus a "make-whole" premium and accrued and unpaid interest, if any, up to, but excluding, the redemption date.

*Covenants.* The Company was in compliance with the covenants of the X 2027 Notes and X 2030 Notes as of December 31, 2025.

***X First Lien Senior Credit Facilities***

*General.* In 2022, X Corp., an indirect subsidiary of the Company, entered into the First Lien Credit Agreement which provided for a new term loan commitment of $6,705 million ("X B-1 Term Loan") and a $500 million Secured First Lien Revolving Credit Facility (including a letter of credit subfacility with an aggregate face value of up to $100 million) (together referred to as "X First Lien Senior Credit Facilities"). The Secured First Lien Revolving Credit Facility matures on October 27, 2027 and the X B-1 Term Loan matures on October 27, 2029.

*Amendments.* In February 2025, X Corp., an indirect subsidiary of the Company, amended the X First Lien Senior Credit Facilities and entered into a new term loan commitment for $4,741 million with a maturity date of October 27, 2029 ("X B-3 Term Loan") and reduced the Secured First Lien Revolving Credit Facility commitment to $0. As part of the issuance of the X B-3 Term Loan, the Company is required to pay an arrangement fee of $51 million, which is due and payable on February 19, 2027. In April 2025, the Company entered into an amendment to the X





B-3 Term Loan for an additional commitment of $1,225 million with the same terms and conditions, increasing the total X B-3 Term Loan borrowings to $5,966 million.

*Proceeds.* The proceeds from the X B-3 Term Loan were used to pay down and extinguish the First Lien Bridge Credit Facility and the Second Lien Bridge Credit Facility. The Company accounted for the pay down as a partial modification and extinguishment of debt, expensing immaterial debt issuance costs.

*Interest Rates.* The X B-1 Term Loan bears interest at a rate per annum of, initially, adjusted Term SOFR plus 6.50%. The Secured First Lien Revolving Credit Facility bore interest at a rate per annum of, initially, an adjusted Term SOFR plus 4.50%, with leverage-based step-downs. Undrawn commitments under the Secured First Lien Revolving Credit Facility were subject to an unused commitment fee of 0.50% per annum, subject to quarterly leverage based step-downs. The X B-3 Term Loan has a fixed interest rate of 9.50% per annum. Interest on the X B-1 Term Loan and X B-3 Term Loan is payable monthly, quarterly, or bi-annually at the option of the Company. The effective interest rate on outstanding borrowings under the X B-1 Term Loan and X B-3 Term Loan was 12.40% and 9.80%, respectively, as of December 31, 2025.

*Principal Repayments.* The X B-1 Term Loan is repayable at any time, in whole or in part, without premium or penalty, subject to mandatory quarterly prepayments of principal beginning on the last day of the fiscal quarter ended March 31, 2023, in amounts equal to 0.25% of the original principal amount of borrowings thereunder, with the unpaid balance being payable on the final maturity date thereof. The X B-1 Term Loan is also subject to additional customary mandatory prepayment provisions from the proceeds of certain debt issuances and asset sales, as well as sweeps of a portion of excess cash flow, subject to certain leverage-based step-downs and exceptions. None of these additional customary mandatory prepayment provisions have been triggered as of December 31, 2025. The X B-3 Term Loan has prepayment penalties of 107.13% of the outstanding principal before October 27, 2026, 104.75% of the outstanding principal before October 27, 2027, and 102.38% of the outstanding principal before October 27, 2028.

*Guarantors and Collateral.* Obligations under the First Lien Senior Credit Facilities were guaranteed by X, and were collateralized by a first priority lien on substantially all of the assets of X and its subsidiaries (subject to customary exceptions) which had a carrying amount of $42,132 million as of December 31, 2025.

*Covenants.* The Company was in compliance with the covenants of the First Lien Senior Credit Facilities as of December 31, 2025.

***X Bridge Credit Facilities***

*General.* On October 27, 2022, X Corp., an indirect subsidiary of the Company, entered into the First Lien Bridge Loan Credit Agreement and the Second Lien Bridge Loan Credit Agreement as borrower, which provided for a $3,000 million First Lien Bridge Credit Facility and a $3,000 million Second Lien Bridge Credit Facility (together, the "X Bridge Credit Facilities"), respectively. The initial term loans under each Bridge Credit Facility automatically convert to permanent term loans ("Permanent Bridge Loans") on July 31, 2025 ("Bridge Conversion Date"), as amended. The Permanent Bridge Loans mature on October 27, 2029 and October 27, 2030 for the First Lien Bridge Credit Facility and the Second Lien Bridge Credit Facility, respectively. In February 2025, the Company repaid the full outstanding amount of $2,966 million resulting in the full payoff of the First Lien Bridge Credit Facility prior to the Bridge Conversation Date. In February and April 2025, the Company made principal payments of $1,775 million and $1,225 million respectively, resulting in the full payoff of the Second Lien Bridge Credit Facility prior to the Bridge Conversation Date.

*Interest Rates.* Borrowings under the First Lien Bridge Credit Facility bore interest at a rate per annum of, initially, an adjusted term SOFR plus 6.75%, with 0.50% step-ups occurring on each successive three-month period until the Bridge Conversion Date, but subject to a maximum all-in rate of, prior to January 20, 2023, 9.25% and, on and after January 20, 2023, 9.50% ("First Lien Bridge Total Cap"). After the Bridge Conversion Date, any outstanding borrowings under the First Lien Bridge Credit Facility bore interest at the First Lien Bridge Total Cap. Borrowings under the Second Lien Bridge Credit Facility bore interest at a rate per annum of, initially, an adjusted term SOFR plus 10.00%, with 0.50% step-ups occurring on each successive three-month period thereafter until the Bridge Conversion Date, but subject to a maximum all-in rate of, prior to January 20, 2023, 12.75% and, on and after





January 20, 2023, 13.00% ("Second Lien Bridge Total Cap"). After the Bridge Conversion Date, any outstanding borrowings under the Second Lien Bridge Credit Facility bore interest at the Second Lien Bridge Total Cap.

***xAI First Lien Credit Agreement***

*General.* In June 2025, X.AI Corp. and X.AI LLC, indirect subsidiaries of the Company, entered into the First Lien Credit Agreement to provide borrowings up to $2,000 million. The Company executed a $1,000 million Fixed Rate Term Loan maturing on June 30, 2030 ("xAI Fixed Rate Term Loan"); and a $1,000 million Floating Rate Term Loan maturing on June 30, 2030 ("xAI Floating Rate Term Loan").

*Interest Rates.* The xAI Fixed Rate Term Loan has a fixed interest rate of 12.50% per annum and the xAI Floating Rate Term Loan has a floating interest rate per annum of Term SOFR plus 7.25% or ABR plus 6.25%. Interest on the xAI Fixed Rate Term Loan is payable bi-annually on January 31 and July 31, commencing on January 31, 2026. Interest on the xAI Floating Rate Term loan is payable monthly, quarterly, or bi-annually at the option of the Company. The effective interest rate on outstanding borrowings under the xAI Fixed Rate Term Loan and xAI Floating Rate Term Loan was 11.91% and 12.48%, respectively, as of December 31, 2025.

*Principal Repayments.* The xAI Fixed Rate Term Loan and the xAI Floating Rate Term Loan have prepayment penalties of 103% on the principal outstanding balance prior to June 30, 2027 and 101% on the principal outstanding balance prior to June 30, 2028.

*Guarantors.* Obligations under the xAI Fixed Rate Term Loan and xAI Floating Rate Term Loan were guaranteed each jointly and severally by X.AI Corp. and the following subsidiaries of X.AI Corp.: AIQ Phase LLC, CTC Holding LLC, CTC, LLZ Build LLC, and MZX.

*Covenants.* The Company was in compliance with the covenants of the xAI Fixed Rate Term Loan and xAI Floating Rate Term Loan as of December 31, 2025.

***xAI 12.5% Secured Senior Notes***

*General.* In June 2025, X.AI LLC and, X.AI Co Issuer Corp, indirect subsidiaries of the Company, issued $3,000 million aggregate principal amount of 12.5% interest Senior Secured Notes due in 2030 ("xAI 12.5% Senior Secured Notes"). The Senior Secured Notes were issued at 100% of the principal amount and the entire principal amount will be due on June 30, 2030.

*Interest Rates.* The xAI 12.5% Senior Secured Notes have a fixed interest rate of 12.50% per annum. Interest is payable bi-annually on January 15 and July 15, commencing on January 15, 2026.

*Principal Repayments.* The xAI 12.5% Senior Secured Notes have prepayment penalties of 106.25% on the principal outstanding balance prior to July 15, 2027 and 103.13% on the principal outstanding balance prior to July 15, 2028.

*Guarantors.* Obligations under the xAI 12.5% Senior Secured Notes were guaranteed each jointly and severally by xAI and the following subsidiaries of xAI: AIQ Phase LLC, CTC Holding LLC, CTC, LLZ Build LLC, and MZX.

*Covenants.* The Company was in compliance with the covenants of the 12.5% Senior Secured Notes as of December 31, 2025.

***xAI Revolving Line of Credit***

*General.* In April 2024 and amended in May 2024, a subsidiary of xAI, an indirect subsidiary of the Company, entered into a revolving line of credit for an aggregate face amount up to $150 million. The Company had no





borrowings under the line of credit during 2025. Letters of credit issued under the revolving line of credit were $145 million as of December 31, 2025.

*Interest Rates.* Interest on any borrowings is calculated based on the 30-day average SOFR plus the International Swaps and Derivatives Association spread adjustment plus a spread of 40 basis points.

*Guarantors and Collateral.* The agreement permits borrowings up to the value of the pledged collateral held in custody, less any outstanding loan balances, accrued interest, and fees. The pledged collateral consisted of securities held in xAI's custodial account.

***Other Financings***

The Company has entered into various other financing arrangements, generally collateralized by specific machinery and equipment. These arrangements have an average fixed interest rate of 5.5% and 5.3% per annum as of December 31, 2025 and 2024, respectively, with principal and interest payments due monthly, and in certain instances, a lump sum payment at the end of term.

In addition, in November 2025, CTC completed a sale-leaseback transaction for its AI infrastructure assets which would have been deemed finance leases resulting in failed sale-leaseback transactions. X.AI Corp. guarantees certain of CTC's obligations under the lease agreement. As a result, the Company recorded the related debt of $455 million and $4,052 million within Debt and finance leases, current and Debt and finance leases, net of current, respectively, in the Company's consolidated balance sheets. Refer to Note 18, Related Party Transactions for additional details.

The future scheduled principal maturities of debt as of December 31, 2025 are as follows:

| | |
|---|---|
| 2026 | $ 560 |
| 2027 | 858 |
| 2028 | 1,063 |
| 2029 | 13,539 |
| 2030 | 6,029 |
| Thereafter | — |
| | $ 22,049 |

The Company recognized interest expense for debt prior to capitalization of interest of $1,797 million, $1,580 million and $1,693 million, in the years ended December 31, 2025, 2024, and 2023, respectively.

The Company measures the fair value of its long-term fixed-rate debt for disclosure purposes. The fair value estimates for these debts were determined based on a discounted cash flow approach using yields calibrated from recent issuances of the securities, resulting in Level II measurement.

The carrying amounts and fair values of the long-term fixed-rate debt included in the consolidated balance sheets are as follows:

| | As of December 31, 2025 | |
|---|---|---|
| | Carrying Amount | Fair Value |
| X B-3 Term Loan | $ 5,912 | $ 6,190 |
| xAI Fixed Rate Term Loan | $ 991 | $ 1,057 |
| xAI 12.5% Secured Senior Notes | $ 2,988 | $ 3,173 |



Table of Contents

**Note 11 - Leases**

The balances of the Company's operating and finance leases, included in Other assets, Accrued expenses and other current liabilities, and Other liabilities for operating leases, and Finance lease right-of-use assets, Debt and finance leases, current, and Debt and finance leases, net of current for finance leases, in the consolidated balance sheets, are as follows:

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Operating leases:** | | |
| Operating lease right-of-use assets | $ 1,338 | $ 1,367 |
| | | |
| Operating lease liabilities, current | 422 | 382 |
| Operating lease liabilities, net of current | 1,136 | 1,259 |
| **Total operating lease liabilities** | $ 1,558 | $ 1,641 |
| | | |
| **Finance leases:** | | |
| Finance lease right-of-use assets | $ 1,260 | $ 1,686 |
| | | |
| Finance lease liabilities, current | 369 | 295 |
| Finance lease liabilities, net of current | 868 | 1,236 |
| **Total finance lease liabilities** | $ 1,237 | $ 1,531 |

The components of lease expense are as follows within the consolidated statements of operations:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Operating lease expense:** | | | |
| Operating lease expense | $ 475 | $ 311 | $ 295 |
| Short-term lease cost | 267 | 101 | 25 |
| Variable lease cost | 106 | 83 | 75 |
| Total operating lease expense | 848 | 495 | 395 |

| | Year Ended December 31, | | |
|---|---|---|---|
| **Finance lease expense:** | | | |
| Amortization of leased assets | 330 | — | — |
| Interest on lease liabilities | 317 | — | — |
| Total finance lease expense | 647 | — | — |
| **Total lease expense** | $ 1,495 | $ 495 | $ 395 |



Table of Contents

Other information related to leases is as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Weighted-average remaining lease term (in years):** | | |
| Operating leases | 5.9 | 5.2 |
| Finance leases | 3.0 | 4.0 |
| **Weighted-average discount rate:** | | |
| Operating leases | 10.3 % | 10.9 % |
| Finance leases | 22.6 % | 22.6 % |

During the years ended December 31, 2024 and 2023, the Company recorded restructuring charges of $30 million and $106 million, respectively, for operating lease right-of-use assets as part of its facilities consolidation restructuring efforts in Restructuring charges in the consolidated statements of operations. There was no impairment related to leases during the year ended December 31, 2025.

Supplemental cash flow and other information related to the Company's leases are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Cash paid for amounts included in the measurement of lease liabilities:** | | | |
| Operating cash outflows from operating leases | $ 533 | $ 372 | $ 303 |
| Operating cash outflows from finance leases | $ 317 | $ — | $ — |
| Financing cash outflows from finance leases | $ 295 | $ 154 | $ — |
| Leased assets obtained in exchange for operating lease liabilities | $ 288 | $ 564 | $ 168 |
| Leased assets obtained in exchange for finance lease liabilities | $ — | $ 1,686 | $ — |

The above tables exclude operating lease agreements that have been signed as of December 31, 2025, but not yet commenced for the aggregate lease payments of $1,627 million and an average lease term of 7.2 years, including the operating lease arrangement with Stateline. Refer to Note 9, Investments in unconsolidated affiliates for additional details.

The maturities of the Company's lease liabilities as of December 31, 2025 are as follows:

| | Operating Leases | Finance Leases |
|---|---|---|
| 2026 | $ 682 | $ 611 |
| 2027 | 593 | 611 |
| 2028 | 531 | 459 |
| 2029 | 492 | — |
| 2030 | 446 | — |
| Thereafter | 995 | — |
| Total undiscounted liabilities | 3,739 | 1,681 |
| Less: Leases not yet commenced | (1,627) | — |
| Less: Imputed interest | (554) | (444) |
| **Total lease liabilities** | $ 1,558 | $ 1,237 |



Table of Contents

**Note 12 - Balance Sheet Components**

Certain financial statement details are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Prepaid expenses and other current assets** | | |
| Tax related assets | $ 618 | $ 160 |
| Rebates and credits | 597 | — |
| Unbilled receivables | 223 | 314 |
| Restricted cash and deposits | 182 | 23 |
| Other | 590 | 371 |
| **Prepaid expenses and other current assets** | $ 2,210 | $ 868 |
| | | |
| **Accrued expenses and other current liabilities** | | |
| Tax related liabilities | $ 563 | $ 112 |
| Operating lease liabilities, current | 422 | 382 |
| Accrued interest | 416 | 118 |
| Restructuring liabilities | 339 | 149 |
| Payroll & employee benefit accruals | 322 | 366 |
| Other current liabilities | 507 | 381 |
| **Accrued expenses and other current liabilities** | $ 2,569 | $ 1,508 |

**Note 13 - Redeemable Convertible Preferred Stock and Shareholders' Equity**

***SpaceX Preferred and Common Stock***

On February 14, 2024, the holders of outstanding stock of the Company approved and adopted a Plan of Conversion, pursuant to which the Company converted from a Delaware corporation into a corporation organized under the laws of the State of Texas.

In connection with the Plan of Conversion, the Company updated its authorized capitalization to issue five classes of stock - four classes to be designated Class A common stock ("Class A"), Class B common stock ("Class B"), Class C common stock ("Class C"), Class D common stock ("Class D") (collectively the "SpaceX Common Stock"), and one class of stock to be designated preferred stock and subdivided into several series of redeemable convertible preferred stock (collectively the "SpaceX Redeemable Convertible Preferred Stock"). All references to "Class" refer to that particular class of SpaceX Common Stock and all references to "Series" refer to that particular series of SpaceX Redeemable Convertible Preferred Stock.

As of December 31, 2025, the total number of shares of SpaceX Common Stock the Company is authorized to issue is 53,855 million shares, each with a par value of $0.001 per share, except for Class D, which has a par value of $0.0001 per share. 36,130 million shares are Class A, 5,325 million shares are Class B, 10,000 million shares are Class C, and 2,400 million shares are Class D. The total number of SpaceX Redeemable Convertible Preferred Stock that the Company is authorized to issue is 2,607 million shares, of which 2,400 million shares are undesignated.

With the exception of the expanded conversion rights described below, there were no changes to the dividend provisions, liquidation preferences, conversion rights, redemption rights or the voting rights of the SpaceX Convertible Redeemable Preferred Stock and SpaceX Common Stock during the years ended December 31, 2025, 2024, and 2023.

In 2022, the Board approved a stock split (the "2022 Stock Split"), pursuant to which each share of the SpaceX Common Stock issued and outstanding was split into ten shares of SpaceX Common Stock. In May 2026, the Board





approved the 2026 Stock Split, pursuant to which each share of the Class A, Class B, and Class C SpaceX Common Stock issued and outstanding was split into five shares of SpaceX Common Stock.

***xAI Redeemable Convertible Preferred Stock and Common Stock***

On March 28, 2025, xAI adopted an Amended and Restated Articles of Incorporation, which established its capital structure and designated multiple classes of common stock and several series of redeemable convertible preferred stock. The Articles were subsequently amended and restated through January 30, 2026 (collectively, the "xAI Articles of Incorporation") to add and authorize additional series of redeemable convertible preferred stock with no economic changes to any previously existing series.

Pursuant to the xAI Articles of Incorporation, xAI's authorized capitalization prior to the xAI Merger consisted of three classes of common, stock, which are designated Class A common stock ("xAI Class A"), Class B common stock ("xAI Class B"), Limited Voting common stock ("xAI Limited Voting"), (collectively the "xAI Common Stock") and several series of redeemable convertible preferred stock (collectively the "xAI Redeemable Convertible Preferred Stock"). All references to "xAI Class" refer to that particular class of xAI Common Stock and all references to "xAI Series" refer to that particular series of xAI Redeemable Convertible Preferred Stock.

As of December 31, 2025, the total number of xAI Common Stock that xAI authorized to issue is 7,884 million shares, each with a par value of $0.001 per share, 5,874 million shares are xAI Class A, 2,000 million shares are xAI Class B, and 10 million shares are xAI Limited Voting. The total number of xAI Redeemable Convertible Preferred Stock that the Company is authorized to issue is 3,302 million shares.

***Effect of the xAI Merger***

*xAI Redeemable Convertible Preferred Stock*

Upon the effective date of the xAI Merger, all outstanding shares of xAI Redeemable Convertible Preferred Stock converted into shares of SpaceX Common Stock, based on the share-for-share exchange mechanics specified in the Merger Agreement. Each share of xAI Series A-1, B, C, D, and E redeemable convertible preferred stock (classified as “xAI Low Vote Stock”) was converted into 0.1433 shares of SpaceX Class A Common Stock per preferred share (on a pre-2026 Stock Split basis), rounded up to the nearest whole number for fractional shares. Each share of xAI Series A redeemable convertible preferred stock (classified as “xAI High Vote Stock”) was converted into 0.1433 shares of SpaceX Class B Common Stock per preferred share (on a pre-2026 Stock Split basis), rounded up to the nearest whole number for fractional shares. For xAI Series A Redeemable Convertible Preferred Stock, all holders that are an eligible service provider may instead elect to receive cash of $75.46 per share (on a pre-2026 Stock Split basis) of xAI Series A Redeemable Convertible Preferred Stock. Upon conversion, all shares of xAI Redeemable Convertible Preferred Stock were canceled and retired, and former xAI Redeemable Convertible Preferred Stock shareholders received the applicable shares of SpaceX Common Stock. Any shares of xAI Redeemable Convertible Preferred Stock previously held by the Company were canceled and retired and did not receive any consideration.

Although xAI Redeemable Convertible Preferred Stock converted into SpaceX Common Stock upon the xAI Merger closing, the xAI Redeemable Convertible Preferred Stock balances are presented as Redeemable Convertible Preferred Stock in the consolidated financial statements for all periods presented. Because the xAI Redeemable Convertible Preferred Stock was legally outstanding during all historical periods prior to the xAI Merger and represented a separate equity class of a legally distinct predecessor entity, the conversion of xAI Redeemable Convertible Preferred Stock into SpaceX Common Stock is recognized only in the period in which the exchange actually occurs, and not retrospectively. Accordingly, the historical consolidated balance sheets and consolidated statements of redeemable convertible preferred stock and shareholders’ equity reflect the xAI Redeemable Convertible Preferred Stock as outstanding xAI Redeemable Convertible Preferred Stock consistent with its legal form and rights during those periods and are not recast on an as-converted basis. The impact of the conversion will be presented prospectively in the period of the merger (Q1 2026).





*xAI Warrants*

xAI also issued warrants to customer that were outstanding as of the effective date of the xAI Merger, which had a ten-year term originally set to expire in 2035, with an exercise price equal to the par value of the stock, and vesting terms that resulted in the warrants vesting proportionally to the payments received under the related agreement. The closing of the xAI Merger triggered an acceleration clause in which all outstanding xAI warrants, both vested and unvested components, were automatically exercised on a cashless basis exercised and converted into fully vested SpaceX Class A Common Stock at the exchange ratio of 0.1433 (on a pre-2026 Stock Split basis).

*xAI and X Common Stock*

Upon the effective date of the xAI Merger, every outstanding share of xAI Common Stock, whether Class A, Class B, or Limited Voting, converted into the right to receive SpaceX Common Stock at a fixed exchange ratio of 0.1433 SpaceX shares per share of xAI Common Stock (on a pre-2026 Stock Split basis), unless the holder was an eligible service provider and elected to receive cash of $75.46 per share of xAI Class A or Class B. No fractional SpaceX shares were issued and all share amounts were rounded up to the nearest whole number. Any shares of xAI Common Stock previously held by the Company were canceled and retired and did not receive any consideration.

*Effect of the X Merger*

Upon the effective date of the X Merger, each class of common stock of X Holdings Corp. (“X Common Stock”) was converted to 2.776 shares of xAI Common Stock of the same class (rounded down to the nearest whole share), each class of common stock of X.AI Corp. (“xAI Corp. Common Stock”) was converted to 1.000 share of xAI Common Stock of the same class, and each series of X.AI Corp. preferred stock (“xAI Corp. Preferred Stock”) (other than shares held by X or any of its subsidiaries) was converted to 1.000 share of xAI Redeemable Convertible Preferred Stock of the same series.

As a result of the Mergers, all of X, X.AI Corp. and xAI Common Stock are being presented in the historical financial statements as if they had been converted into SpaceX Common Stock at the applicable exchange rate for all periods presented. As such, all shares of historical X, X.AI Corp. and xAI Common Stock are included in the share counts for SpaceX Common Stock below. X.AI Corp. and xAI Redeemable Convertible Preferred Stock are being presented in the consolidated financial statements at historical values with an adjustment to the conversion rate at the applicable exchange ratio per the xAI Merger.

***Redeemable Convertible Preferred Stock***

Information for each series of SpaceX and xAI Redeemable Convertible Preferred Stock (collectively, the “Combined Redeemable Convertible Preferred Stock”) at December 31 is as follows:

| | Dividend Per Share | Initial Price Per Share | Authorized Shares | Outstanding (1) | | Liquidation Preference | Net Carrying Value |
|---|---|---|---|---|---|---|---|
| | 2025 | 2025 | 2025 | 2025 | 2024 | 2025 | 2025 |
| **SpaceX Redeemable Convertible Preferred Stock** | | | | | | | |
| Series A | $ 0.05 | $ 1.00 | 61.0 | 60.4 | 60.5 | $ 60 | $ 59 |
| Series A-1 | $ 0.05 | $ 1.00 | 61.0 | 0.2 | 0.2 | — | — |
| Series B | $ 0.10 | $ 2.00 | 5.5 | 5.1 | 5.1 | 10 | 10 |
| Series B-1 | $ 0.10 | $ 2.00 | 5.5 | 0.1 | 0.1 | — | — |
| Series C | $ 0.15 | $ 3.00 | 10.5 | 9.7 | 9.7 | 29 | 23 |
| Series D | $ 0.19 | $ 3.88 | 7.5 | 5.2 | 5.2 | 40 | 20 |
| Series E | $ 0.23 | $ 4.50 | 10.5 | 10.2 | 10.2 | 46 | 647 |
| Series F | $ 0.38 | $ 7.50 | 6.8 | 6.7 | 6.7 | 50 | 48 |
| Series G | $ 3.87 | $ 77.46 | 13.0 | 12.6 | 12.8 | 978 | 978 |
| Series H | $ 6.75 | $ 135.00 | 3.4 | 3.2 | 3.3 | 429 | 429 |
| Series I | $ 8.45 | $ 169.00 | 3.0 | 3.0 | 3.0 | 499 | 499 |
| Series J | $ 9.30 | $ 186.00 | 2.7 | 2.5 | 2.6 | 457 | 457 |

| | Dividend Per Share | Initial Price Per Share | Authorized Shares | Outstanding (1) | | Liquidation Preference | Net Carrying Value |
|---|---|---|---|---|---|---|---|
| | 2025 | 2025 | 2025 | 2025 | 2024 | 2025 | 2025 |
| Series K | $ 10.20 | $ 204.00 | 2.7 | 2.5 | 2.5 | 518 | 518 |
| Series L | $ 10.70 | $ 214.00 | 1.5 | 1.4 | 1.4 | 295 | 295 |
| Series M | $ 11.00 | $ 220.00 | 2.7 | 2.7 | 2.7 | 596 | 596 |
| Series N | $ 13.50 | $ 270.00 | 9.5 | 9.3 | 9.4 | 2,520 | 2,520 |
| **Total SpaceX Redeemable Convertible Preferred Stock** | | | 206.8 | 134.8 | 135.4 | $ 6,527 | $ 7,099 |
| **xAI Redeemable Convertible Preferred Stock** | | | | | | | |
| Series A | $ 0.05 | $ 1.00 | 1,000.0 | 750.0 | 750.0 | $ 750 | $ 753 |
| Series A-1 | $ 0.05 | $ 1.00 | 1,000.0 | — | — | — | — |
| Series B | $ 0.60 | $ 11.97 | 584.9 | 584.9 | 584.9 | 7,001 | 7,001 |
| Series C | $ 1.08 | $ 21.65 | 277.1 | 277.1 | 277.1 | 6,000 | 6,000 |
| Series D | $ 1.83 | $ 36.56 | 174.8 | 120.1 | — | 4,390 | 4,388 |
| Series E | $ 3.77 | $ 75.46 | 265.0 | 179.2 | — | 13,523 | 13,510 |
| **Total xAI Redeemable Convertible Preferred Stock** | | | 3,301.8 | 1,911.3 | 1,612.0 | $ 31,664 | $ 31,652 |
| **Total Combined Redeemable Convertible Preferred Stock** | | | 3,508.6 | 2,046.1 | 1,747.4 | $ 38,191 | $ 38,751 |

(1) The number of issued redeemable convertible preferred stock is equal to the number of outstanding redeemable convertible preferred stock, with the exception of xAI Series A and xAI Series D, of which the number of issued shares is 1,000.0 million and 175.0 million, respectively, due to redeemable convertible preferred stock held by X and SpaceX, respectively.

The following describes the various rights and preferences of the SpaceX Redeemable Convertible Preferred Stock:

*Dividend Provisions*

On a per annum basis, holders of shares of SpaceX Redeemable Convertible Preferred Stock are entitled to receive dividends prior and in preference to any declaration or payment of any dividend to common shareholders at a rate described in the table above for each outstanding share of SpaceX Redeemable Convertible Preferred Stock. Any such dividends are declared at the discretion of the Board of Directors and are not cumulative. For the period from inception through December 31, 2025, no dividends on SpaceX Redeemable Convertible Preferred Stock have been declared. The SpaceX Redeemable Convertible Preferred Stock do not participate in distributions beyond their preferred dividend as described above.

*Liquidation Preference*

The series of SpaceX Redeemable Convertible Preferred Stock listed in the table above were issued by the Company chronologically and in alphabetical order, with Series A issued first and Series N issued most recently. Each series of SpaceX Redeemable Convertible Preferred Stock is senior in rank to all earlier issued series and junior in rank to all later issued series, except that: (i) Series A, A-1, B, B-1, and C SpaceX Redeemable Convertible Preferred Stock are all on parity with each other and junior in rank to all subsequently issued series of SpaceX Redeemable Convertible Preferred Stock; and (ii) series E, F, and G SpaceX redeemable convertible preferred stock are all on parity with each other, are senior in rank to all earlier issued series of SpaceX Redeemable Convertible Preferred Stock, and junior in rank to all subsequently issued series of SpaceX Redeemable Convertible Preferred Stock.

In the event of a liquidation, dissolution, or winding up of the Company, holders of a given series of SpaceX Redeemable Convertible Preferred Stock are entitled to receive, in preference to the holders of SpaceX Common Stock and any junior-ranking SpaceX Redeemable Convertible Preferred Stock, the liquidation preference indicated in the table above for such series of SpaceX Redeemable Convertible Preferred Stock, plus any declared but unpaid dividends. Holders of all series of SpaceX Redeemable Convertible Preferred Stock are entitled to receive the





greater of the liquidation preference per share indicated above, or the amount each series would be entitled to receive if all such outstanding SpaceX Redeemable Convertible Preferred Stock were converted to Class A or Class B SpaceX Common Stock, as applicable, immediately prior to such liquidation, dissolution, or winding up of the Company. Upon completion of the distributions described above, if any assets remain in the Company, the then remaining assets will be distributed on an equal priority, pro rata basis to the holders of SpaceX Common Stock.

*Conversion Rights*

Each share of Series A and Series B SpaceX Redeemable Convertible Preferred Stock is convertible at the option of the holder at any time after the date of issuance of such share into shares of Class A, Class B, or Class C SpaceX Common Stock and each share of all other series of preferred stock are convertible at the option of the holder at any time after the date of issuance of such share into shares of Class A or Class C SpaceX Common Stock. The number of shares of SpaceX Common Stock to which a holder of SpaceX Redeemable Convertible Preferred Stock is entitled shall be at a conversion rate determined by dividing the initial price by the conversion price. Each share of SpaceX Redeemable Convertible Preferred Stock is convertible into fifty shares of SpaceX Common Stock following the 2026 Stock Split. The conversion price is subject to adjustment set forth in the charter for certain dilutive issuances, splits and combinations. Prior to Company's conversion to a Texas entity, holders of Series A and Series B SpaceX Redeemable Convertible Preferred Stock were only permitted to convert to Class B SpaceX Common Stock, and holders of other series of SpaceX Redeemable Convertible Preferred Stock were only permitted to convert to Class A SpaceX Common Stock.

The SpaceX Redeemable Convertible Preferred Stock automatically converts upon the earlier of (i) the Company's sale of its common stock in a public offering pursuant to a registration statement under the Securities Act of 1933, in which the pre-public offering market capitalization of the Company is at least $6.0 billion and which results in aggregate cash proceeds to the Company of not less than $250 million ("Qualified IPO") or (ii) the date specified by written consent or agreement of the applicable holders of shares of SpaceX Redeemable Convertible Preferred Stock (with respect to each applicable series of SpaceX Redeemable Convertible Preferred Stock), voting in accordance with the charter.

In the event of a transfer of a share of Series A or Series B (other than a Permitted Transfer as defined in the charter), such share shall automatically be cancelled and converted into a corresponding share of Series A-1 or Series B-1.

*Voting Rights*

Holders of each share of Series A and Series B have the right to ten votes for each share of Class B into which such share is convertible. Holders of each share of all other series of SpaceX Redeemable Convertible Preferred Stock have the right to one vote for each share of Class A into which such share is convertible. Such holders will have full voting rights and powers equal to the voting rights and powers of the holders of SpaceX Common Stock, except as required by law.

*Classification*

The liquidation preference provisions of the SpaceX Redeemable Convertible Preferred Stock are considered contingent redemption provisions as deemed liquidation events such as a change of control are not solely within the control of the Company. Accordingly, SpaceX Redeemable Convertible Preferred Stock are presented outside of permanent equity on the Company's consolidated balance sheets as Redeemable convertible preferred stock. SpaceX Redeemable Convertible Preferred Stock has not been remeasured to their redemption amount as they are not currently redeemable or probable of becoming redeemable.

The following describes the various rights and preferences of the xAI Redeemable Convertible Preferred Stock:

*Dividend Provisions*

On a per annum basis, holders of shares of xAI Redeemable Convertible Preferred Stock are entitled to receive dividends prior and in preference to any declaration or payment of any dividend to common shareholders at a rate





described in the table above for each outstanding share of xAI Redeemable Convertible Preferred Stock. Any such dividends declared at the discretion of the Board of Directors and are not cumulative. After payment of any such preferred dividends, holders of xAI Redeemable Convertible Preferred Stock are entitled to participate in any additional dividends or distributions on an as-converted basis with holders of xAI Common Stock. For the period from inception through December 31, 2025, no dividends were declared on xAI Redeemable Convertible Preferred Stock.

*Liquidation Preference*

The series of xAI Redeemable Convertible Preferred Stock listed in the table above were issued by xAI chronologically and in alphabetical order, with Series A issued first and Series E issued most recently. Each of Series A, Series A-1, Series B, Series C, Series D, and Series E xAI Redeemable Convertible Preferred Stock has a liquidation preference equal to the greater of (i) the applicable original issue price plus any declared but unpaid dividends or (ii) the amount the holder would receive if the xAI Redeemable Convertible Preferred Stock were converted to xAI Common Stock immediately prior to such event. In the event of a liquidation, dissolution, winding up, or deemed liquidation event, holders of xAI Redeemable Convertible Preferred Stock would receive their liquidation preference prior to holders of xAI Common Stock. After payment of all liquidation amounts owed to xAI Redeemable Convertible Preferred Stock, remaining assets or consideration not payable to holders of xAI Redeemable Convertible Preferred Stock (as applicable), if any, would be distributed to holders of xAI Common Stock on a pro rata basis.

*Conversion Rights*

Each share of xAI Redeemable Convertible Preferred Stock is convertible at the option of the holder into xAI Common Stock at any time after the date of issuance. The number of shares of xAI Common Stock issuable upon conversion is determined by dividing the initial price of the applicable series by its conversion price, with the conversion price subject to adjustment for customary anti-dilution events, including stock splits, combinations, and certain dilutive issuances as presented in the table above. Each share of xAI Series A Redeemable Convertible Preferred Stock is convertible into xAI Class B Common Stock or Series A-1 Redeemable Convertible Preferred Stock, while each remaining series of xAI Redeemable Convertible Preferred Stock is convertible into xAI Class A Common Stock.

The xAI Redeemable Convertible Preferred Stock would automatically convert into xAI Common Stock upon the earlier of (i) the consummation of a qualified public offering that meets the criteria set forth in the Articles, or (ii) the written consent of the requisite percentage of voting power of the outstanding shares of xAI Redeemable Convertible Preferred Stock.

*Voting Rights*

Holders of each share of xAI Series A have the right to ten votes for each share of Series A held by such holder. Holders of each share of all other series of xAI Redeemable Convertible Preferred Stock have the right to one vote for each share of xAI Class A into which such share is convertible. Such holders have full voting rights and powers equal to the voting rights and powers of the holders of xAI Common Stock (other than xAI Limited Voting).

*Classification*

The liquidation preference provisions of the xAI Redeemable Convertible Preferred Stock are considered contingent redemption provisions as deemed liquidation events such as a change of control are not solely within the control of xAI. Accordingly, xAI Redeemable Convertible Preferred Stock are presented outside of permanent equity on the Company's consolidated balance sheets as Redeemable convertible preferred stock. xAI Redeemable Convertible Preferred Stock has not been remeasured to their redemption amount as they are not currently redeemable or probable of becoming redeemable.

***Common Stock***

The following describes all of the activity that occurred within each class of SpaceX Common Stock during the years ended December 31, 2025 and 2024, incorporating all activity that occurred within the class of xAI Common Stock on an as-converted basis to the class of SpaceX Common Stock it was converted into per the xAI Merger and X Merger.

| | Class A Common Stock | | Class B Common Stock | | Class C Common Stock | | Class D Common Stock | |
|---|---|---|---|---|---|---|---|---|
| | **Shares** | **Amount** | **Shares** | **Amount** | **Shares** | **Amount** | **Shares** | **Amount** |
| **Balance at December 31, 2022** | 1,778 | $ 2 | 647 | $ 1 | 317 | $ 0 | — | $ — |
| Common stock issued, net of tax withholding | 6 | 0 | 188 | 0 | 55 | 0 | — | — |
| Conversion between classes of common stock | 32 | 0 | (32) | 0 | — | — | — | — |
| Repurchase of common stock | (6) | 0 | 0 | 0 | (5) | 0 | — | — |
| **Balance at December 31, 2023** | 1,810 | 2 | 803 | 1 | 367 | 0 | — | — |
| Common stock issued, net of tax withholding | 8 | 0 | 9 | 0 | 58 | 0 | — | — |
| Repurchase of common stock | (35) | 0 | (8) | 0 | (3) | 0 | — | — |
| Conversion of redeemable convertible preferred stock to common stock | 13 | 0 | — | — | 1 | — | — | — |
| Conversion between classes of common stock | 36 | 0 | (36) | 0 | — | — | — | — |
| **Balance at December 31, 2024** | 1,832 | 2 | 768 | 1 | 423 | 0 | — | — |
| Common stock issued, net of tax withholding | 33 | 1 | 4 | 0 | 60 | 0 | — | — |
| Repurchase of common stock | (31) | 0 | (38) | 0 | — | — | — | — |
| Conversion of redeemable convertible preferred stock to common stock | 27 | 0 | — | — | 1 | 0 | — | — |
| Conversion between classes of common stock | 91 | 0 | (91) | 0 | — | — | — | — |
| **Balance at December 31, 2025** | 1,952 | $ 3 | 643 | $ 1 | 484 | $ 0 | — | $ — |

The following describes the various rights and preferences of the SpaceX Common Stock:

*Dividend Provisions*

Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends, holders of SpaceX Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any funds legally available, such dividends as may be declared from time to time by the Board of Directors. For the period from inception through December 31, 2025, no dividends were declared on SpaceX Common Stock.

*Liquidation Rights*

In the event of a liquidation, dissolution, or winding up of the Company, upon the completion of the distributions required with respect to the SpaceX Redeemable Convertible Preferred Stock, if assets remain in the Company, the then remaining assets will be distributed on an equal priority, pro rata basis to the holders of SpaceX Common Stock.





*Conversion Rights*

Each share of Class B is convertible at the option of the holder, at any time, into one share of Class A. Each share of Class B will automatically convert into one share of Class A upon a transfer, other than a Permitted Transfer (as defined in the charter), of such share of Class B.

*Voting Rights*

Each holder of Class A is entitled to one vote for each share held. Each holder of Class B is entitled to ten votes for each share held. The holders of Class C have no voting rights, except as required by law. Voting rights with respect to Class D will be established when and if any shares of Class D are issued by the Board of Directors.

*Reserve for Unissued Shares of Common Stock*

The Company is required to reserve and keep available out of its authorized but unissued shares of SpaceX Common

Stock such number of shares sufficient to effect the conversion of all outstanding shares of SpaceX Redeemable Convertible Preferred Stock and Class B, as applicable, plus shares granted and available for grant under the Company's share plans.

The amount of such shares of the SpaceX Common Stock reserved for these purposes at December 31, 2025 is as follows:

| | Number of Shares | | | |
|---|---|---|---|---|
| | Class A | Class B | Class C | Class D |
| Redeemable Convertible Preferred Stock issued (low-vote) | 4,291 | — | 3,459 | — |
| Redeemable Convertible Preferred Stock issued (high-vote) | 3,275 | 3,812 | 3,275 | — |
| Outstanding Class B | 644 | — | — | — |
| Outstanding stock options | 10 | 468 | 474 | — |
| Outstanding RSUs | 47 | 43 | 62 | — |
| Future grants under share-based compensation | 161 | — | 383 | — |
| | 8,428 | 4,323 | 7,653 | — |

***Share Repurchases***

*SpaceX Share Repurchases*

During the year ended December 31, 2025, SpaceX repurchased $522 million or 14.0 million shares of SpaceX Common Stock from eligible current and former employees. Similarly, the Company repurchased $920 million or 38.7 million shares of SpaceX Common Stock from eligible current and former employees and existing shareholders during the year ended December 31, 2024, as well as $101 million or 0.1 million shares of SpaceX Redeemable Convertible Preferred Stock in a number of unrelated transactions with existing shareholders at their then-current fair market value. The Company only repurchased shares held by eligible participants for more than six months at a purchase price per share equal to the then current fair market value.

All SpaceX shares repurchased to date have been retired.

*xAI Share Repurchase*

During the year ended December 31, 2025, the Company also purchased 11.8 million shares of xAI Common Stock for $600 million from an existing shareholder of xAI. Following the xAI Merger, this transaction is considered as a repurchase of xAI Common Stock in the consolidated statements of redeemable convertible preferred stock and shareholders' equity.

All xAI shares repurchased to date have been retired.





**Note 14 - Earnings per Share**

The following table presents the reconciliation of net income (loss) attributable to common shareholders to net income (loss) used in computing basic and diluted net income (loss) per share of common stock:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Numerator:** | | | |
| Net income (loss) | $ (4,937) | $ 791 | $ (4,628) |
| Less: Deemed dividend[(1)] | — | 80 | — |
| Less: Dividends and undistributed earnings allocated to participating securities | — | 693 | — |
| Net income (loss) attributable to common shareholders - basic | (4,937) | 18 | (4,628) |
| Add: Effect of assumed conversion of SpaceX Redeemable Convertible Preferred Stock | — | 3 | — |
| Add: Effect of assumed conversion of stock options | — | 0 | — |
| Add: Effect of assumed conversion of restricted stock units | — | 0 | — |
| Add: Effect of assumed issuance of shares under the ESPP | — | 0 | — |
| Net income (loss) attributable to common shareholders - diluted | $ (4,937) | $ 21 | $ (4,628) |
| | | | |
| **Denominator:** | | | |
| Weighted average shares of common stock outstanding - basic | 2,926 | 2,848 | 2,759 |
| Weighted average shares of common stock equivalents: | | | |
| Conversion of SpaceX Redeemable Convertible Preferred Stock | — | 6,771 | — |
| Exercise of stock options | — | 292 | — |
| Conversion of restricted stock units | — | 45 | — |
| Conversion of ESPPs | — | 0 | — |
| Weighted average common stock and common stock equivalent outstanding - diluted | 2,926 | 9,956 | 2,759 |
| | | | |
| Earnings (loss) per share attributable to common shareholders | | | |
| Basic | $ (1.69) | $ 0.01 | $ (1.68) |
| Diluted | $ (1.69) | $ 0.00 | $ (1.68) |

(1) The excess of fair market value over the consideration transferred for the repurchase of SpaceX Redeemable Convertible Preferred Stock was treated as a deemed dividend and resulted in a decrease to net income (loss) attributable to common shareholders in the calculation of earnings (loss) per share.

Table of Contents

The following potentially dilutive securities on an as-converted basis are excluded from the calculation of diluted net income (loss) per share attributable to common shareholders for the periods presented because the impact of including them would be anti-dilutive (refer to Note 15, Share-based Compensation for additional details):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| xAI Redeemable Convertible Preferred Stock | 1,369 | — | 537 |
| SpaceX Redeemable Convertible Preferred Stock | 6,733 | — | 6,780 |
| Share-based compensation | 623 | 18 | 767 |

The table above excludes 14.5 million, 38.3 million, and 21.2 million share-based compensation awards outstanding as of December 31, 2025, 2024, and 2023, respectively, as these awards are subject to performance and market conditions that were not met as of those dates.

**Note 15 - Share-based Compensation**

***X and xAI Mergers***

As part of the xAI Merger, each xAI option for a share of xAI common stock outstanding and unexercised at the time of the xAI Merger (vested and unvested) was converted into a SpaceX option to receive 0.1433 shares of SpaceX Class A or Class B Common Stock (on a pre-2026 Stock Split basis), as applicable, under the same terms and conditions (including the vesting and exercisability conditions) as the original xAI stock options at an exercise price equal to the original xAI option exercise price divided by 0.1433 (on a pre-2026 Stock Split basis). Each xAI RSU that was vested and outstanding was converted to the right to receive 0.1433 of a share of SpaceX Class A or Class B Common Stock (on a pre-2026 Stock Split basis), as applicable. Each xAI RSU that was unvested was converted to 0.1433 of a SpaceX RSU (on a pre-2026 Stock Split basis). Each xAI RSA was converted to 0.1433 shares of SpaceX RSA for SpaceX Class A or Class B Common Stock (on a pre-2026 Stock Split basis), as applicable, with the same terms and conditions (including the vesting terms). Holders of vested xAI options and vested xAI RSUs also had the option to receive cash payment for $75.46 per share in lieu of conversion. Refer to Note 13, Redeemable Convertible Preferred Stock and Shareholders' Equity for additional details.

As part of the X Merger, each X RSU that was outstanding was converted to a xAI RSU to receive 2.776 shares of xAI Common Stock.

***General***

The Company grants RSUs, RSAs, and non-statutory options to eligible employees, key executives, and certain non-employee service providers (collectively, the "Plans"). The Company also has a number of performance-based awards. RSUs entitle the grantee to receive shares of Class A or Class B Common Stock upon vesting, with vesting generally occurring either (i) 25% after the first service year with quarterly vesting for the remaining four-year service period, (ii) 12.5% after the first six months of service with quarterly vesting for the remaining four-year service period, or (iii) 20% after the first service year with semi-annual vesting for the remaining five-year service period, subject to continued service through the applicable vesting date. RSAs entitle the grantee to receive shares of Class A or Class B Common Stock with 25% after the first service year with monthly vesting for the remaining four-year service period. Options generally vest over (i) four years with 25% vesting after one year then one thirty-sixth of the remainder vesting thereafter on a monthly basis or (ii) six years with 20% vesting after two years, and then one forty-eighth of the remainder vesting thereafter on a monthly basis. Options are exercisable up to ten years from the date of grant. At December 31, 2025, 543.8 million shares remained available for future grant under the Plans.

The Company offers an ESPP, under which eligible employees can purchase the Company's Common Stock at a discounted price. The Company also offers a Non-Qualified Employee Stock Purchase Plan ("NQ ESPP"), under which employees can purchase the Company's Common Stock at the fair market value. At December 31, 2025, 27.0 million and 4.8 million shares remained available for future grant under the ESPP and NQ ESPP plans, respectively.



Table of Contents

***Summary Activity under the Plans***

Below table summarizes activities related to the Company's Plans, presented on an as-converted basis per the xAI Merger. For the purposes of the table below, each xAI option, RSU and RSA is presented as 0.1433 SpaceX option, RSU and RSA, respectively.

| | Stock Options | | | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (years) | Aggregate Intrinsic Value |
| **Balance at December 31, 2024** | 530 | $ 8.86 | 6.5 | $ 14,342 |
| Granted | 20 | $ 37.27 | | |
| Exercised | (34) | $ 5.80 | | |
| Cancelled | (20) | $ 9.81 | | |
| **Outstanding at December 31, 2025** | 496 | $ 10.18 | 5.7 | $ 37,171 |
| Vested and expected to vest at December 31, 2025 | 496 | $ 10.18 | 5.7 | $ 37,171 |
| Vested and exercisable at December 31, 2025 | 398 | $ 8.31 | 5.2 | $ 30,346 |

| | RSUs | | RSAs | |
|---|---|---|---|---|
| | Number of Restricted Stock Units | Weighted Average Grant Date Fair Value Per Share | Number of Restricted Stock Awards | Weighted Average Grant Date Fair Value Per Share |
| **Balance at December 31, 2024** | 110 | $ 12.57 | 109 | $ 0.00 |
| Granted | 74 | $ 54.84 | 0 | $ 93.87 |
| Exercised | (51) | $ 25.53 | (34) | $ 0.42 |
| Cancelled | (24) | $ 33.44 | (42) | $ 0.00 |
| **Balance at December 31, 2025** | 109 | $ 40.49 | 34 | $ 0.11 |

The weighted-average grant-date fair value per share of options granted during the years ended December 31, 2025, 2024, and 2023 was $21.29, $5.02, and $7.60 respectively. The total intrinsic value of options exercised during the years ended December 31, 2025, 2024, and 2023 was $1,249 million, $392 million and $261 million, respectively.

The weighted-average grant date fair value per share of RSUs granted during the years ended December 31, 2025, 2024, and 2023 was $54.84, $17.68, and $15.60, respectively. The total fair market value of RSUs released for the years ended December 31, 2025, 2024, and 2023 was $2,151 million, $871 million and $729 million, respectively.

The weighted-average grant date fair value per share of RSAs granted during the years ended December 31, 2025, 2024, and 2023 was $93.87, $—, and $0.00, respectively. There were no RSAs released during the years ended December 31, 2025 and 2024, and the total fair value of the RSAs released during the year ended December 31, 2023 was $38 million.

At December 31, 2025, total remaining share-based compensation expense for unvested stock options, RSUs, and RSAs was $4,842 million, which is expected to be recognized over a weighted-average period of 3.2 years.

***ESPP***

During the years ended December 31, 2025, 2024, and 2023, under the ESPP, the Company issued 6.3 million, 8.0 million and 6.5 million shares, respectively. For the year ended December 31, 2025, the Company issued 0.2 million shares under the NQ ESPP. No shares were issued under NQ ESPP during the years ended December 31, 2024 and 2023.





***CEO Award***

In November 2025, the Company granted a performance-based award ("xAI Award") to Elon Musk consisting of twelve tranches. Each tranche represents the right to receive a number of shares at fair market value equal to 1.0% of xAI's valuation at the valuation milestone. The xAI Award is subject to market conditions based on valuation milestones, ranging from $213 billion to $1,313 billion, performance condition requiring the Company to receive not less than $2,000 million in proceeds from investors through capital raises on the milestone date, and a service condition requiring Mr. Musk's continued service over the ten-year performance period.

The grant date fair value of the award was determined to be $2,205 million and the Company recorded $28 million of share-based compensation expense for the year ended December 31, 2025. In March 2026, the Company terminated the xAI Award, refer to Note 21, Subsequent Events for further discussion.

***Performance-based awards***

In March 2023, X issued performance-based RSU awards to all X employees that also included service conditions. The performance conditions would only be satisfied upon a change in control or completion of an initial public offering (deemed a liquidity event). For the years ended December 31, 2024 and 2023, no share-based compensation expense was recorded as it was not probable the performance-based vesting condition would be met. In 2025, these awards were modified to remove the performance-based condition, resulting in additional share-based compensation expense of $588 million.

***Fair Value Determination***

The weighted-average assumptions that were used to calculate the grant date fair value of the Company's employee stock option grants are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Expected term (years) | 6.94 | 6.80 | 6.70 |
| Volatility | 43.14 % | 39.80 % | 43.20 % |
| Risk-free interest rate | 4.02 % | 4.30 % | 3.60 % |
| Dividend yield | — % | — % | — % |

The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. The Company determined the expected term of options granted using the simplified method. Under the simplified method, the expected term of an award is presumed to be the mid-point between the vesting period and the contractual life of the award.

The Company determined the expected volatility assumption using the frequency of daily historical prices of comparable public companies' common stock for a period equal to the expected term of the options.

The risk-free interest rate assumption is based upon observed interest rates on U.S. Government securities for a period consistent with the expected term of the Company's employee stock options.

The dividend yield assumption is based on the Company's history and expectation of dividend payouts. The Company has never declared or paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future.



Table of Contents

The weighted-average assumptions that were used to calculate the grant date fair value of the CEO's xAI Award are as follows:

| | |
|---|---|
| Expected term (years) | 10.0 |
| Volatility | 45% – 55% |
| Risk-free interest rate | 4.06 |
| Dividend yield | 0.00 |

The expected term is the period from the grant date to the end of the performance period. The Company determined the expected volatility assumption using the frequency of daily historical prices of comparable public companies' common stock for a period equal to the expected term. The risk-free interest rate assumption is based upon observed interest rates on U.S. Government securities for a period consistent with the expected term. The dividend yield assumption is based on the Company's history and expectation of dividend payouts. The Company has never declared or paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future.

***Summary of Share-Based Compensation Information***

The following table summarizes our share-based compensation expense by line item in the consolidated statements of operations:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Cost of revenue | $ 253 | $ 193 | $ 167 |
| Research and development | 859 | 230 | 179 |
| Selling, general, and administrative | 835 | 360 | 333 |
| **Total** | $ 1,947 | $ 784 | $ 679 |

During the years ended December 31, 2025, 2024, and 2023, share-based compensation expense capitalized to the consolidated balance sheets was $154 million, $132 million, and $108 million, respectively. No income tax benefit was recognized from share-based compensation expense during the years ended December 31, 2025, 2024, and 2023 due to the valuation allowance on U.S. deferred tax assets. Refer to Note 16, Income Taxes for additional details.

**Note 16 - Income Taxes**

The U.S. and foreign components of consolidated income (loss) before income taxes for the years ended December 31, 2025, 2024, and 2023 are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Domestic | $ (3,959) | $ 73 | $ (3,598) |
| Foreign | (260) | 169 | (1,393) |
| **Income (loss) before income taxes** | $ (4,219) | $ 242 | $ (4,991) |



Table of Contents

The current and deferred provisions (benefits) for federal, state, and foreign income taxes consist of the following:

| | Year Ended December 31, 2025 | 2024 | 2023 |
|---|---|---|---|
| Current: | | | |
| Federal | $ (11) | $ 57 | $ 11 |
| State | 18 | 18 | 24 |
| Foreign | 82 | 51 | 15 |
| **Total current provision** | 89 | 126 | 50 |
| Deferred: | | | |
| Federal | 659 | (667) | (305) |
| State | 4 | 2 | (70) |
| Foreign | (34) | (10) | (38) |
| **Total deferred provision** | 629 | (675) | (413) |
| **Total provision for (benefit from) income taxes** | $ 718 | $ (549) | $ (363) |

Upon adoption of ASU 2023-09, as described in Note 2, Summary of Significant Accounting Policies, the reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

| | Year Ended December 31, 2025 | |
|---|---|---|
| U.S. federal statutory income tax rate | $ (886) | 21.0 % |
| State and local income taxes, net of federal income tax effect(1) | (105) | 2.5 % |
| Foreign tax effects | | |
| Ireland | 81 | (1.9)% |
| Other | 22 | (0.5)% |
| Effect of cross-border tax laws | (1) | — % |
| Tax credits | | |
| Research and development tax credits | (602) | 14.3 % |
| Foreign tax credits | (27) | 0.6 % |
| Other | (11) | 0.3 % |
| Change in valuation allowance | 2,194 | (51.6)% |
| Nontaxable or nondeductible items | | |
| Share-based compensation | (274) | 6.5 % |
| Other | 45 | (1.1)% |
| Change in unrecognized tax benefits | 297 | (7.0)% |
| Other adjustments | (15) | (0.1)% |
| **Effective tax rate** | $ 718 | (17.0)% |

(1) State taxes in California made up the majority (greater than 50%) of the tax effect in this category.



Table of Contents

The following table is a reconciliation of taxes at the U.S. federal statutory income tax rate to the Company's benefit from income taxes for the years ended December 31, 2024 and 2023 in accordance with the guidance prior to the Company's adoption of ASU 2023-09:

| | Year Ended December 31, 2024 | 2023 |
|---|---|---|
| Federal statutory income tax rate | $ 51 | $ (1,048) |
| State and local income taxes, net of federal income tax effect | (213) | (276) |
| Share-based compensation | (90) | (73) |
| Foreign tax effects | (3) | 84 |
| Research and development tax credits | (689) | (489) |
| Change in valuation allowance | 137 | 1,209 |
| Change in unrecognized tax benefits | 299 | 206 |
| Other adjustments | (41) | 24 |
| **Provision for (benefit from) income taxes** | $ (549) | $ (363) |

Upon adoption of ASU 2023-09, cash paid for income taxes, net of refunds, during the year ended December 31, 2025 is as follows:

| | 2025 |
|---|---|
| Federal | $ 70 |
| State and Local | 17 |
| Foreign | |
| Ireland | 20 |
| Mexico | 9 |

| | Year Ended December 31, |
|---|---|
| Other | 38 |
| **Total cash paid for income taxes, net of refunds** | $ 154 |



Table of Contents

The significant components of the deferred tax assets and liabilities are as follows:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Deferred tax assets:** | | |
| Net operating loss carryforwards | $ 2,275 | $ 572 |
| Research and development and other credits | 3,627 | 2,988 |
| Intangible assets | 812 | 568 |
| Operating lease liability | 1,613 | 313 |
| Capitalized research and development costs | 4,077 | 3,215 |
| Share-based compensation | 366 | 254 |
| Deferred revenue | 757 | 664 |
| Disallowed interest expense | 762 | 785 |
| Other | 233 | 206 |
| Total deferred tax assets | 14,522 | 9,565 |
| Valuation allowance | (8,286) | (5,621) |
| Deferred tax assets, net of valuation allowance | 6,236 | 3,944 |
| **Deferred tax liabilities:** | | |
| Fixed assets | (5,209) | (2,372) |
| Operating lease right-of-use asset | (627) | (632) |
| Unrealized gains/losses | (248) | (244) |
| Other | (39) | (32) |
| Total deferred tax liabilities | (6,123) | (3,280) |
| **Deferred tax assets, net of valuation allowance** | $ 113 | $ 664 |

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some or all of the deferred tax assets will not be realizable based on the relevant weight of all positive and negative evidence, including the retrospective combination of the financial results of the entities due to the Mergers described in Note 1, Nature of Business. As a result of the Mergers, management assessed the realizability of the deferred tax assets of the combined group and concluded that the majority of the U.S. federal and state deferred tax assets are not more likely than not to be realized based on cumulative pretax losses adjusted for permanent differences and other negative evidence. Accordingly, the Company has recorded a full valuation allowance against its net U.S. deferred tax assets as of December 31, 2025 with the exception of certain state deferred tax assets and transferrable investment tax credits that are expected to be realizable. The Company will continue to assess the realizability of its deferred tax assets in future periods and will adjust the valuation allowance as necessary based on changes in facts and circumstances.

In addition, the Company continues to record a valuation allowance in certain foreign jurisdictions where the Company has concluded it is more likely than not that the deferred tax assets will not be realized.

A reconciliation of the valuation allowance is as follows:

| | Year Ended December 31, 2025 | 2024 | 2023 |
|---|---|---|---|
| Beginning balance | $ 5,621 | $ 5,582 | $ 4,347 |
| Charged to income tax expense | 2,551 | 204 | 1,210 |
| Charged to other comprehensive income | 114 | (55) | 25 |
| Cumulative effect adjustment | — | (110) | — |
| **Ending balance** | $ 8,286 | $ 5,621 | $ 5,582 |

The valuation allowance on the Company's net deferred tax assets increased by $2,665 million, $39 million and $1,235 million during the years ended December 31, 2025, 2024, and 2023, respectively. The changes in valuation allowance are primarily driven by the generation of net operating loss carry-forwards ("NOLs") and tax credits, which are not more likely than not to be realizable. For the year ended December 31, 2024, the Company released a partial valuation allowance on SpaceX's U.S. deferred tax assets for the retrospectively combined comparative results. Based on available projections as of December 31, 2024, management forecasted $659 million of deferred tax assets related to U.S. R&D credits would be utilized in the following year on a separate company basis in 2025 before the Mergers occurred, and as such, no valuation allowance was recorded on those credits.

At December 31, 2025, the Company had NOLs for federal and state income tax purposes of $9,728 million and $5,234 million, which are available to offset taxable income in future periods. The federal NOLs generated through December 31, 2017 expire at various dates beginning in 2034 and will continue to expire through 2037, while U.S. federal net operating loss carryforwards generated in 2018 or later do not expire. The state NOLs will expire at various dates beginning in 2027.

At December 31, 2025, the Company had tax credits for federal and state income tax purposes of $3,586 million and $2,104 million, respectively, which are available to offset future periods and begin to expire in 2036 for federal income tax purposes. Of the $2,104 million in state tax credits, $161 million will begin to expire in 2026 and the remaining credits do not expire.

Additionally, the Company's net operating loss carryforwards and other tax attributes are subject to various limitations and restrictions, including those arising from ownership changes under applicable tax laws, which may limit the Company's ability to utilize such attributes in the future.

At December 31, 2025, the Company had foreign NOLs of $126 million, which will expire at various dates based on the tax laws of the different jurisdictions we operate in.

In assessing whether uncertain tax positions should be recognized in the financial statements, the Company first determines whether it is more likely than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation process, based on the technical merits of the position. In evaluating whether a tax position has met the more likely than-not recognition threshold, the Company presumes that the position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. For tax positions that meet the more likely than not recognition threshold, the Company measures the amount of benefit recognized in its financial statements at the largest amount of benefit that is greater than 50.0% likely of being realized upon ultimate settlement.

The following table reflects changes in gross unrecognized tax benefits:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Beginning balance | $ 1,619 | $ 1,320 | $ 1,114 |
| Gross increases - current year tax positions | 282 | 302 | 233 |
| Gross increases - prior year tax positions | 16 | — | — |
| Gross decreases - current year tax positions | — | — | — |
| Gross decreases - prior year tax positions | (1) | (3) | (27) |
| Gross decreases - settlements with tax authorities | — | — | — |
| Gross decreases - lapse of statute of limitations | — | — | — |
| **Ending balance** | $ 1,916 | $ 1,619 | $ 1,320 |

For the years ended December 31, 2025, 2024, and 2023, the Company had unrecognized tax benefits of $1,916 million, $1,619 million, and $1,320 million respectively. The Company's policy is to recognize interest and penalties associated with uncertain tax benefits as part of the income tax provision. The amount of interest and penalties recognized in the periods presented were insignificant. As of December 31, 2025 and 2024, the Company has accrued $6 million and $5 million, respectively, related to interest and penalties on our unrecognized tax





benefits. As of December 31, 2025, unrecognized tax benefits of $11 million, if recognized, would affect our effective tax rate.

The Company files income tax returns in the U.S. and all state and various foreign jurisdictions. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the federal, state or foreign tax authorities to the extent utilized in a future period. As of December 31, 2025, the major jurisdictions in which the Company remains subject to examinations are U.S. federal and California for tax years 2003 and forward. Based on all available information, the Company is not aware of any new information that would require the remeasurement of its uncertain tax positions.

On July 4, 2025, the One Big Beautiful Bill Act, Public Law No. 119-21 and formally titled "An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14" ("OBBBA") was enacted in the United States. The OBBBA includes a broad range of tax provisions, such as the permanent extension of certain provisions of the 2017 Act and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company has evaluated the provisions of the OBBBA and determined that the most significant impacts relate to the expensing of research and experimental expenditures under IRC Section 174A and interest expense limitation under IRC Section 163(j). The effects of applicable provisions of OBBBA have been reflected in the Company's income tax provision.

**Note 17 - Commitments and Contingencies**

***Unconditional Obligations***

The Company’s unconditional obligations are non-cancelable contractual commitments primarily relate to the Company’s investments in AI infrastructure and third-party cloud capacity arrangements and other service arrangements. It also includes the Company’s commitments under the Spectrum Transaction, which are payable in cash and in the Company’s Class A Common Stock. Refer to Note 6, Intangible Assets and Goodwill for additional details. The following table summarizes the Company’s non-cancelable contractual commitments as of December 31, 2025:

| | | |
|---|---|---|
| 2026 | $ | 2,720 |
| 2027 | | 21,476 |
| 2028 | | 1,250 |
| 2029 | | 4 |
| 2030 | | 1 |
| Thereafter | | — |
| **Total** | $ | 25,451 |

***Letters of Credit and Surety Bonds***

The Company had outstanding letters of credit of $348 million at December 31, 2025 related to various customer contracts, insurance agreements, and facility lease agreements. All of the outstanding letters of credit were collateralized by restricted cash. The Company also had surety bonds of $51 million for self-insured workers’ compensation programs and other governmental licenses at December 31, 2025.

***Legal Proceedings***

In the normal course of its business, the Company is involved from time to time in various arbitrations, class actions, commercial litigation, investigations and other legal, regulatory or governmental actions, including the significant matters described below that could have a material impact on our results of operations. The Company assesses, in conjunction with its legal counsel, the need to record a liability for litigation and contingencies. With respect to the cases, actions, and inquiries described below, the Company evaluates the associated developments on a regular basis and will accrue a liability when it believes a loss is probable and the amount can be reasonably estimated. In





addition, the Company believes there is a reasonable possibility that it may incur a loss in some of these matters and the loss may be material or exceed its estimated ranges of possible loss.

The outcomes of the matters described in this section, such as whether the likelihood of loss is remote, reasonably possible, or probable, or if and when the reasonably possible range of loss is estimable, are inherently uncertain, and unless specified otherwise, possible losses are not reasonably estimable at this time. If one or more of these matters were resolved against the Company for amounts above management’s estimates, the Company’s financial condition and results of operations, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

In November 2022, the European Union’s Digital Services Act (“DSA”) came into force as a result of which X has to comply with extensive content moderation and other duties. The Company published its first Transparency Report under the DSA in November 2023. In December 2023, the European Commission (“EC”) opened a formal investigation into X and its Irish subsidiary, Twitter International Unlimited Company (“TIUC”), which was later renamed to X Internet Unlimited Company (XIUC). On July 12, 2024, in relation to alleged breaches of Articles 25(1), 39 and 40(12) of the DSA, the EC issued preliminary findings that X’s blue checkmark is deceptive, its advertisement repository does not meet DSA requirements, and it grants inadequate access to data to third-party researchers. On September 26, 2024, XIUC and X submitted their observations challenging the EC’s preliminary findings. On December 5, 2025, the EC delivered a final decision in which it upheld its preliminary findings and imposed a fine of EUR 120 million on XIUC, X., x.AI, and Elon Musk (together, the “parties”). On February 16, 2026, the parties challenged the EC’s decision in the General Court of the European Union. This challenge remains pending.

In March 2016, non-practicing entity Youtoo Technologies filed suit against Twitter, Inc. in the United States District Court for the Northern District of Texas alleging its Vine and Periscope products infringe Youtoo’s video-sharing patents (the ‘304, ‘506, and ‘997 patents). On Twitter’s motion, the district court dismissed the ‘304 and ’506 patents as invalid. Twitter filed petitions for Inter Partes Review before the Patent Trial and Appeals Board (PTAB) challenging all three patents-in-suit. The PTAB upheld the ‘304 and ‘506 Patents and invalidated the ‘997 Patent; the Federal Circuit affirmed. On March 16, 2020, Plaintiff (now Vidstream LLC, which allegedly acquired the patents from Youtoo Technologies in a bankruptcy proceeding), moved the Court to reconsider its earlier ruling invalidating the ‘304 and ‘506 patents. On April 1, 2022, the Court reversed its original ruling on the ‘304 and ‘506 patents. On September 27, 2024, Vidstream filed a motion for partial summary judgment, which the Court granted in part. The case went to a jury trial, and on April 16, 2025, the jury rendered a verdict finding (i) that Twitter did not infringe any claim of the ‘506 patent and two out of three claims of the ‘304 patent and that each of those patent claims was invalid, but (ii) that Twitter willfully infringed one claim of the ‘304 patent. The jury awarded Plaintiff $105 million in damages. In November 2025, the district court affirmed the jury’s award and awarded an additional $67 million in prejudgment interest. Twitter has appealed and Vidstream has cross-appealed. Both appeals remain pending before the Federal Circuit.

In June 2023, music publishing companies that are members of the National Music Publishers’ Association (the “NMPA”) filed a complaint against X in the U.S. District Court for the Middle District of Tennessee, claiming direct, contributory, and vicarious copyright infringement based on Twitter’s alleged failure to expeditiously take down infringing music posted by users after the music publishers allegedly gave Twitter notice of those infringements. The music publishers also allege that Twitter did not suspend the accounts of “repeat infringers,” so that Twitter is not entitled to a “safe harbor” from liability under the DMCA. X filed a motion to dismiss the complaint on August 14, 2023. On March 5, 2024, the Court dismissed plaintiffs’ direct infringement and vicarious infringement claims, and part of plaintiffs’ claim for contributory infringement. X answered the complaint on April 9, 2024. Litigation was stayed from June 11, 2025 to September 9, 2025 for settlement discussions that were not successful. Accordingly, discovery is ongoing.

In September 2023, Dutch foundation Stichting Data Bescherming Nederland (“SDBN”) filed a putative class action lawsuit in the District Court of Amsterdam in the Netherlands against TIUC, Twitter, Inc., X Corp., and Twitter

Netherlands b.v. related to Twitter's operation of the MoPub platform. SDBN primarily claims that MoPub's real-time bidding ad exchange violated the GDPR. SDBN claims to represent 11 million Dutch internet users who downloaded and used third-party mobile apps containing the MoPub software development kit during the period





2013-2022 and it seeks a monetary award in the range of € 250 to € 2,500 per person. On February 4, 2026, the Court declined to allow the case to proceed as a class action and indicated that it is considering staying the proceedings until the Court of Justice of the European Union has ruled in a separate case concerning the applicability of Dutch class action requirements to GDPR claims. The Twitter parties filed a brief in support of the proposed stay, which the plaintiffs opposed, on March 4, 2026.

In August 2024, Dutch foundation Stichting Onderzoek Marktinformatie (SOMI) initiated a collective action in the District Court of Amsterdam in the Netherlands on behalf of approximately 7.8 million Dutch X users. Among other things, SOMI seeks damages against TIUC, X Corp. and Twitter Netherlands B.V. (collectively, the "X entities") for: (1) alleged data breaches and insufficient security measures; (2) alleged unauthorized microtargeting and lack of transparency; and (3) the alleged failure to moderate hate speech and the obstruction of research, all in violation of the GDPR and/or DSA. The alleged data breaches relate to a Twitter API bug that came to light in 2022 and that had allowed persons who knew the email address or phone number of a user to determine the user's Twitter ID. SOMI has requested compensation (to be assessed at a later stage) for each member of the class, including symbolic damages of EUR 1 for each member of the class that is allegedly affected by hate speech on the X platform. The X entities filed a procedural defense on March 12, 2025. A hearing has been scheduled for April 2, 2026.

In September 2025, non-practicing entity Search and Share Technologies, LLC ("SaS") filed a patent complaint against X Corp. in the Federal District Court for the Western District of Texas. SaS alleges that X Corp. infringed on U.S. Patent Nos. 10,180,952 and 11,106,744, through features in its mobile app and website enabling users to interact with content through dedicated interfaces that directly share what other users see in ranked feeds and search results. SaS filed an Amended Complaint on January 5, 2026. On January 20, 2026, X Corp. moved to dismiss SaS's willful infringement and induced infringement claims. On February 3, 2026, SAS responded to, but did not oppose, X Corp.'s partial motion to dismiss. On February 10, 2026, X Corp. filed its reply. On February 4, 2026, X Corp. filed an IPR petition challenging the '744 Patent and on February 18, 2026, filed an IPR petition challenging the '952 Patent.

Beginning in January 2026, the Company and certain subsidiaries have been named as defendants in multiple lawsuits arising from Grok's image-generation and editing features. The complaints generally allege that Grok's image-generation and editing features enabled the creation and dissemination of nonconsensual explicit images and/or content representing women and/or children in sexualized contexts. The actions include Jane Doe v. X.AI Corp. and X.AI LLC, instituted in the U.S. District Court for the Northern District of California on January 23, 2026, and Jane Doe 1 et al. v. X.AI Corp. and X.AI LLC (the "Jane Doe 1 Case") instituted in the U.S. District Court for the Northern District of California on March 16, 2026. These cases are putative class actions, asserting claims including, among other things, claims of strict liability, negligence, nuisance, rights of privacy or publicity, and, in the Jane Doe 1 Case, certain federal statutory claims. Plaintiffs in these two cases seek, among other things, compensatory, statutory and punitive damages, restitution, disgorgement and injunctive relief. In addition, a case, Mayor and City Council of Baltimore ex rel. Ebony M. Thompson v. X Corp., X.AI Corp., X.AI LLC, and Space Exploration Technologies Corp, was instituted in the Baltimore City Circuit Court on March 24, 2026 (the "Baltimore Case"). The plaintiff in the Baltimore Case, the Mayor and City Council of Baltimore, asserts similar claims to those in the two cases discussed above under Baltimore's Consumer Protection Ordinances. The plaintiff in the Baltimore Case seeks statutory penalties and/or injunctive relief. The defendants intend to defend themselves vigorously in these actions.

The Company has recorded an accrual of $530 million for litigation losses that are probable and reasonably estimable in Accrued expenses and other current liabilities and Other liabilities on the consolidated balance sheet as of December 31, 2025. For other matters, the Company is not currently able to estimate the reasonably possible loss or range of loss.

***Non-Income Taxes***

The Company is under various non-income tax audits by domestic and foreign tax authorities. These audits primarily revolve around routine inquiries, refund requests, and employee benefits. The Company accrues non-income taxes that may result from these audits when they are probable and can be reasonably estimated. Due to the





complexity and uncertainty of some of these matters, however, as well as the judicial process in certain jurisdictions, the final outcome of these audits may be materially different from the Company's expectations.

***Indemnifications***

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees, and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of certain agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnifications may survive the termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. It is not possible to determine the maximum potential amount under these indemnification agreements due to the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements have not had a material impact on our consolidated financial statements. At

December 31, 2025 and 2024, the Company has not accrued a liability for any indemnification claims, because the likelihood of incurring a payment obligation, if any, in connection with any such indemnification claims is not probable or reasonably estimable.

**Note 18 - Related Party Transactions**

The Company periodically does business with certain entities with which its CEO and directors are affiliated.

During the years ended December 31, 2025 and 2024, the Company purchased $506 million and $191 million of Megapack products, respectively, from Tesla, Inc. ("Tesla") recorded in Property, plant, and equipment, net in the consolidated balance sheets. The Company also obtained $131 million of Cybertrucks at manufacturer's suggested retail price from Tesla recorded in Property, plant, and equipment, net in the consolidated balance sheets during the year ended December 31, 2025.

On October 12, 2025, and as subsequently amended on November 10, 2025, CTC, a subsidiary of xAI and an indirect subsidiary of the Company, entered into an equipment lease agreement with Valor Equity Partners ("Valor") for certain AI infrastructure hardware (the "Valor transaction"). The founder, CEO and Chief Investment Officer of Valor, Antonio J. Gracias, serves as one of the directors of the Company. The Valor transaction was deemed to be a failed sale-leaseback transaction and the Company recorded the related debt of $455 million and $4,052 million within Debt and finance leases, current and Debt and finance leases, net of current, respectively, as of December 31, 2025 in the Company's consolidated balance sheets, and $66 million in Interest expense for the year ended December 31, 2025 in the Company's consolidated statements of operations. Refer to Note 10, Debt for additional details. The related asset is recorded within Property, plant, and equipment, net in the Company's consolidated balance sheets.

In 2025, Elon Musk, through his trust, purchased $1,421 million of common stock from current and former employees.

Other transactions with Tesla and other related parties during the years ended December 31, 2025, 2024, and 2023 were immaterial.





**Note 19 - Segments**

Following the Mergers, the Company evaluated how to view and measure performance of the combined company and potential realignment of individual entity's historical segment structure. Following this evaluation, the Company determined that as a combined company, effective in Q1 2026, the Company's Chief Executive Officer, as the Chief Operating Decision Maker ("CODM"), organizes the Company, manages resource allocations, and measures performance among three operating and reportable segments: (i) Space, (ii) Connectivity, and (iii) AI. Prior period presentations for segments conform to the current segment reporting structure.

The Company's CODM assesses performance and allocates resources to operating segments based on segment income (loss) from operations by comparing actual income (loss) from operations to historical results and previously forecasted financial information. The Company's CODM does not evaluate operating and reportable segments using asset or liability information.

The following tables present information as to revenues, significant segment expenses, and income (loss) from operations by the Company's reportable segments:

| | Year Ended December 31, 2025 | | | |
|---|---|---|---|---|
| | Space | Connectivity | AI | Total Reportable Segments |
| **Revenue** | $ 4,086 | $ 11,387 | $ 3,201 | $ 18,674 |
| Costs and expenses | | | | |
| Cost of revenue | 1,352 | 5,921 | 2,178 | 9,451 |
| Research and development | 3,004 | 575 | 5,064 | 8,643 |
| Selling, general, and administrative | 349 | 468 | 1,827 | 2,644 |
| Restructuring charges | — | — | 487 | 487 |
| Impairment | 38 | — | — | 38 |
| Total costs and expenses | 4,743 | 6,964 | 9,556 | 21,263 |
| **Income (loss) from operations** | (657) | 4,423 | (6,355) | (2,589) |
| Interest expense | | | | (1,945) |
| Interest income | | | | 492 |
| Other income (expense), net | | | | (177) |
| **Income (loss) before income taxes** | | | | $ (4,219) |
| **Supplemental segment information** | | | | |
| Depreciation and amortization | $ 757 | $ 2,376 | $ 3,568 | $ 6,701 |
| Share-based compensation | $ 515 | $ 369 | $ 1,063 | $ 1,947 |
| Impairment | $ 38 | $ — | $ — | $ 38 |
| Capital expenditures | $ 3,832 | $ 4,178 | $ 12,727 | $ 20,737 |

Table of Contents

| | Year Ended December 31, 2024 | | | |
|---|---|---|---|---|
| | Space | Connectivity | AI | Total Reportable Segments |
| **Revenue** | $ 3,796 | $ 7,599 | $ 2,620 | $ 14,015 |
| Costs and expenses | | | | |
| Cost of revenue | 1,541 | 4,768 | 1,687 | 7,996 |
| Research and development | 1,835 | 453 | 1,176 | 3,464 |
| Selling, general, and administrative | 375 | 333 | 1,105 | 1,813 |
| Restructuring charges | — | — | 213 | 213 |
| Impairment | 24 | 39 | — | 63 |
| Total costs and expenses | 3,775 | 5,593 | 4,181 | 13,549 |
| **Income (loss) from operations** | 21 | 2,006 | (1,561) | 466 |
| Interest expense | | | | (1,580) |
| Interest income | | | | 371 |
| Other income (expense), net | | | | 985 |
| **Income (loss) before income taxes** | | | | $ 242 |
| **Supplemental segment information** | | | | |
| Depreciation and amortization | $ 637 | $ 1,508 | $ 1,679 | $ 3,824 |
| Share-based compensation | $ 472 | $ 296 | $ 16 | $ 784 |
| Impairment | $ 24 | $ 39 | $ — | $ 63 |
| Capital expenditures | $ 2,032 | $ 3,498 | $ 5,633 | $ 11,163 |

| | Year Ended December 31, 2023 | | | |
|---|---|---|---|---|
| | Space | Connectivity | AI | Total Reportable Segments |
| **Revenue** | $ 3,557 | $ 3,869 | $ 2,961 | $ 10,387 |
| Costs and expenses | | | | |
| Cost of revenue | 1,669 | 2,786 | 1,655 | 6,110 |
| Research and development | 1,538 | 381 | 186 | 2,105 |
| Selling, general, and administrative | 351 | 233 | 1,081 | 1,665 |
| Restructuring charges | — | — | 237 | 237 |
| Impairment | — | — | 3,775 | 3,775 |
| Total costs and expenses | 3,558 | 3,400 | 6,934 | 13,892 |
| **Income (loss) from operations** | (1) | 469 | (3,973) | (3,505) |
| Interest expense | | | | (1,693) |
| Interest income | | | | 249 |
| Other income (expense), net | | | | (42) |
| **Income (loss) before income taxes** | | | | $ (4,991) |
| **Supplemental segment information** | | | | |
| Depreciation and amortization | $ 571 | $ 884 | $ 1,180 | $ 2,635 |
| Share-based compensation | $ 427 | $ 249 | $ 3 | $ 679 |
| Impairment | $ — | $ — | $ 3,775 | $ 3,775 |
| Capital expenditures | $ 1,497 | $ 2,455 | $ 463 | $ 4,415 |



Table of Contents

The following tables provide revenue by geography based on the country of domicile in which the transaction originated:

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| USA | $ 12,966 | $ 10,008 | $ 7,473 |

| | Year Ended December 31, | | |
|---|---|---|---|
| Ireland | 1,827 | 1,371 | 1,047 |
| Canada | 764 | 582 | 447 |
| All Other | 3,117 | 2,054 | 1,420 |
| **Total Revenues** | $ 18,674 | $ 14,015 | $ 10,387 |

As of December 31, 2025 and 2024, substantially all of the Company's long-lived assets were located within the United States.

**Note 20 - Restructuring**

In 2022. X, an indirect subsidiary of the Company (through the X Merger and subsequently, xAI Merger), initiated global employee workforce reductions, the effects of which continued through 2025. The charges associated with the workforce reduction include cash severance expense and other termination benefits. Restructuring charges also include impairment of operating lease right-of-use assets for excess office space and related leasehold improvements and office equipment, as well as lease termination penalties for office space terminated before the end of the lease term as a result of the workforce reduction.

Total charges of $487 million, $147 million, and $77 million associated with the workforce reduction were recorded in Restructuring charges in the consolidated statements of operations for the years ended December 31, 2025, 2024, and 2023, respectively. Additionally, the Company recorded restructuring charges of $36 million, and $54 million related to its leasehold improvements and office equipment, and restructuring charges of $30 million, and $106 million for operating lease right-of-use assets as part of its facilities consolidation efforts for the years ended December 31, 2024 and 2023, respectively.

The following table is a summary of the changes in the restructuring liabilities for each period presented, included within Accrued expenses and other current liabilities and Other liabilities on the consolidated balance sheets:

| | |
|---|---|
| Restructuring liabilities as of December 31, 2023 | $ 8 |
| Severance and other personnel costs | 147 |
| Cash payments | (11) |
| Other adjustments | 8 |
| Restructuring liabilities as of December 31, 2024 | 152 |
| Severance and other personnel costs | 487 |
| Cash payments | (212) |
| Other adjustments | 16 |
| Restructuring liabilities as of December 31, 2025 | $ 443 |

**Note 21 - Subsequent Events**

The Company has evaluated subsequent events that occurred from January 1, 2026 through March 30, 2026, which is the date the consolidated financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements, except as discussed below.





***Officer Equity Awards***

In January 2026, the Company granted 1,000 million performance-based restricted shares of Class B common stock to Elon Musk. The restricted shares vest upon (i) the Company's achievement of specified market capitalization milestones across 15 equal tranches ranging from $500 billion to $7.5 trillion, with each milestone reflecting $500 billion in additional valuation, and (ii) the Company's establishment of a permanent human colony on Mars with at least one million inhabitants, in each case, subject to Mr. Musk's continued employment.

In March 2026, the Company cancelled Mr. Musk's xAI Award and replaced it with a grant of 302.1 million performance-based restricted shares of Class B common stock, which vest upon (i) the achievement of specified market capitalization milestones across 12 equal tranches ranging from $1.065 trillion to $6.565 trillion, with each milestone reflecting $500 billion in additional valuation, and (ii) the Company's completion of non-Earth-based data centers capable of delivering 100 terawatts of compute per year, in each case, subject to Mr. Musk's continued employment.

In January 2026, the Company approved an amendment to 4 million performance-based stock options granted to Bret Johnsen, Chief Financial Officer, that were originally issued in 2024. In lieu of vesting based on free cash flow achievement in excess of a baseline, 371 thousand of the stock options will vest for each $10 billion in adjusted EBITDA achieved during the 2025 through 2029 fiscal years, assessed on an annual basis. For purposes of this award, adjusted EBITDA is calculated as income from operations excluding (i) depreciation and amortization, (ii) share-based compensation, (iii) impairment, and (iv) restructuring impacts. Once a tranche of the stock options have become earned as a result of the Company's adjusted EBITDA performance as of the end of a particular fiscal year, such stock options remain subject to an additional one-year and one day service-based vesting requirement following December 31 of the fiscal year in which such tranche was earned. The number of options granted was not changed in the amendment. None of the stock options became earned on account of the Company's adjusted EBITDA performance for the year ended December 31, 2025.

***Share Repurchases***

Between January and March 2026, the Company repurchased Redeemable Convertible Preferred Stock and Common Stock from eligible current and former employees as well as third-party investors totaling $1,396 million.

***Sale-Leaseback Transaction***

In January 2026, and as further amended on February 18, 2026, CTC entered into an equipment lease agreement with Valor for certain AI infrastructure hardware ("Valor transaction II "). Similar to the Valor transaction, the Valor transaction II was considered to be a transaction with a related party. The Valor transaction II is deemed to be a failed sale-leaseback transaction and the Company recorded the related debt of $5,365 million in the Company's consolidated balance sheets.

***xAI Merger Closing***

Pursuant to the terms of the xAI Merger on February 2, 2026, the Company issued, prior to the 2026 Stock Split, 321.7 million shares of Class A Common Stock, 121.7 million shares of Class B Common Stock and paid $2,947 million in cash to holders of xAI Common Stock and Redeemable Convertible Preferred Stock. Refer to Note 13, Redeemable Convertible Preferred Stock and Shareholders' Equity for additional details.

***Tesla's xAI Investment and SpaceX Class A Common Stock Issuance***

In January 2026, Tesla entered into an agreement with xAI to invest $2,000 million via a purchase of xAI Series E Redeemable Convertible Preferred Stock. Pursuant to the terms of that agreement and a letter agreement entered into between xAI and Tesla on January 16, 2026, xAI's issuance of the shares of Series E Redeemable Convertible Preferred Stock, and Tesla's payment therefore, was conditioned upon the receipt of required regulatory approvals.

Following the xAI Merger, Tesla's right to acquire Series E Redeemable Convertible Preferred Stock of xAI was converted into the right to acquire SpaceX Class A common stock. On March 12, 2026, following expiration of the





applicable regulatory waiting period, SpaceX issued 3.8 million shares of Class A Common Stock (on a pre-2026 Stock Split basis) to Tesla in accordance with the terms of the foregoing agreements.

***Tesla Collaboration***

In March 2026, the Company announced a collaboration with Tesla to build a chip manufacturing facility (referred to as Terafab).

***SpaceX Bridge Loan Credit Agreement***

In March 2026, SpaceX entered into a new bridge loan credit agreement ("SpaceX Bridge Loan") for $20,000 million with a syndicate of banks. The SpaceX Bridge Loan matures on September 2, 2027 with two three-month extensions, at the option of the Company, reaching a final maturity date of March 2, 2028. The SpaceX Bridge Loan proceeds were used to extinguish and pay off the X B-1 Term Loan, X B-3 Term Loan, xAI Fixed Rate Loan, xAI Floating Rate Loan, and the xAI 12.5% Senior Secured Notes. The SpaceX Bridge Loan bears interest at a rate per annum of (i) between 0.75%-1.75%, dependent upon the debt rating of the Company, plus the relevant Term SOFR or (ii) the highest of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate, (c) Term SOFR plus 1.0% and (d) 1.0%, plus an applicable margin ranging from 0.00% to 0.75% (depending on the Company's debt rating). Obligations under the SpaceX Bridge Loan were guaranteed jointly and severally by certain subsidiaries of the Company. The SpaceX Bridge Loan is repayable at any time, in whole or in part, without premium or penalty. The Company is required to meet various covenants, including meeting certain reporting requirements, and certain financial covenants.

Concurrently with the SpaceX Bridge Loan, the Company repaid the outstanding principal and accrued interests of the X B-1 Term Loan, X B-3 Term Loan, xAI Fixed Rate Term Loan, xAI Floating Rate Term Loan and xAI 12.5% Secured Senior Notes for an aggregate amount of $18,905 million, including $1,163 million of prepayment penalty.

***Purchase Commitments***

In March 2026, the Company executed a purchase agreement with an unaffiliated third party to acquire additional turbines for the AI infrastructure totaling $805 million through 2029.

**Note 22 - Subsequent Events to the Original Issuance of the Consolidated Financial Statements (Unaudited)**

The Company has evaluated subsequent events that occurred from the date the consolidated financial statements were originally issued on March 30, 2026 through May 7, 2026, the date the consolidated financial statements were available to be reissued, and determined that the following subsequent events require disclosure in the consolidated financial statements.

***Collaboration Agreement***

On April 19, 2026, the Company entered into a compute agreement with Anysphere, Inc., doing business as Cursor, a San Francisco-based private software company ("Cursor"). Pursuant to the compute agreement, the Company will collaborate with Cursor to improve the Company's existing models, including Grok, and potentially to jointly develop AI models and related model-specific deliverables.

Concurrent with the compute agreement, the Company also entered into an option agreement for the right, but not the obligation, to acquire Cursor. The option agreement generally provides that the Company may exercise the call option at any time during the 30-day period following the earlier of (i) seven trading days following the completion of the Company's IPO and (ii) September 30, 2026. Exercise of the call option is in the Company's sole discretion and subject to further approval by the board of directors. Cursor is also subject to certain exclusivity obligations under the option agreement. The consideration for the acquisition of Cursor would consist of shares of Class A common stock based on an implied equity value of Cursor of $60.0 billion, and the price of Class A common stock that equals, if the acquisition closed prior to the completion of this offering, the most recent quarterly valuation, or, if the acquisition closed after the completion of the Company's IPO, the volume-weighted average closing price thereof over the seven consecutive trading days immediately preceding the closing of the acquisition. If either (i) the Company decides to terminate the option agreement or (ii) Cursor is eligible to and decides to terminate due to the

Company’s material breach of the option agreement, Cursor is entitled to a $1.5 billion termination fee under the option agreement and an $8.5 billion deferred services fee under the compute agreement. These fees are payable in cash (or Class A common stock, if the Company’s IPO has not been consummated at the time the fees become payable).

The Company has conducted preliminary due diligence on Cursor’s business, technology and operations, and expect to continue such diligence in connection with any decision to exercise the call option. The Company cannot predict whether the Company will elect to exercise the call option or, if exercised, whether the acquisition will close on the anticipated terms or at all.

***Sale-Leaseback Transaction***

On April 24, 2026, CTC entered into a five-year equipment lease agreement with Valor, a related party, for certain AI infrastructure hardware (“Valor transaction III”) for total undiscounted lease payments of $6,587 million.

***Asset Acquisition***

On April 30, 2026, the Company entered into an asset purchase agreement with an unaffiliated third party to purchase certain mobile gas turbines and related packages for approximately $2,000 million (the “Turbine Acquisition”). The closing of the Turbine Acquisition is expected to occur in May 2026 and is subject to customary closing conditions. The seller has also agreed to enter into a post-closing services agreement to support the Company's turbine operations. The Turbine Acquisition will help provide power to the Company's data centers.

***Cloud Services Agreement***

On May 3, 2026, the Company entered into a cloud services agreement with Anthropic PBC, an AI research and development public benefit corporation, with respect to access to compute capacity. Pursuant to this agreement, the customer has agreed to pay a monthly fee through May 2029, with capacity ramping in May 2026 at a reduced fee. The agreement may be terminated by either party upon 90 days’ notice. The customer will retain ownership and intellectual property rights in its content, AI models, and related data.



Table of Contents

**Space Exploration Technologies Corp.**
**Consolidated Balance Sheets**
**(in millions, except per share data)**
**(unaudited)**

| | | | | |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ | 15,852 | $ | 24,747 |
| Marketable securities | | 7,823 | | — |
| Accounts receivable, net of allowance for credit losses of $47 and $39 at March 31, 2026 and December 31, 2025, respectively | | 1,833 | | 1,579 |
| Inventory | | 2,588 | | 2,416 |
| Prepaid expenses and other current assets | | 1,636 | | 2,210 |
| Total current assets | | 29,732 | | 30,952 |
| Property, plant, and equipment, net[(a)] | | 53,879 | | 42,602 |
| Finance lease right-of-use assets | | 1,182 | | 1,260 |
| Intangible assets, net | | 1,432 | | 1,548 |
| Digital assets | | 1,293 | | 1,637 |
| Goodwill | | 11,681 | | 11,809 |
| Deferred tax assets | | 213 | | 141 |
| Other assets | | 2,682 | | 2,130 |
| **Total assets** | $ | 102,094 | $ | 92,079 |
| **Liabilities, Redeemable Convertible Preferred Stock, and Shareholders’ Equity** | | | | |
| Current liabilities | | | | |
| Accounts payable | | 10,002 | | 11,792 |
| Deferred revenue, current | | 7,207 | | 6,111 |
| Debt and finance leases, current (related party of $1,121 and $455 at March 31, 2026 and December 31, 2025, respectively) | | 1,538 | | 928 |
| Accrued expenses and other current liabilities | | 5,689 | | 2,569 |
| Total current liabilities | | 24,436 | | 21,400 |

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Long-term liabilities | | |
| Deferred revenue, net of current | 6,029 | 6,005 |
| Debt and finance leases, net of current (related party of $7,920 and $4,052 at March 31, 2026 and December 31, 2025, respectively) | 28,727 | 21,968 |
| Other liabilities | 1,320 | 1,381 |
| Total liabilities | 60,512 | 50,754 |
| Commitments and contingencies (Note 16) | | |
| **Redeemable convertible preferred stock** | | |
| Redeemable convertible preferred stock, par value $0.001; 189 and 2,351 shares issued; 135 and 2,046 shares outstanding as of March 31, 2026 and December 31, 2025, respectively | 7,049 | 38,752 |
| **Shareholders' equity** | | |
| Class A common stock, par value $0.001; 2,965 and 2,036 shares issued; 2,883 and 1,952 shares outstanding as of March 31, 2026 and December 31, 2025, respectively | 3 | 3 |
| Class B common stock, par value $0.001; 2,421 and 643 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively | 3 | 1 |
| Class C common stock, par value $0.001; 494 and 484 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively | 0 | 0 |
| Class D common stock, par value $0.0001; no shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively | — | — |
| Additional paid-in capital | 74,083 | 37,706 |
| Accumulated deficit | (41,311) | (37,035) |
| Accumulated other comprehensive income | 1,755 | 1,898 |
| **Total shareholders' equity** | 34,533 | 2,573 |
| **Total liabilities, redeemable convertible preferred stock, and shareholders' equity** | $ 102,094 | $ 92,079 |

(a) Refer to Note 17, Related Party Transactions for additional details on related party arrangements.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

**Space Exploration Technologies Corp.**
**Consolidated Statements of Operations**
**(in millions, except per share data)**
**(unaudited)**

| | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|
| **Revenue** | $ 4,694 | $ 4,067 |
| **Costs and expenses** | | |
| Cost of revenue | 2,388 | 1,962 |
| Research and development | 3,514 | 1,557 |
| Selling, general, and administrative | 746 | 493 |
| Restructuring charges (credits) | (11) | 4 |
| Impairment | — | 24 |
| Total costs and expenses | 6,637 | 4,040 |
| **Income (loss) from operations** | (1,943) | 27 |
| Interest expense (related party of $186 and $- for March 31, 2026 and 2025, respectively) | (664) | (447) |
| Interest income | 213 | 117 |
| Other expense, net | (1,876) | (211) |
| **Loss before income taxes** | (4,270) | (514) |
| Provision for income taxes | 6 | 14 |
| **Net loss** | $ (4,276) | $ (528) |
| Net loss attributable to shareholders - basic and diluted | $ (4,947) | $ (528) |
| **Net loss per share of common stock attributable to common shareholders** | | |
| Basic and Diluted | $ (1.27) | $ (0.18) |
| **Weighted average shares used in computing net loss per share of common stock** | | |
| Basic and Diluted | 3,884 | 2,875 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

**Space Exploration Technologies Corp.**
**Consolidated Statements of Comprehensive Loss**
**(in millions)**
**(unaudited)**

| | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|
| Net loss | $ (4,276) | $ (528) |
| **Other comprehensive income (loss)** | | |
| Change in foreign currency translation adjustments, net of tax | (140) | 257 |
| Unrealized gains (losses) on marketable securities, net of tax | (3) | 2 |
| Other comprehensive income (loss) | (143) | 259 |
| **Comprehensive loss** | $ (4,419) | $ (269) |

The accompanying notes are an integral part of these consolidated financial statements.



Table of Contents

**Space Exploration Technologies Corp.**
**Consolidated Statements of Redeemable Convertible Preferred Stock and Shareholders' Equity**
**(in millions)**
**(unaudited)**

| | Redeemable Convertible Preferred Stock | | Common Stock | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
| **Balances at December 31, 2024** | 1,748 | $ 20,941 | 3,023 | $ 3 | $ 35,865 | $ (32,098) | $ 1,093 | $ 4,863 |
| Share-based compensation | — | — | — | — | 262 | — | — | 262 |
| Common stock issued, net of tax withholding | — | — | 26 | 0 | 931 | — | — | 931 |
| Repurchase of common stock | — | — | (28) | 0 | (508) | — | — | (508) |
| Conversion of redeemable convertible preferred stock to common stock | 0 | (1) | 2 | 0 | 1 | — | — | 1 |
| Transfer of equity in business combination | — | — | 1 | 0 | 39 | — | — | 39 |
| Net loss | — | — | — | — | — | (528) | — | (528) |
| Other comprehensive income | — | — | — | — | — | — | 259 | 259 |
| **Balances at March 31, 2025** | 1,748 | $ 20,940 | 3,024 | $ 3 | $ 36,590 | $ (32,626) | $ 1,352 | $ 5,319 |

| | Redeemable Convertible Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| Balances at December 31, 2025 | 2,046 | $ 38,752 | 3,079 | $ 4 | $ 37,706 | $ (37,035) | $ 1,898 | $ 2,573 |
| Share-based compensation | — | — | — | — | 693 | — | — | 693 |
| Issuance of redeemable convertible preferred stock | 78 | 5,869 | — | — | — | — | — | — |
| Common stock issued, net of tax withholding | — | — | 1,346 | 1 | 2,460 | — | — | 2,461 |
| Repurchase of common and redeemable convertible preferred stock | (2) | (69) | (31) | — | (1,864) | — | — | (1,864) |
| Conversion of redeemable convertible preferred stock pursuant to the xAI Merger | (1,987) | (37,476) | 1,424 | 1 | 37,474 | — | — | 37,475 |
| Repurchase of common stock pursuant to xAI Merger | — | — | (25) | — | (2,413) | — | — | (2,413) |
| Conversion of redeemable convertible preferred stock to common stock | — | (27) | 5 | — | 27 | — | — | 27 |
| Net loss | — | — | — | — | — | (4,276) | — | (4,276) |
| Other comprehensive loss | — | — | — | — | — | — | (143) | (143) |
| **Balances at March 31, 2026** | 135 | $ 7,049 | 5,798 | $ 6 | $ 74,083 | $ (41,311) | $ 1,755 | $ 34,533 |

The accompanying notes are an integral part of these consolidated financial statements.





**Space Exploration Technologies Corp.**
**Consolidated Statements of Cash Flows**
**(in millions)**
**(unaudited)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2026 | 2025 |
| **Cash flows from operating activities** | | |
| Net loss | $ (4,276) | $ (528) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,442 | 1,443 |
| Share-based compensation | 639 | 232 |
| Unrealized loss on digital assets | 344 | 188 |
| Impairment and loss on disposal of fixed assets, net | 5 | 32 |
| Amortization of debt discount and issuance costs | 19 | 18 |
| Loss on debt extinguishment | 1,526 | — |
| Other | (26) | 31 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | (218) | (197) |
| Inventory | (384) | (322) |
| Prepaid expenses and other assets | (74) | (88) |
| Accounts payable | (528) | 93 |
| Deferred revenue | 1,119 | (34) |
| Operating lease liabilities, net | (5) | (1) |
| Other liabilities | 464 | (140) |
| Net cash provided by operating activities | $ 1,047 | $ 727 |
| **Cash flows from investing activities** | | |
| Purchases of property, plant, and equipment (related party of $34 and $84 for March 31, 2026 and 2025, respectively) | (10,107) | (4,140) |
| Capitalized interest | (7) | — |
| Proceeds from product rebates | 1,195 | — |
| Purchases of marketable securities | (7,801) | (312) |
| Maturities of marketable securities | — | 289 |
| Other investing activities, net | (4) | (7) |
| Net cash used in investing activities | $ (16,724) | $ (4,170) |
| **Cash flows from financing activities** | | |
| Principal repayments on finance leases | (82) | (66) |
| Proceeds from debt and other financing obligations | 22,694 | 4,744 |
| Payment of debt issuance costs | (23) | (3) |
| Repayments on debt and other financing obligations | (18,295) | (4,745) |
| Payment of debt extinguishment premium | (1,153) | — |
| Proceeds from issuance of capital stock, net of issuance costs | 8,319 | 899 |
| Proceeds from employee equity award plans | 111 | 33 |
| Payments for repurchase of common and redeemable convertible preferred stock | (4,346) | (508) |
| Taxes paid related to net share settlement of equity awards | (100) | — |
| Net cash provided by financing activities | $ 7,125 | $ 354 |
| Effect of exchange rate changes on cash and cash equivalents | 36 | 70 |
| Net change in cash and cash equivalents and restricted cash | (8,516) | (3,019) |
| Cash and cash equivalents and restricted cash, beginning of the period | 25,124 | 11,501 |
| Cash and cash equivalents and restricted cash, end of the period | $ 16,608 | $ 8,482 |

| | Three Months Ended March 31, | |
|---|---|---|
| | 2026 | 2025 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid for the following: | | |
| Interest, net of interest capitalized | $ 990 | $ 382 |
| Income taxes, net | $ 8 | $ 7 |
| **Supplemental schedule of noncash investing and financing activities** | | |
| Share-based compensation capitalized in property, plant, and equipment, net | $ 60 | $ 30 |
| Purchases of property, plant, and equipment included in accrued expenses and accounts payable | $ 10,649 | $ 565 |
| Purchases of property, plant, and equipment financed by other financings | $ 2,684 | $ — |

The accompanying notes are an integral part of these consolidated financial statements.





**SPACE EXPLORATION TECHNOLOGIES CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**(tables in millions, except per share data)**
**(unaudited)**

**Note 1 - Nature of Business**

***Description of Business***

Space Exploration Technologies Corp. and its wholly owned subsidiaries, collectively referred to as the "Company" or "SpaceX," operate three segments – (i) the Space segment designs, manufactures, and launches reusable rockets to provide high cadence, reliable, and affordable access to space at unprecedented scale, (ii) the Connectivity segment operates a worldwide high-speed, low-latency broadband network powered by thousands of Starlink satellites in Low-Earth Orbit, delivering connectivity to millions of consumer, enterprise, and government customers through our Starlink offering, and (iii) the AI segment operates a vertically integrated AI platform spanning a frontier LLM Grok, AI solutions for consumer and enterprise customers, X — a real-time information, entertainment, and free speech platform — and AI computational infrastructure.

On February 2, 2026 ("xAI Merger Date"), the Company completed its acquisition of X.AI Holdings Corp. ("xAI"), pursuant to which xAI became a wholly-owned subsidiary of the Company ("xAI Merger"). Prior to the xAI Merger, on March 28, 2025, xAI completed its acquisition of X Holdings Corp. ("X") and X.AI Corp., in which X and X.AI Corp. became wholly-owned subsidiaries of xAI ("X Merger", and collectively with xAI Merger, "Mergers"). X.AI Corp began operations in March 2023 and Twitter, Inc. ("Twitter") was acquired by Mr. Elon Musk in October 2022. The Mergers were each effected through a share exchange.

The Mergers have been accounted for as reorganizations of entities under common control as Mr. Elon Musk had a controlling financial interest in the Company, xAI and X through his majority voting interest in each such entity during the periods presented in these consolidated financial statements. The Company's consolidated financial statements have been prepared to reflect the retrospective combination of the net assets of the entities at their historical carrying amounts for all periods presented. No new goodwill or other intangible assets have been recorded and all historical related party transactions between the entities have been eliminated in consolidation. The capital stock and shareholders' equity for all periods presented reflects a continuation of the historical SpaceX capital stock and shareholders' equity, combined with the historical capital stock and shareholders' equity of X and xAI merged under common control, as adjusted by the respective exchange ratios used to effect the Mergers, except for xAI's historical redeemable convertible preferred stock through the date of the xAI Merger. All of xAI's redeemable convertible preferred stock were converted to SpaceX common stock as part of the xAI Merger and are presented as such from the date of the xAI Merger. This presentation constitutes a change in reporting entity. Refer to Note 12 - Redeemable Convertible Preferred Stock and Shareholders' Equity for additional details.

On May 4, 2026, the Company effected a five-for-one forward stock split of its authorized, issued, and outstanding shares of Class A, Class B, and Class C Common Stock ("2026 Stock Split"). The conversion rate of SpaceX Redeemable Convertible Preferred Stock was proportionately adjusted to factor in the 2026 Stock Split. All share and per share information has been retroactively adjusted to reflect the 2026 Stock Split for all periods presented.

**Note 2 - Summary of Significant Accounting Policies**

***Unaudited Interim Financial Statements***

The consolidated financial statements, including the consolidated balance sheet as of March 31, 2026, the consolidated statements of operations, the consolidated statements of comprehensive loss, the consolidated statements of redeemable convertible preferred stock and shareholders' equity and the consolidated statements of cash flows for the three months ended March 31, 2026 and 2025, as well as other information disclosed in the accompanying notes, are unaudited. The consolidated balance sheet as of December 31, 2025 was derived from the audited consolidated financial statements as of that date. The interim consolidated financial statements and the





accompanying notes should be read in conjunction with the annual consolidated financial statements and the accompanying notes.

The interim consolidated financial statements and the accompanying notes have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the results of operations for the periods presented. The consolidated results of operations for any interim period are not necessarily indicative of the results to be expected for the full year or for any other future years or interim periods.

***Use of Estimates***

The preparation of 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 assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Amounts which are subject to significant judgment and use of estimates include revenues recognized over time using the cost-to-cost input method, the determination of valuation allowances associated with deferred tax assets and estimates of tax liabilities, reserves for excess and obsolete inventory, fair value of indefinite-lived intangible assets and goodwill, useful lives of property, plant, and equipment, the determination of incremental borrowing rate for lease liabilities, litigation and settlement costs, and the valuation and assumptions underlying share-based compensation. On an ongoing basis, the Company evaluates its estimates compared to historical experience and current trends, which forms the basis for making judgments about the carrying value of assets and liabilities. In addition, the Company engages valuation specialists to assist in the valuation of equity instruments.

***Cash and Cash Equivalents and Restricted Cash***

The Company's total cash and cash equivalents and restricted cash, as presented in the consolidated statements of cash flows, are as follows:

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Cash and cash equivalents | $ 15,852 | $ 24,747 |
| Restricted cash included in prepaid expenses and other current assets | 67 | 182 |
| Restricted cash included in other assets | 689 | 195 |
| **Total as presented in the consolidated statements of cash flows** | $ 16,608 | $ 25,124 |

***Significant Accounting Policies***

There have been no material changes to the Company's significant accounting policies from the annual consolidated financial statements for the year ended December 31, 2025.

***Recent Accounting Pronouncements***

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*. The ASU improves the guidance in Topic 270 by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. The amendments add to Topic 270 a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively or retrospectively to any or all prior periods presented in the financial statements, and early adoption is permitted. The Company is currently evaluating the provisions of this ASU and does not expect this ASU to have a material impact on the consolidated financial statements.

Table of Contents

*Recently adopted accounting pronouncements*

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in this update provide a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current classified accounts receivable and contract assets. The Company adopted this ASU on a prospective basis effective January 1, 2026. While this ASU was adopted, the Company did not elect the practical expedient permitted under this ASU. Therefore, the adoption has no impact on the consolidated financial statements.

**Note 3 - Revenue**

Revenue disaggregated by products and services is as follows:

| | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|
| Products | $ 380 | $ 352 |
| Services | 4,314 | 3,715 |
| **Total revenues** | $ 4,694 | $ 4,067 |

All of products revenue is attributable to the Connectivity segment.

Revenue disaggregated by type and segment is as follows:

| | Three Months Ended March 31, 2026 | Three Months Ended March 31, 2025 |
|---|---|---|
| Launch Services | $ 330 | $ 566 |
| Launch & Development | 289 | 299 |
| **Space** | 619 | 865 |
| Consumer | 2,148 | 1,492 |
| Enterprise & Government (1) | 1,109 | 983 |
| **Connectivity** | 3,257 | 2,475 |
| Advertising | 343 | 443 |
| AI Solutions & Infrastructure | 475 | 284 |
| **AI** | 818 | 727 |
| **Total revenues** | $ 4,694 | $ 4,067 |

(1) Enterprise & Government revenue includes revenue from Starlink Mobile service offerings.

***Deferred revenue***

Deferred revenue is recorded when cash payments are received or due, in advance of the Company's performance. Deferred revenue primarily relates to Space agreements and Connectivity enterprise and government contracts. Total deferred revenue as of December 31, 2025 was $12,116 million, of which $1,165 million was recognized as revenue for the three months ended March 31, 2026. Total deferred revenue as of March 31, 2026 was $13,236 million.

***Backlog***

The Company's backlog represents the transaction price of performance obligations to customers for which work remains to be performed. The amount of backlog increases with new contracts or additions to existing contracts and decreases as revenue is recognized on existing contracts. Contracts are included in backlog when an enforceable agreement has been reached. Backlog does not include amounts related to performance obligations that are billed and recognized as they are delivered, optional purchases that do not represent material rights and any estimated amounts of variable consideration that are subject to constraint. Backlog totaled $27,621 million as of March 31,



Table of Contents

2026, of which $13,236 million was recognized as deferred revenue at March 31, 2026. Approximately 36% is expected to be recognized within one year, and approximately 46% is expected to be recognized between one and three years, with the remaining 18% to be recognized thereafter.

**Note 4 - Inventory**

Inventory consists of the following:

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Raw materials | $ 1,054 | $ 1,030 |
| Work-in-progress | 835 | 803 |
| Finished goods | 699 | 583 |
| **Inventory** | $ 2,588 | $ 2,416 |

**Note 5 - Property, Plant, and Equipment, Net**

Property, plant, and equipment, net consist of the following:

| | | |
|---|---|---|
| Servers and networking equipment | $ 23,850 | $ 22,694 |

| | March 31, 2026 | December 31, 2025 |
|---|---|---|
| Satellites | 12,893 | 11,949 |
| Machinery and equipment | [illegible] | [illegible] |
| Data center infrastructure | 2,965 | 2,960 |
| Launch sites | 2,479 | 2,404 |
| Land, buildings and improvements [(1)] | 2,018 | 1,876 |
| Flight vehicle hardware | 1,459 | 1,689 |
| Leasehold improvements | 842 | 784 |
| Construction-in-progress | 14,045 | 4,604 |
| Property, plant, and equipment | 68,571 | 55,303 |
| Less: Accumulated depreciation | (14,692) | (12,701) |
| **Property, plant, and equipment, net** | $ 53,879 | $ 42,602 |

(1) Land is not a depreciable asset.

Construction in progress is primarily comprised of ongoing construction and expansion of the facilities and equipment as well as AI infrastructure that has not yet been placed in service.

Depreciation expense for the three months ended March 31, 2026 and 2025 was $2,329 million and $1,237 million, respectively.

Interest is capitalized during the construction period for significant long term construction projects, such as the AI infrastructure data centers and launch facilities. For the three months ended March 31, 2026, the Company capitalized $7 million of interest, which is included in Construction-in-progress amounts above. No interest was capitalized during the three months ended March 31, 2025.

For the three months ended March 31, 2025, the Company recorded impairment charges of $24 million related to the write off of damaged flight vehicles in the Space segment. These charges are reflected in Impairment in the consolidated statements of operations. There were no impairment charges related to Property, plant, and equipment during the three months ended March 31, 2026.





**Note 6 - Intangible Assets and Goodwill**

***Intangible Assets***

Finite-lived intangible assets consist of the following:

| | March 31, 2026 | | | |
|---|---|---|---|---|
| | Weighted-Average Useful Life (years) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Brand | 5.0 | $ 735 | $ (367) | $ 368 |
| User base | 9.0 | 1,277 | (486) | 791 |
| Existing technology | 3.0 | 27 | (17) | 10 |
| Advertising customer relationships | 5.0 | 745 | (510) | 235 |
| Acquired workforce | 2.0 | 11 | (2) | 9 |
| **Total** | | $ 2,795 | $ (1,382) | $ 1,413 |

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Weighted-Average Useful Life (in years) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
| Brand | 5.0 | $ 743 | $ (335) | $ 408 |
| User base | 9.0 | 1,291 | (456) | 835 |
| Existing technology | 3.2 | 27 | (16) | 11 |
| Advertising customer relationships | 5.0 | 752 | (478) | 274 |
| Acquired workforce | 2.0 | 9 | — | 9 |
| **Total** | | $ 2,822 | $ (1,285) | $ 1,537 |

Amortization expense associated with finite-lived intangible assets was $113 million and $206 million in the three months ended March 31, 2026 and 2025, respectively.

The Company also has indefinite-lived intangible assets of $19 million and $11 million as of March 31, 2026 and December 31, 2025, respectively. Indefinite-lived intangible assets primarily consist of trade names and domain names, which are expected to provide long-term branding and marketing benefits.

***Goodwill***

The activity for goodwill is as follows:

| | |
|---|---|
| Balance at December 31, 2025 | 11,809 |
| Business combination | 3 |
| Cumulative translation adjustments | (131) |
| **Balance at March 31, 2026** | $ 11,681 |

As of March 31, 2026 and December 31, 2025, goodwill attributable to the Connectivity segment was $515 million and $513 million, respectively, and goodwill attributable to the AI segment was $11,166 million and $11,296 million, respectively.

Table of Contents

**Note 7 - Financial Instruments**

The Company's assets that are measured at fair value on a recurring basis are as follows:

| | March 31, 2026 | | | | |
|---|---|---|---|---|---|
| | Level | Cost | Unrealized Gain | Unrealized Loss | Fair Value |
| **Cash and cash equivalents** | | | | | |
| Cash | I | 7,181 | — | — | 7,181 |
| Money market funds | I | 6,950 | — | — | 6,950 |
| Government securities | II | 1,721 | — | — | 1,721 |
| **Marketable securities** | | | | | |
| Government securities | II | 7,823 | — | 0 | 7,823 |
| **Prepaid expenses and other current assets** | | | | | |
| Restricted cash | I | 15 | — | — | 15 |
| Restricted cash in money market funds | I | 52 | — | — | 52 |
| **Other assets** | | | | | |
| Restricted cash | I | 512 | — | — | 512 |
| Restricted cash in money market funds | I | 146 | — | — | 146 |
| Restricted cash in government securities | II | 31 | — | — | 31 |
| **Total** | | $ 24,431 | $ — | $ — | $ 24,431 |

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | Level | Cost | Unrealized Gain | Unrealized Loss | Fair Value |
| **Cash and cash equivalents** | | | | | |
| Cash | I | $ 3,408 | $ — | $ — | $ 3,408 |
| Money market funds | I | 21,339 | — | — | 21,339 |
| **Prepaid expenses and other current assets** | | | | | |
| Restricted cash | I | 30 | — | — | 30 |
| Money market funds | I | 152 | — | — | 152 |
| **Other assets** | | | | | |
| Restricted cash | I | 182 | — | — | 182 |
| Restricted cash in money market funds | I | 13 | — | — | 13 |
| **Total** | | $ 25,124 | $ — | $ — | $ 25,124 |

As of March 31, 2026 and December 31, 2025, the Company also held 18,712 units of Bitcoin with a cost basis of $661 million and fair value of $1,293 million and $1,637 million, respectively. The fair value of these digital assets is determined using Level I in the fair value hierarchy.



Table of Contents

**Note 8 - Investments in Unconsolidated Affiliates**

***Equity method investment***

As of March 31, 2026 and December 31, 2025, the Company held an investment in Stateline Power, LLC, which is accounted for as an equity method investment, of $80 million and $86 million, respectively.

***Equity investments without readily determinable fair value***

As of March 31, 2026 and December 31, 2025, the Company held investments in unconsolidated affiliates which are accounted for as equity investments without readily determinable fair values of $168 million and $157 million, respectively. The Company recorded cumulative downward adjustments of $59 million on these investments as of March 31, 2026. Upward adjustments or impairment on these investments during the three months ended March 31, 2026 and 2025 were not material.

**Note 9 - Debt**

| | March 31, 2026 | | |
|---|---|---|---|
| | Principal | Unamortized Deferred Financing Costs | Net |
| SpaceX Bridge Loan | 20,000 | 21 | 19,979 |
| X 2027 and X 2030 Notes | 27 | — | 27 |
| Other financings [1] | 9,105 | — | 9,105 |
| Total debt | 29,132 | 21 | 29,111 |
| Finance lease liability | 1,154 | — | 1,154 |
| Total debt and finance leases | 30,286 | 21 | 30,265 |
| Less: Short-term portion | 1,538 | — | 1,538 |
| **Total debt and finance leases, net of current** | $ 28,748 | $ 21 | $ 28,727 |

| | December 31, 2025 | | |
|---|---|---|---|
| | Principal | Unamortized Deferred Financing Costs | Net |
| X 2027 and X 2030 Notes | 27 | — | 27 |
| X B-1 Term Loan | 6,504 | 280 | 6,224 |
| X B-3 Term Loan | 5,966 | 54 | 5,912 |
| xAI Fixed Rate Term Loan | 995 | 4 | 991 |
| xAI Floating Rate Term Loan | 995 | 40 | 955 |
| xAI 12.5% Secured Senior Notes | 3,000 | 12 | 2,988 |
| Other financings [1] | 4,562 | — | 4,562 |
| Total debt | 22,049 | 390 | 21,659 |
| Finance lease liability | 1,237 | — | 1,237 |
| Total debt and finance leases | 23,286 | 390 | 22,896 |
| Less: Short-term portion | 928 | — | 928 |
| **Total debt and finance leases, net of current** | $ 22,358 | $ 390 | $ 21,968 |

(1) Includes obligations related to certain AI infrastructure assets recorded as failed sale-leaseback transactions. Refer to Other Financings below for additional details.





***SpaceX Bridge Loan***

*General.* In March 2026, SpaceX entered into a new bridge loan credit agreement (the “SpaceX Bridge Loan”) with a syndicate of lenders, providing for an unsecured bridge term loan facility in an aggregate principal amount of $20,000 million. The SpaceX Bridge Loan matures on September 2, 2027, with two three-month extensions at the Company’s option, subject to the absence of a continuing default and the payment of an extension fee of 0.25% of the aggregate outstanding principal per extension, resulting in a final extended maturity date in March 2028.

*Proceeds.* The proceeds of the SpaceX Bridge Loan were used to repay the X B-1 Term Loan, the X B-3 Term Loan, the xAI Fixed Rate Loan, the xAI Floating Rate Loan, and the xAI 12.5% Senior Secured Notes (as defined and described below). The remaining proceeds were used for general corporate purposes.

*Interest Rates.* The SpaceX Bridge Loan bears interest, at the Company’s election, at a rate per annum equal to (i) Term SOFR plus an applicable margin ranging from 0.75%-1.75% (depending on the Company’s debt rating), or (ii) a base rate equal to the highest of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate, (c) Term SOFR plus 1.00% and (d) 1.00%, plus an applicable margin ranging from 0.00% to 0.75% (depending on the Company’s debt rating). In addition, the Company is obligated to pay duration fees equal to 0.125% of outstanding principal on the first anniversary of closing and 0.25% of outstanding principal on the fifteen-month anniversary of closing. The effective interest rate on outstanding borrowings under the SpaceX Bridge Loan was 4.58% as of March 31, 2026.

*Principal Repayments.* The SpaceX Bridge Loan may be prepaid at any time, in whole or in part, without premium or penalty. The Company is required to use the net proceeds of certain debt financings to repay amounts outstanding under the SpaceX Bridge Loan and to apply the net proceeds of a qualified initial public offering (“IPO”) to repay such amounts within six months following receipt.

*Guarantors and Collateral.* The obligations of the Company under the SpaceX Bridge Loan are guaranteed on a joint and several basis by X Corp., X.AI LLC, and CTC Property LLC (each a subsidiary of the Company).

*Covenants.* The SpaceX Bridge Loan contains customary events of default and affirmative and negative covenants, including restrictions on liens, subsidiary indebtedness, fundamental changes (including a prohibition on the disposition of Starlink assets and other material businesses outside the consolidated group), and changes in the nature of the Company’s business. The sole financial maintenance covenant requires the Company to maintain a Consolidated Leverage Ratio — defined as consolidated funded indebtedness (net of 85% of unrestricted cash) to Consolidated EBITDA (as defined in the SpaceX Bridge Loan) — of no greater than 3.75 to 1.0 as of the end of each fiscal quarter, with a temporary step-up to 4.25 to 1.0 for four fiscal quarters following a qualifying acquisition of at least $1.0 billion. The Company was in compliance with the covenants as of March 31, 2026.

*Accounting Treatment.* The Company accounted for the repayment of the X B-1 Term Loan, the X B-3 Term Loan, the xAI Fixed Rate Loan, the xAI Floating Rate Loan and the xAI 12.5% Senior Secured Notes as an extinguishment of debt, resulting in a loss on extinguishment of $1,526 million, recorded in Other expense, net.

***SpaceX Credit Facility***

*General.* In February 2025, the Company entered into a five-year senior unsecured revolving credit agreement (“SpaceX Credit Facility”) with a syndicate of banks, under which the Company may draw up to $1,500 million, subject to a customary financial covenant and other reporting requirements. The SpaceX Credit Facility terminates, and all outstanding loans become due and payable, on February 7, 2030, unless the parties agree to an extension. No amounts were borrowed under the SpaceX Credit Facility during the three months ended March 31, 2026 and 2025.

*Amendment.* In March 2026, the Company entered into a First Amendment to Credit Agreement and Waiver (the "First Amendment") with its lenders, in connection with the Company's entry into the SpaceX Bridge Loan (as defined above). The First Amendment, among other things, (i) waived certain specified defaults and (ii) amended



Table of Contents

certain definitions and covenants under the SpaceX Credit Facility to conform to the terms of the SpaceX Bridge Loan.

*Interest Rates.* Under the SpaceX Credit Facility, borrowings bear interest at the Company's option, at a rate per annum of (i) between 0.75%-1.25%, depending on the Company's current debt rating, plus the relevant Term SOFR or (ii) between 0.0%-0.25% depending on the Company's current debt rating plus the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate, (c) Term SOFR plus 1.0% and (d) 1.0%. The Company may also borrow in various alternative currencies at various alternative rates, including rates based on SONIA for Pound Sterling loans and EURIBOR for Euro loans plus an applicable margin. The fee for undrawn amounts is between 0.07%-0.11% per annum, depending on the Company's current debt rating. Interest is payable either monthly or quarterly, depending on the interest loan option.

*Covenants.* The Company was in compliance with the covenants as of March 31, 2026; however, the Company had a technical default when the Company acquired xAI on February 2, 2026 due to the amount of debt assumed as part of the acquisition at the subsidiary level. On March 2, 2026, the Company obtained a waiver from the syndicate of banks and amended the SpaceX Credit Facility allowing for the debt refinance completed on March 2, 2026, resulting in the Company being in compliance with all covenants.

***X 2027 and 2030 Notes***

*General.* In 2019, a subsidiary of X, an indirect subsidiary of the Company, issued $700 million aggregate principal amount of 3.875% senior notes due 2027 (the "X 2027 Notes") in a private placement. The X 2027 Notes mature on December 15, 2027. In 2022, a subsidiary of X issued $1,000 million aggregate principal amount of 5.000% senior notes due 2030 (the "X 2030 Notes") in a private placement. The X 2030 Notes mature on March 1, 2030. The X 2027 and X 2030 Notes represent senior unsecured obligations of the Company.

*Interest Rates.* For the X 2027 Notes, the interest rate is fixed at 3.875% per annum and interest is payable semi-annually in arrears on June 15 and December 15 of each year. For the X 2030 Notes, the interest rate is fixed at 5.000% per annum and interest is payable semi-annually in arrears on March 1 and September 1 of each year.

*Principal Repayments.* In November 2022, the Company purchased approximately $675 million aggregate principal amount of X 2027 Notes and $998 million aggregate principal amount of the X 2030 Notes in settlement of the change in control of Twitter. The X 2027 Notes and X 2030 Notes that remain outstanding may be redeemed at the option of the Company, in whole or in part, at any time prior to September 15, 2027 and December 1, 2029, respectively, at a price equal to 100.0% of the principal amounts plus a "make-whole" premium and accrued and unpaid interest, if any, up to, but excluding, the redemption date.

*Covenants.* The Company was in compliance with the covenants as of March 31, 2026.

***X First Lien Senior Credit Facilities***

*General.* In 2022, X Corp., an indirect subsidiary of the Company, entered into the First Lien Credit Agreement which provided for a new term loan commitment of $6,705 million ("X B-1 Term Loan") and a $500 million Secured First Lien Revolving Credit Facility (including a letter of credit subfacility with an aggregate face value of up to $100 million) (together referred to as "X First Lien Senior Credit Facilities"). The Secured First Lien Revolving Credit Facility matures on October 27, 2027 and the X B-1 Term Loan matures on October 27, 2029.

*Amendments.* In February 2025, X Corp., an indirect subsidiary of the Company, amended the X First Lien Senior Credit Facilities and entered into a new term loan commitment for $4,741 million with a maturity date of October 27, 2029 ("X B-3 Term Loan") and reduced the Secured First Lien Revolving Credit Facility commitment to $0. As part of the issuance of the X B-3 Term Loan, the Company is required to pay an arrangement fee of $51 million, which is due and payable on February 19, 2027. In April 2025, the Company entered into an amendment to the X



Table of Contents

B-3 Term Loan for an additional commitment of $1,225 million with the same terms and conditions, increasing the total X B-3 Term Loan borrowings to $5,966 million.

*Interest Rates.* The X B-1 Term Loan bore interest at a rate per annum of, initially, adjusted Term SOFR plus 6.50%. The Secured First Lien Revolving Credit Facility bore interest at a rate per annum of, initially, an adjusted Term SOFR plus 4.50%, with leverage-based step-downs. Undrawn commitments under the Secured First Lien Revolving Credit Facility were subject to an unused commitment fee of 0.50% per annum, subject to quarterly leverage based step-downs. The X B-3 Term Loan had a fixed interest rate of 9.50% per annum. Interest on the X B-1 Term Loan and X B-3 Term Loan was payable monthly, quarterly, or bi-annually at the option of the Company.

*Principal Repayments.* On March 2, 2026, the Company repaid the full outstanding principal balance and accrued interest, including a prepayment penalty of $425 million, resulting in the extinguishment of the X B-1 Term Loan and X B-3 Term Loan. The X B-1 Term Loan was repayable at any time, in whole or in part, without premium or penalty, subject to mandatory quarterly prepayments of principal beginning on the last day of the fiscal quarter ended March 31, 2023, in amounts equal to 0.25% of the original principal amount of borrowings thereunder, with the unpaid balance being payable on the final maturity date thereof. The X B-1 Term Loan was also subject to additional customary mandatory prepayment provisions from the proceeds of certain debt issuances and asset sales, as well as sweeps of a portion of excess cash flow, subject to certain leverage-based step-downs and exceptions. The X B-3 Term Loan had prepayment penalties of 107.13% of the outstanding principal before October 27, 2026, 104.75% of the outstanding principal before October 27, 2027, and 102.38% of the outstanding principal before October 27, 2028.

*Guarantors and Collateral.* Obligations under the First Lien Senior Credit Facilities were guaranteed by X, and were collateralized by a first priority lien on substantially all of the assets of X and its subsidiaries (subject to customary exceptions).

***xAI First Lien Credit Agreement***

*General.* In June 2025, X.AI Corp. and X.AI LLC, indirect subsidiaries of the Company, entered into the First Lien Credit Agreement to provide borrowings up to $2,000 million. The Company executed a $1,000 million Fixed Rate Term Loan maturing on June 30, 2030 ("xAI Fixed Rate Term Loan"); and a $1,000 million Floating Rate Term Loan maturing on June 30, 2030 ("xAI Floating Rate Term Loan").

*Interest Rates.* The xAI Fixed Rate Term Loan had a fixed interest rate of 12.50% per annum and the xAI Floating Rate Term Loan had a floating interest rate per annum of Term SOFR plus 7.25% or ABR plus 6.25%. Interest on the xAI Fixed Rate Term Loan was payable bi-annually on January 31 and July 31, commencing on January 31, 2026. Interest on the xAI Floating Rate Term loan was payable monthly, quarterly, or bi-annually at the option of the Company.

*Principal Repayments.* On March 2, 2026, the Company repaid the full outstanding principal balance and accrued interest, including a prepayment penalty of $221 million, resulting in the extinguishment of the xAI Fixed Rate Term Loan and xAI Floating Rate Term Loan. The xAI Fixed Rate Term Loan and the xAI Floating Rate Term Loan had prepayment penalties of 103% on the principal outstanding balance prior to June 30, 2027 and 101% on the principal outstanding balance prior to June 30, 2028.

*Guarantors.* Obligations under the xAI Fixed Rate Term Loan and xAI Floating Rate Term Loan were guaranteed each jointly and severally by X.AI Corp. and the following subsidiaries of X.AI Corp.: AIQ Phase LLC, CTC Holding LLC, CTC, LLZ Build LLC, and MZX.

***xAI 12.5% Secured Senior Notes***

*General.* In June 2025, X.AI LLC and, X.AI Co Issuer Corp, indirect subsidiaries of the Company, issued $3,000 million aggregate principal amount of 12.5% interest Senior Secured Notes due in 2030 ("xAI 12.5% Senior Secured Notes"). The Senior Secured Notes were issued at 100% of the principal amount and the entire principal amount will be due on June 30, 2030.





*Interest Rates.* The xAI 12.5% Senior Secured Notes had a fixed interest rate of 12.50% per annum. Interest was payable bi-annually on January 15 and July 15, commencing on January 15, 2026.

*Principal Repayments.* On March 5, 2026, the Company repaid the full outstanding principal balance and accrued interest, including a prepayment penalty of $518 million, resulting in the extinguishment of the xAI 12.5% Senior Secured Notes. The xAI 12.5% Senior Secured Notes had prepayment penalties of 106.25% on the principal outstanding balance prior to July 15, 2027 and 103.13% on the principal outstanding balance prior to July 15, 2028.

*Guarantors.* Obligations under the xAI 12.5% Senior Secured Notes were guaranteed each jointly and severally by xAI and the following subsidiaries of xAI: AIQ Phase LLC, CTC Holding LLC, CTC, LLZ Build LLC, and MZX.

***xAI Revolving Line of Credit***

*General.* In April 2024 and amended through March 2026, a subsidiary of xAI, an indirect subsidiary of the Company, entered into a revolving line of credit up to borrowing capacity of $250 million. The Company had no borrowings under the line of credit during the three months ended March 31, 2026 and 2025.

*Interest Rates.* Interest on any borrowings is calculated based on the 30-day average SOFR plus the International Swaps and Derivatives Association spread adjustment plus a spread of 40 basis points.

*Guarantors and Collateral.* The agreement permits borrowings up to the value of the pledged collateral held in custody, less any outstanding loan balances, accrued interest, and fees. The pledged collateral consisted of securities held in xAI's custodial account.

***Other Financings***

The Company has entered into various other financing arrangements, generally collateralized by specific machinery and equipment. These arrangements have an average fixed interest rate of 4.4% and 5.5% per annum as of March 31, 2026 and December 31, 2025, respectively, with principal and interest payments due monthly, and in certain instances, a lump sum payment at the end of term.

In addition, in November 2025 and January 2026, CTC completed sale-leaseback transactions for its AI infrastructure assets which would have been deemed finance leases resulting in failed sale-leaseback transactions. As a result, the Company recorded the related debt of $1,121 million and $7,920 million within Debt and finance leases, current and Debt and finance leases, net of current, respectively, in the Company's consolidated balance sheets as of March 31, 2026 for these two failed sale-leaseback transactions. Refer to Note 17, Related Party Transactions for additional details.

The future scheduled principal maturities of debt as of March 31, 2026 are as follows:

| | | |
|---|---|---|
| 2026 (remaining nine months) | $ | 801 |
| 2027 | | 21,540 |
| 2028 | | 1,938 |
| 2029 | | 2,393 |
| 2030 | | 2,460 |
| Thereafter | | — |
| **Total** | $ | 29,132 |



Table of Contents

**Note 10 - Leases**

The components of lease expense are as follows within the consolidated statements of operations:

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2026 | | 2025 | |
| **Operating lease expense:** | | | | |
| Operating lease expense | $ | 107 | $ | 120 |
| Short-term lease cost | | 113 | | 29 |
| Variable lease cost | | 31 | | 23 |
| Total operating lease expense | | 251 | | 172 |
| **Finance lease expense:** | | | | |
| Amortization of leased assets | $ | 79 | $ | 84 |
| Interest on lease liabilities | | 68 | | 85 |
| Total finance lease expense | | 147 | | 169 |
| **Total lease expense** | $ | 398 | $ | 341 |

During the three months ended March 31, 2026, there has been no material changes in the Company's lease portfolio since December 31, 2025.

**Note 11 - Balance Sheet Components**

Certain financial statement details are as follows:

| | March 31, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| **Prepaid expenses and other current assets** | | | | |
| Tax related assets | $ | 690 | $ | 618 |
| Unbilled receivables | | 275 | | 223 |
| Rebates and credits | | 109 | | 597 |
| Restricted cash and deposits | | 67 | | 182 |
| Other | | 495 | | 590 |
| **Prepaid expenses and other current assets** | $ | 1,636 | $ | 2,210 |
| | | | | |
| **Accrued expenses and other current liabilities** | | | | |
| Accrued infrastructure purchases | $ | 2,669 | $ | — |
| Tax related liabilities | | 601 | | 563 |
| Payroll & employee benefit accruals | | 436 | | 322 |
| Operating lease liabilities, current | | 338 | | 422 |
| Restructuring liabilities | | 220 | | 339 |
| Accrued interest | | 68 | | 416 |
| Other current liabilities | | 1,357 | | 507 |
| **Accrued expenses and other current liabilities** | $ | 5,689 | $ | 2,569 |



Table of Contents

## Note 12 - Redeemable Convertible Preferred Stock and Shareholders' Equity

***SpaceX Preferred and Common Stock***

The Company has five classes of stock - four classes to be designated Class A common stock ("Class A"), Class B common stock ("Class B"), Class C common stock ("Class C"), Class D common stock ("Class D") (collectively the "SpaceX Common Stock"), and one class of stock to be designated preferred stock and subdivided into several series of redeemable convertible preferred stock (collectively the "SpaceX Redeemable Convertible Preferred Stock"). All references to "Class" refer to that particular class of SpaceX Common Stock and all references to "Series" refer to that particular series of SpaceX Redeemable Convertible Preferred Stock.

As of March 31, 2026, the total number of shares of SpaceX Common Stock the Company is authorized to issue is 54,657 million shares, each with a par value of $0.001 per share, except for Class D, which has a par value of $0.0001 per share. 36,132 million shares are Class A, 6,125 million shares are Class B, 10,000 million shares are Class C, and 2,400 million shares are Class D. The total number of SpaceX Redeemable Convertible Preferred Stock that the Company is authorized to issue is 2,607 million shares, of which 2,400 million shares are undesignated.

With the exception of the expanded conversion rights described below, there were no changes to the dividend provisions, liquidation preferences, conversion rights, redemption rights or the voting rights of the SpaceX Convertible Redeemable Preferred Stock and SpaceX Common Stock during the three months ended March 31, 2026.

In May 2026, the Board approved the 2026 Stock Split, pursuant to which each share of the Class A, Class B, and Class C SpaceX Common Stock issued and outstanding was split into five shares of the same class of SpaceX Common Stock.

***xAI Redeemable Convertible Preferred Stock and Common Stock***

On March 28, 2025, xAI adopted an Amended and Restated Articles of Incorporation, which established its capital structure and designated multiple classes of common stock and several series of redeemable convertible preferred stock. The Articles were subsequently amended and restated through January 30, 2026 (collectively, the "xAI Articles of Incorporation") to add and authorize additional series of redeemable convertible preferred stock with no economic changes to any previously existing series.

Pursuant to the xAI Articles of Incorporation, xAI's authorized capitalization prior to the xAI Merger consisted of three classes of common, stock, which are designated Class A common stock ("xAI Class A"), Class B common stock ("xAI Class B"), Limited Voting common stock ("xAI Limited Voting"), (collectively the "xAI Common Stock") and several series of redeemable convertible preferred stock (collectively the "xAI Redeemable Convertible Preferred Stock"). All references to "xAI Class" refer to that particular class of xAI Common Stock and all references to "xAI Series" refer to that particular series of xAI Redeemable Convertible Preferred Stock.

***Effect of the xAI Merger***

*xAI Redeemable Convertible Preferred Stock*

On xAI Merger Date, all outstanding shares of xAI Redeemable Convertible Preferred Stock converted into shares of SpaceX Common Stock, based on the share-for-share exchange mechanics specified in the Merger Agreement. Each share of xAI Series A-1, B, C, D, and E redeemable convertible preferred stock (classified as "xAI Low Vote Stock") was converted into 0.1433 shares of SpaceX Class A Common Stock per preferred share (on a pre-2026 Stock Split basis), rounded up to the nearest whole number for fractional shares. Each share of xAI Series A redeemable convertible preferred stock (classified as "xAI High Vote Stock") was converted into 0.1433 shares of SpaceX Class B Common Stock per preferred share (on a pre-2026 Stock Split basis), rounded up to the nearest whole number for fractional shares. For xAI Series A Redeemable Convertible Preferred Stock, all holders that were an eligible service provider could elect to receive cash of $75.46 per share of xAI Series A Redeemable Convertible Preferred Stock (on a pre-2026 Stock Split basis). Upon conversion, all shares of xAI Redeemable Convertible Preferred Stock were canceled and retired, and former xAI Redeemable Convertible Preferred Stock shareholders





received the applicable shares of SpaceX Common Stock. Any shares of xAI Redeemable Convertible Preferred Stock previously held by the Company were canceled and retired and did not receive any consideration.

Because the xAI Redeemable Convertible Preferred Stock was legally outstanding during all historical periods prior to the xAI Merger and represented a separate equity class of a legally distinct predecessor entity, the conversion of xAI Redeemable Convertible Preferred Stock into SpaceX Common Stock is recognized only as of the closing of the xAI Merger, and not retrospectively. Accordingly, the historical consolidated balance sheets and consolidated statements of redeemable convertible preferred stock and shareholders' equity reflect the xAI Redeemable Convertible Preferred Stock as outstanding xAI Redeemable Convertible Preferred Stock consistent with its legal form and rights during those periods and are not recast on an as-converted basis for all periods presented prior to the xAI Merger Date. The impact of the conversion is presented separately in the consolidated statements of redeemable convertible preferred stock and shareholders' equity for the three months ended March 31, 2026.

*xAI Warrants*

xAI also issued warrants to customers that were outstanding as of the effective date of the xAI Merger, which had a ten-year term originally set to expire in 2035, with an exercise price equal to the par value of the stock, and vesting terms that resulted in the warrants vesting proportionally to the payments received under the related agreement. The closing of the xAI Merger triggered an acceleration clause in which all outstanding xAI warrants, both vested and unvested components, were automatically exercised on a cashless basis exercised and converted into fully vested SpaceX Class A Common Stock at the exchange ratio of 0.1433 (on a pre-2026 Stock Split basis).

*xAI and X Common Stock*

Upon the effective date of the xAI Merger, every outstanding share of xAI Common Stock, whether Class A, Class B, or Limited Voting, converted into the right to receive SpaceX Common Stock at a fixed exchange ratio of 0.1433 SpaceX shares per share of xAI Common Stock, unless the holder was an eligible service provider and elected to receive cash of $75.46 per share of xAI Class A or Class B (on a pre-2026 Stock Split basis). No fractional SpaceX shares were issued and all share amounts were rounded up to the nearest whole number. Any shares of xAI Common Stock previously held by the Company were canceled and retired and did not receive any consideration.

*Effect of the X Merger*

Upon the effective date of the X Merger, each class of common stock of X Holdings Corp. ("X Common Stock") was converted to 2.776 shares of xAI Common Stock of the same class (rounded down to the nearest whole share), each class of common stock of X.AI Corp. ("xAI Corp. Common Stock") was converted to 1.000 share of xAI Common Stock of the same class, and each series of X.AI Corp. preferred stock ("xAI Corp. Preferred Stock") (other than shares held by X or any of its subsidiaries) was converted to 1.000 share of xAI Redeemable Convertible Preferred Stock of the same series.

As a result of the Mergers, all of X, X.AI Corp. and xAI Common Stock are being presented in the historical financial statements as if they had been converted into SpaceX Common Stock at the applicable exchange rate for all periods presented through the date of the xAI Merger. As such, all shares of historical X, X.AI Corp. and xAI Common Stock are included in the share counts for SpaceX Common Stock below. X.AI Corp. and xAI Redeemable Convertible Preferred Stock are being presented in the consolidated financial statements at historical values with an adjustment to the conversion rate at the applicable exchange ratio per the xAI Merger.



Table of Contents

***Redeemable Convertible Preferred Stock***

Information for each series of SpaceX and xAI Redeemable Convertible Preferred Stock (collectively, the "Combined Redeemable Convertible Preferred Stock") is as follows:

| | Dividend Per Share | Initial Price Per Share | Authorized Shares | Outstanding [(1)] | | Liquidation Preference | Net Carrying Value |
|---|---|---|---|---|---|---|---|
| | March 31, 2026 | March 31, 2026 | March 31, 2026 | March 31, 2026 | December 31, 2025 | March 31, 2026 | March 31, 2026 |
| **SpaceX Redeemable Convertible Preferred Stock** | | | | | | | |
| Series A | $ 0.05 | $ 1.00 | 61.0 | 60.4 | 60.4 | $ 60 | $ 59 |
| Series A-1 | $ 0.05 | $ 1.00 | 61.0 | 0.2 | 0.2 | — | — |
| Series B | $ 0.10 | $ 2.00 | 5.5 | 5.1 | 5.1 | 10 | 10 |
| Series B-1 | $ 0.10 | $ 2.00 | 5.5 | 0.1 | 0.1 | — | — |
| Series C | $ 0.15 | $ 3.00 | 10.5 | 9.7 | 9.7 | 29 | 23 |
| Series D | $ 0.19 | $ 3.88 | 7.5 | 5.2 | 5.2 | 40 | 20 |
| Series E | $ 0.23 | $ 4.50 | 10.5 | 10.2 | 10.2 | 46 | 647 |
| Series F | $ 0.38 | $ 7.50 | 6.8 | 6.7 | 6.7 | 50 | 48 |
| Series G | $ 3.87 | $ 77.46 | 13.0 | 12.6 | 12.6 | 978 | 978 |
| Series H | $ 6.75 | $ 135.00 | 3.4 | 3.2 | 3.2 | 429 | 429 |
| Series I | $ 8.45 | $ 169.00 | 3.0 | 3.0 | 3.0 | 499 | 499 |
| Series J | $ 9.30 | $ 186.00 | 2.7 | 2.5 | 2.5 | 457 | 457 |
| Series K | $ 10.20 | $ 204.00 | 2.7 | 2.5 | 2.5 | 515 | 515 |
| Series L | $ 10.70 | $ 214.00 | 1.5 | 1.4 | 1.4 | 295 | 295 |
| Series M | $ 11.00 | $ 220.00 | 2.7 | 2.6 | 2.7 | 575 | 575 |
| Series N | $ 13.50 | $ 270.00 | 9.5 | 9.2 | 9.3 | 2,492 | 2,494 |
| **Total SpaceX Redeemable Convertible Preferred Stock** | | | 206.6 | 134.6 | 134.7 | $ 6,475 | $ 7,049 |
| **xAI Redeemable Convertible Preferred Stock** | | | | | | | |
| Series A | $ — | $ — | — | — | 750.0 | $ — | $ — |
| Series A-1 | $ — | $ — | — | — | — | — | — |
| Series B | $ — | $ — | — | — | 584.9 | — | — |
| Series C | $ — | $ — | — | — | 277.1 | — | — |
| Series D | $ — | $ — | — | — | 120.1 | — | — |
| Series E | $ — | $ — | — | — | 179.2 | — | — |
| **Total xAI Redeemable Convertible Preferred Stock** | | | — | — | 1,911.3 | $ — | $ — |
| **Total Combined Redeemable Convertible Preferred Stock** | | | 206.6 | 134.6 | 2,046.0 | $ 6,475 | $ 7,049 |

(1) The number of issued redeemable convertible preferred stock is equal to the number of outstanding redeemable convertible preferred stock, with the exception of xAI Series A and xAI Series D, of which the number of issued shares is 1,000.0 million and 175.0 million as of December 31, 2025, respectively, due to redeemable convertible preferred stock held by X and SpaceX, respectively.

The following describes the various rights and preferences of the SpaceX Redeemable Convertible Preferred Stock:

*Dividend Provisions*

On a per annum basis, holders of shares of SpaceX Redeemable Convertible Preferred Stock are entitled to receive dividends prior and in preference to any declaration or payment of any dividend to common shareholders at a rate described in the table above for each outstanding share of SpaceX Redeemable Convertible Preferred Stock. Any such dividends are declared at the discretion of the Board of Directors and are not cumulative. For the period from inception through March 31, 2026, no dividends on SpaceX Redeemable Convertible Preferred Stock have been declared. The SpaceX Redeemable Convertible Preferred Stock do not participate in distributions beyond their preferred dividend as described above.

*Liquidation Preference*

The series of SpaceX Redeemable Convertible Preferred Stock listed in the table above were issued by the Company chronologically and in alphabetical order, with Series A issued first and Series N issued most recently. Each series of SpaceX Redeemable Convertible Preferred Stock is senior in rank to all earlier issued series and junior in rank to all later issued series, except that: (i) Series A, A-1, B, B-1, and C SpaceX Redeemable Convertible Preferred Stock are all on parity with each other and junior in rank to all subsequently issued series of SpaceX Redeemable Convertible Preferred Stock; and (ii) series E, F, and G SpaceX redeemable convertible preferred stock are all on parity with each other, are senior in rank to all earlier issued series of SpaceX Redeemable Convertible Preferred Stock, and junior in rank to all subsequently issued series of SpaceX Redeemable Convertible Preferred Stock.

In the event of a liquidation, dissolution, or winding up of the Company, holders of a given series of SpaceX Redeemable Convertible Preferred Stock are entitled to receive, in preference to the holders of SpaceX Common Stock and any junior-ranking SpaceX Redeemable Convertible Preferred Stock, the liquidation preference indicated in the table above for such series of SpaceX Redeemable Convertible Preferred Stock, plus any declared but unpaid dividends. Holders of all series of SpaceX Redeemable Convertible Preferred Stock are entitled to receive the greater of the liquidation preference per share indicated above, or the amount each series would be entitled to receive if all such outstanding SpaceX Redeemable Convertible Preferred Stock were converted to Class A or Class B SpaceX Common Stock, as applicable, immediately prior to such liquidation, dissolution, or winding up of the Company. Upon completion of the distributions described above, if any assets remain in the Company, the then remaining assets will be distributed on an equal priority, pro rata basis to the holders of SpaceX Common Stock.

*Conversion Rights*

Each share of Series A and Series B SpaceX Redeemable Convertible Preferred Stock is convertible at the option of the holder at any time after the date of issuance of such share into shares of Class A, Class B, or Class C SpaceX Common Stock and each share of all other series of preferred stock are convertible at the option of the holder at any time after the date of issuance of such share into shares of Class A or Class C SpaceX Common Stock. The number of shares of SpaceX Common Stock to which a holder of SpaceX Redeemable Convertible Preferred Stock is entitled shall be at a conversion rate determined by dividing the initial price by the conversion price. Each share of SpaceX Redeemable Convertible Preferred Stock is convertible into fifty shares of SpaceX Common Stock following the 2026 Stock Split. The conversion price is subject to adjustment set forth in the charter for certain dilutive issuances, splits and combinations.

The SpaceX Redeemable Convertible Preferred Stock automatically converts upon the earlier of (i) the Company's sale of its common stock in a public offering pursuant to a registration statement under the Securities Act of 1933, in which the pre-public offering market capitalization of the Company is at least $6.0 billion and which results in aggregate cash proceeds to the Company of not less than $250 million ("Qualified IPO") or (ii) the date specified by written consent or agreement of the applicable holders of shares of SpaceX Redeemable Convertible Preferred Stock (with respect to each applicable series of SpaceX Redeemable Convertible Preferred Stock), voting in accordance with the charter.





In the event of a transfer of a share of Series A or Series B (other than a Permitted Transfer as defined in the charter), such share shall automatically be cancelled and converted into a corresponding share of Series A-1 or Series B-1.

*Voting Rights*

Holders of each share of Series A and Series B have the right to ten votes for each share of Class B into which such share is convertible. Holders of each share of all other series of SpaceX Redeemable Convertible Preferred Stock have the right to one vote for each share of Class A into which such share is convertible. Such holders will have full voting rights and powers equal to the voting rights and powers of the holders of SpaceX Common Stock, except as required by law.

*Classification*

The liquidation preference provisions of the SpaceX Redeemable Convertible Preferred Stock are considered contingent redemption provisions as deemed liquidation events such as a change of control are not solely within the control of the Company. Accordingly, SpaceX Redeemable Convertible Preferred Stock are presented outside of permanent equity on the Company's consolidated balance sheets as Redeemable convertible preferred stock. SpaceX Redeemable Convertible Preferred Stock has not been remeasured to their redemption amount as they are not currently redeemable or probable of becoming redeemable.

***Common Stock***

The following describes all of the activity that occurred within each class of SpaceX Common Stock during the three months ended March 31, 2026 and 2025, incorporating all activity that occurred within the class of xAI Common Stock on an as-converted basis to the class of SpaceX Common Stock it was converted into per the xAI Merger and X Merger.

| | Class A Common Stock | | Class B Common Stock | | Class C Common Stock | | Class D Common Stock | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| **Balances at December 31, 2024** | 1,832 | $ 2 | 768 | $ 1 | 423 | $ 0 | — | $ — |
| Common stock issued, net of tax withholding | 18 | 0 | 1 | 0 | 7 | 0 | — | — |
| Repurchase of common stock | (14) | 0 | (14) | 0 | — | — | — | — |
| Conversion of redeemable convertible preferred stock to common stock | 1 | 0 | — | — | 1 | 0 | — | — |
| Conversion between classes of common stock | 24 | 0 | (24) | 0 | — | — | — | — |
| Transfer of equity in business combination | 1 | 0 | — | — | — | — | — | — |
| **Balances at March 31, 2025** | 1,862 | $ 2 | 731 | $ 1 | 431 | $ 0 | — | $ — |



Table of Contents

| | Class A Common Stock | | Class B Common Stock | | Class C Common Stock | | Class D Common Stock | |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| **Balances at December 31, 2025** | 1,952 | $ 3 | 643 | $ 1 | 484 | $ 0 | — | $ — |
| Common stock issued, net of tax withholding | 28 | — | 1,305 | 1 | 13 | — | — | — |
| Repurchase of common stock | (9) | — | (22) | — | — | — | — | — |
| Conversion of redeemable convertible preferred stock pursuant to the xAI Merger | 886 | — | 537 | 1 | — | — | — | — |
| Repurchase of common stock pursuant to xAI Merger | (3) | — | (20) | — | — | — | — | — |
| Conversion of redeemable convertible preferred stock to common stock | 5 | — | — | — | — | — | — | — |
| Conversion between classes of common stock | 25 | — | (25) | — | — | — | — | — |
| **Balances at March 31, 2026** | 2,884 | $ 3 | 2,418 | $ 3 | 497 | $ 0 | — | $ — |

The following describes the various rights and preferences of the SpaceX Common Stock:

*Dividend Provisions*

Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends, holders of SpaceX Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any funds legally available, such dividends as may be declared from time to time by the Board of Directors. For the period from inception through March 31, 2026, no dividends were declared on SpaceX Common Stock.

*Liquidation Rights*

In the event of a liquidation, dissolution, or winding up of the Company, upon the completion of the distributions required with respect to the SpaceX Redeemable Convertible Preferred Stock, if assets remain in the Company, the then remaining assets will be distributed on an equal priority, pro rata basis to the holders of SpaceX Common Stock.

*Conversion Rights*

Each share of Class B is convertible at the option of the holder, at any time, into one share of Class A. Each share of Class B will automatically convert into one share of Class A upon a transfer, other than a Permitted Transfer (as defined in the charter), of such share of Class B.

*Voting Rights*

Each holder of Class A is entitled to one vote for each share held. Each holder of Class B is entitled to ten votes for each share held. The holders of Class C have no voting rights, except as required by law. Voting rights with respect to Class D will be established when and if any shares of Class D are issued by the Board of Directors.

*Reserve for Unissued Shares of Common Stock*

The Company is required to reserve and keep available out of its authorized but unissued shares of SpaceX Common

Stock such number of shares sufficient to effect the conversion of all outstanding shares of SpaceX Redeemable



Table of Contents

Convertible Preferred Stock and Class B, as applicable, plus shares granted and available for grant under the Company's share plans.

The amount of such shares of the SpaceX Common Stock reserved for these purposes at March 31, 2026 is as follows:

| | Number of Shares | | | |
|---|---|---|---|---|
| | Class A | Class B | Class C | Class D |
| Redeemable Convertible Preferred Stock issued (low-vote) | 3,448 | — | 3,448 | — |
| Redeemable Convertible Preferred Stock issued (high-vote) | 3,274 | 3,274 | 3,274 | — |
| Outstanding Class B | 2,421 | — | — | — |
| Outstanding stock options | 8 | 450 | 476 | — |
| Outstanding RSUs | 49 | 1 | 79 | — |
| Future grants under share-based compensation | 150 | — | 350 | — |
| | 9,350 | 3,725 | 7,627 | — |

***Share Repurchases***

During the three months ended March 31, 2026, the Company repurchased $2,413 million or 25.4 million shares of SpaceX Common Stock from eligible current and former xAI employees as part of the xAI Merger. During the three months ended March 31, 2026, the Company also repurchased of 30.5 million shares of SpaceX Common Stock and 2.1 million shares of SpaceX Redeemable Convertible Preferred Stock for $1,933 million in a number of unrelated transactions with existing shareholders at their then-current fair market value.

Similarly, the Company repurchased $508 million or 28.0 million shares of SpaceX Common Stock from eligible current and former employees and existing shareholders during the three ended March 31, 2025. The Company only repurchased shares held by eligible participants for more than six months at a purchase price per share equal to the then current fair market value.

All SpaceX shares repurchased to date have been retired.



Table of Contents

**Note 13 - Earnings per Share**

The following table presents the reconciliation of net loss attributable to common shareholders to net loss used in computing basic and diluted net income loss per share of common stock:

| | 2026 | 2025 |
|---|---|---|
| **Numerator:** | | |
| Net loss | $ (4,276) | $ (528) |
| Less: Deemed dividend[(1)] | 671 | — |
| Net loss attributable to common shareholders - basic and diluted | (4,947) | (528) |
| **Denominator:** | | |

| | Three Months Ended March 31, | |
|---|---|---|
| Weighted average shares of common stock outstanding - basic and diluted | 3,884 | 2,875 |
| Loss per share attributable to common shareholders | | |
| Basic and Diluted | $ (1.27) | $ (0.18) |

(1) The excess of fair market value over the consideration transferred for the repurchase of SpaceX Redeemable Convertible Preferred Stock was treated as a deemed dividend and resulted in an increase to net loss attributable to common shareholders in the calculation of loss per share.

The following potentially dilutive securities on an as-converted basis are excluded from the calculation of diluted net loss per share attributable to common shareholders for the periods presented because the impact of including them would be anti-dilutive (refer to Note 14, Share-based Compensation for additional details):

| | Three Months Ended March 31, | |
|---|---|---|
| | 2026 | 2025 |
| xAI Redeemable Convertible Preferred Stock | — | 1,155 |
| SpaceX Redeemable Convertible Preferred Stock | 6,723 | 6,760 |
| Share-based compensation | 598 | 674 |

The table above excludes 1,319.1 million and 14.3 million share-based compensation awards outstanding as of March 31, 2026 and 2025, respectively, as these awards are subject to performance and market conditions that were not met as of those dates.

**Note 14 - Share-based Compensation**

***X and xAI Mergers***

As part of the xAI Merger, each xAI option for a share of xAI common stock outstanding and unexercised at the time of the xAI Merger (vested and unvested) was converted into a SpaceX option to receive 0.1433 shares of SpaceX Class A or Class B Common Stock (on a pre-2026 Stock Split basis), as applicable, under the same terms and conditions (including the vesting and exercisability conditions) as the original xAI stock options at an exercise price equal to the original xAI option exercise price divided by 0.1433. Each xAI RSU that was vested and outstanding was converted to the right to receive 0.1433 of a share of SpaceX Class A or Class B Common Stock (on a pre-2026 Stock Split basis), as applicable. Each xAI RSU that was unvested was converted to 0.1433 of a SpaceX RSU. Each xAI RSA was converted to 0.1433 shares of SpaceX RSA for SpaceX Class A or Class B Common Stock (on a pre-2026 Stock Split basis), as applicable, with the same terms and conditions (including the vesting terms). Refer to Note 12, Redeemable Convertible Preferred Stock and Shareholders' Equity for additional details.



Table of Contents

As part of the X Merger, each X RSU that was outstanding was converted to a xAI RSU to receive 2.776 shares of xAI Common Stock.

***General***

The Company grants RSUs, RSAs, and non-statutory options to eligible employees, key executives, and certain non-employee service providers (collectively, the "Plans"). The Company also has a number of performance-based awards. The Company offers an ESPP, under which eligible employees can purchase the Company's Common Stock at a discounted price. The Company also offers a Non-Qualified Employee Stock Purchase Plan ("NQ ESPP"), under which employees can purchase the Company's Common Stock at the fair market value. In April 2026, the Company cancelled the NQ ESPP.

***Officer Equity Awards***

In January 2026, the Company granted 1,000 million performance-based restricted shares of Class B common stock to Elon Musk. The restricted shares vest upon (i) the Company's achievement of specified market capitalization milestones across 15 equal tranches ranging from $500 billion to $7.5 trillion, with each milestone reflecting $500 billion in additional valuation, and (ii) the Company's establishment of a permanent human colony on Mars with at least one million inhabitants, in each case, subject to Mr. Musk's continued employment ("SpaceX CEO Award"). The grant date fair value of the SpaceX CEO Award was determined to be $90.40 to $95.92 per share for each tranche.

In November 2025, the Company granted a performance-based award ("xAI Award") to Elon Musk consisting of twelve tranches with certain market, performance and service conditions. In March 2026, the Company cancelled the xAI Award and replaced it with a grant of 302.1 million performance-based restricted shares of Class B common stock, which vest upon (i) the achievement of specified market capitalization milestones across 12 equal tranches ranging from $1.065 trillion to $6.565 trillion, with each milestone reflecting $500 billion in additional valuation, and (ii) the Company's completion of non-Earth-based data centers capable of delivering 100 terawatts of compute per year, in each case, subject to Mr. Musk's continued employment ("AI CEO Award"). The grant date fair value of the AI CEO Award was determined to be $91.47 to $95.92 per share for each tranche. The cancellation of the xAI Award and the grant of the AI CEO Award was considered an accounting modification. Share-based compensation will continue to be recognized over the original remaining service period equal to the fair value of the portion of the original xAI Award that was deemed probable of vesting as of the modification date. No incremental expense will be recognized based on the modified terms of the new AI CEO Award until the new performance conditions are deemed probable of vesting.

Share-based compensation expense recognition for the SpaceX CEO Award and AI CEO Award commences when the performance condition milestone is considered probable of achievement for each award regardless of the progress made towards achieving the next market capitalization milestone. As of March 31, 2026, both performance milestones were considered improbable and no share-based compensation expense has been recognized related to the SpaceX CEO Award and AI CEO Award. Once the performance milestone is considered probable of achievement, share-based compensation expense associated with the tranche will be recognized over the expected achievement date of the performance milestone.

In January 2026, the Company approved an amendment to 4 million performance-based stock options granted to Bret Johnsen, Chief Financial Officer, that were originally issued in 2024 ("CFO Award"). In lieu of vesting based on free cash flow achievement in excess of a baseline, 371 thousand of the stock options will vest for each $10 billion in adjusted EBITDA achieved during the 2025 through 2029 fiscal years, assessed on an annual basis. For purposes of this award, adjusted EBITDA is calculated as income from operations excluding (i) depreciation and amortization, (ii) share-based compensation, (iii) impairment, and (iv) restructuring impacts. Once a tranche of the stock options have become earned as a result of the Company's adjusted EBITDA performance as of the end of a particular fiscal year, such stock options remain subject to an additional one-year and one day service-based vesting requirement following December 31 of the fiscal year in which such tranche was earned. The number of options granted was not changed in the amendment. The impact of the modification of the CFO Award was not material.



Table of Contents

***Fair Value Determination***

The fair value and derived service period of the SpaceX CEO Award and AI CEO Award are estimated on the grant date using a Monte Carlo simulation model. The weighted-average assumptions that were used to calculate the grant date fair value of the SpaceX CEO Award and modification date fair value of the AI CEO Award are as follows:

| | |
|---|---|
| Expected term (years) | 30.0 |
| Volatility | 45.0 % |
| Risk-free interest rate | 4.91 % |
| Dividend yield | — % |

The SpaceX CEO Award and AI CEO Award do not have a defined performance period other than Mr. Musk's continued employment through the date each milestone is achieved. Therefore, an analysis was performed for an expected term of ten to fifty years and a midpoint of thirty years was used. The Company determined the expected volatility assumption using the frequency of daily historical prices of comparable public companies' common stock for a period equal to the expected term. The risk-free interest rate assumption is based upon observed interest rates on U.S. Government securities for a period consistent with the expected term. The dividend yield assumption is based on the Company's history and expectation of dividend payouts. The Company has never declared or paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future.

***Summary of Share-Based Compensation Information***

The following table summarizes our share-based compensation expense by line item in the consolidated statements of operations:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2026** | **2025** |
| Cost of revenue | $ 76 | $ 39 |
| Research and development | 362 | 75 |
| Selling, general, and administrative | 201 | 118 |
| **Total** | $ 639 | $ 232 |

During the three months ended March 31, 2026 and 2025, share-based compensation expense capitalized to the consolidated balance sheets was $60 million and $30 million, respectively.

**Note 15 - Income Taxes**

The Company's effective tax rate was (0.1)% for the three months ended March 31, 2026, compared to (2.7)% for the three months ended March 31, 2025. The change in the Company's effective tax rate was primarily due to the changes in the mix of its jurisdictional earnings.

The Company's effective tax rates for the three months ended March 31, 2026 and 2025 as compared to the U.S. federal statutory rate of 21.0% were primarily impacted by the mix of its jurisdictional earnings subject to different tax rates and the valuation allowances on its deferred tax assets.

In assessing the realizability of deferred tax assets, the Company considered whether it is more likely than not that some or all of its net deferred tax assets will not be realizable based on the relevant weight of all positive and negative evidence. As of March 31, 2026, the Company continues to maintain a full valuation allowance against its deferred tax assets in the United States, with the exception of certain state deferred tax assets and transferrable investment tax credits that are expected to be realizable. The Company has also recorded valuation allowances in certain foreign jurisdictions where it concluded that it is more likely than not that the deferred tax assets will not be realized. The Company will continue to assess the realizability of its deferred tax assets in future periods and will adjust the valuation allowance as necessary based on changes in facts and circumstances.



Table of Contents

**Note 16 - Commitments and Contingencies**

***Unconditional Obligations***

During the three months ended March 31, 2026, there have been no material changes to the Company's unconditional obligation since December 31, 2025 other than the execution of certain purchase agreements with an unaffiliated third party to acquire additional turbines for the AI infrastructure totaling $925 million through 2029.

***Letters of Credit and Surety Bonds***

The Company had outstanding letters of credit of $517 million at March 31, 2026 related to various customer contracts, insurance agreements, and facility lease agreements. All of the outstanding letters of credit were collateralized by restricted cash. The Company also had surety bonds of $447 million for self-insured workers' compensation programs and other governmental licenses at March 31, 2026.

***Legal Proceedings***

In the normal course of its business, the Company is involved from time to time in various arbitrations, class actions, commercial litigation, investigations and other legal, regulatory or governmental actions, including the significant matters described below that could have a material impact on our results of operations. The Company assesses, in conjunction with its legal counsel, the need to record a liability for litigation and contingencies. With respect to the cases, actions, and inquiries described below, the Company evaluates the associated developments on a regular basis and will accrue a liability when it believes a loss is probable and the amount can be reasonably estimated. In addition, the Company believes there is a reasonable possibility that it may incur a loss in some of these matters and the loss may be material or exceed its estimated ranges of possible loss.

The outcomes of the matters described in this section, such as whether the likelihood of loss is remote, reasonably possible, or probable, or if and when the reasonably possible range of loss is estimable, are inherently uncertain, and unless specified otherwise, possible losses are not reasonably estimable at this time. If one or more of these matters were resolved against the Company for amounts above management's estimates, the Company's financial condition and results of operations, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

In November 2022, the European Union's Digital Services Act ("DSA") came into force as a result of which X has to comply with extensive content moderation and other duties. The Company published its first Transparency Report under the DSA in November 2023. In December 2023, the European Commission ("EC") opened a formal investigation into X and its Irish subsidiary, Twitter International Unlimited Company ("TIUC"), which was later renamed to X Internet Unlimited Company (XIUC). On July 12, 2024, in relation to alleged breaches of Articles 25(1), 39 and 40(12) of the DSA, the EC issued preliminary findings that X's blue checkmark is deceptive, its advertisement repository does not meet DSA requirements, and it grants inadequate access to data to third-party researchers. On September 26, 2024, XIUC and X submitted their observations challenging the EC's preliminary findings. On December 5, 2025, the EC delivered a final decision in which it upheld its preliminary findings and imposed a fine of EUR 120 million on XIUC, X., x.AI, and Elon Musk (together, the "parties"). On February 16, 2026, the parties challenged the EC's decision in the General Court of the European Union. This challenge remains pending.

In March 2016, non-practicing entity Youtoo Technologies filed suit against Twitter, Inc. in the United States District Court for the Northern District of Texas alleging its Vine and Periscope products infringe Youtoo's video-sharing patents (the '304, '506, and '997 patents). On Twitter's motion, the district court dismissed the '304 and '506 patents as invalid. Twitter filed petitions for Inter Partes Review before the Patent Trial and Appeals Board (PTAB) challenging all three patents-in-suit. The PTAB upheld the '304 and '506 Patents and invalidated the '997 Patent; the Federal Circuit affirmed. On March 16, 2020, Plaintiff (now Vidstream LLC, which allegedly acquired the patents from Youtoo Technologies in a bankruptcy proceeding), moved the Court to reconsider its earlier ruling invalidating the '304 and '506 patents. On April 1, 2022, the Court reversed its original ruling on the '304 and '506 patents. On September 27, 2024, Vidstream filed a motion for partial summary judgment, which the Court granted in part. The case went to a jury trial, and on April 16, 2025, the jury rendered a verdict finding (i) that Twitter did not





infringe any claim of the '506 patent and two out of three claims of the '304 patent and that each of those patent claims was invalid, but (ii) that Twitter willfully infringed one claim of the '304 patent. The jury awarded Plaintiff $105 million in damages. In November 2025, the district court affirmed the jury's award and awarded an additional $67 million in prejudgment interest. Twitter has appealed and Vidstream has cross-appealed. Both appeals remain pending before the Federal Circuit.

In June 2023, music publishing companies that are members of the National Music Publishers' Association (the "NMPA") filed a complaint against X in the U.S. District Court for the Middle District of Tennessee, claiming direct, contributory, and vicarious copyright infringement based on Twitter's alleged failure to expeditiously take down infringing music posted by users after the music publishers allegedly gave Twitter notice of those infringements. The music publishers also allege that Twitter did not suspend the accounts of "repeat infringers," so that Twitter is not entitled to a "safe harbor" from liability under the DMCA. X filed a motion to dismiss the complaint on August 14, 2023. On March 5, 2024, the Court dismissed plaintiffs' direct infringement and vicarious infringement claims, and part of plaintiffs' claim for contributory infringement. X answered the complaint on April 9, 2024. Litigation was stayed from June 11, 2025 to September 9, 2025 for settlement discussions that were not successful. Accordingly, discovery is ongoing. On April 1, 2026, the Court granted the parties' joint motion for a stay to allow X to file a renewed motion to dismiss the suit based on the Supreme Court's decision in Cox Comm's, Inc. v. Sony Music Entm't. Fact discovery is now closed. In light of this Supreme Court ruling, the parties have stipulated to a May 11, 2026 deadline for the music publishers to amend their complaint with respect to their remaining claims for contributory infringement, and a June 11, 2026 deadline for X to file a renewed motion to dismiss.

In September 2023, Dutch foundation Stichting Data Bescherming Nederland ("SDBN") filed a putative class action lawsuit in the District Court of Amsterdam in the Netherlands against TIUC, Twitter, Inc., X Corp., and Twitter Netherlands b.v. related to Twitter's operation of the MoPub platform. SDBN primarily claims that MoPub's real-time bidding ad exchange violated the GDPR. SDBN claims to represent 11 million Dutch internet users who downloaded and used third-party mobile apps containing the MoPub software development kit during the period 2013-2022 and it seeks a monetary award in the range of € 250 to € 2,500 per person. On February 4, 2026, the Court declined to allow the case to proceed as a class action and indicated that it is considering staying the proceedings until the Court of Justice of the European Union has ruled in a separate case concerning the applicability of Dutch class action requirements to GDPR claims. The Twitter parties filed a brief in support of the proposed stay, which the plaintiffs opposed, on March 4, 2026.

In August 2024, Dutch foundation Stichting Onderzoek Marktinformatie (SOMI) initiated a collective action in the District Court of Amsterdam in the Netherlands on behalf of approximately 7.8 million Dutch X users. Among other things, SOMI seeks damages against TIUC, X Corp. and Twitter Netherlands B.V. (collectively, the "X entities") for: (1) alleged data breaches and insufficient security measures; (2) alleged unauthorized microtargeting and lack of transparency; and (3) the alleged failure to moderate hate speech and the obstruction of research, all in violation of the GDPR and/or DSA. The alleged data breaches relate to a Twitter API bug that came to light in 2022 and that had allowed persons who knew the email address or phone number of a user to determine the user's Twitter ID. SOMI has requested compensation (to be assessed at a later stage) for each member of the class, including symbolic damages of EUR 1 for each member of the class that is allegedly affected by hate speech on the X platform. The X entities filed a procedural defense on March 12, 2025. The court held a hearing on April 2, 2026, and indicated that it would hand down its decision on May 27, 2026.

In September 2025, non-practicing entity Search and Share Technologies, LLC ("SaS") filed a patent complaint against X Corp. in the Federal District Court for the Western District of Texas. SaS alleges that X Corp. infringed on U.S. Patent Nos. 10,180,952 and 11,106,744, through features in its mobile app and website enabling users to interact with content through dedicated interfaces that directly share what other users see in ranked feeds and search results. SaS filed an Amended Complaint on January 5, 2026. On January 20, 2026, X Corp. moved to dismiss SaS's willful infringement and induced infringement claims. On February 3, 2026, SAS responded to, but did not oppose, X Corp.'s partial motion to dismiss. On February 10, 2026, X Corp. filed its reply. On February 4, 2026, X Corp. filed an IPR petition challenging the '744 Patent and on February 18, 2026, filed an IPR petition challenging the '952 Patent.





Beginning in January 2026, the Company and certain subsidiaries have been named as defendants in multiple lawsuits arising from Grok's image-generation and editing features. The complaints generally allege that Grok's image-generation and editing features enabled the creation and dissemination of nonconsensual explicit images and/or content representing women and/or children in sexualized contexts. The actions include Jane Doe v. X.AI Corp. and X.AI LLC, instituted in the U.S. District Court for the Northern District of California on January 23, 2026, and Jane Doe 1 et al. v. X.AI Corp. and X.AI LLC (the "Jane Doe 1 Case") instituted in the U.S. District Court for the Northern District of California on March 16, 2026. These cases are putative class actions, asserting claims including, among other things, claims of strict liability, negligence, nuisance, rights of privacy or publicity, and, in the Jane Doe 1 Case, certain federal statutory claims. Plaintiffs in these two cases seek, among other things, compensatory, statutory and punitive damages, restitution, disgorgement and injunctive relief. In addition, a case, Mayor and City Council of Baltimore ex rel. Ebony M. Thompson v. X Corp., X.AI Corp., X.AI LLC, and Space Exploration Technologies Corp, was instituted in the Baltimore City Circuit Court on March 24, 2026 (the "Baltimore Case"). The plaintiff in the Baltimore Case, the Mayor and City Council of Baltimore, asserts similar claims to those in the two cases discussed above under Baltimore's Consumer Protection Ordinances. The plaintiff in the Baltimore Case seeks statutory penalties and/or injunctive relief. The Company intends to defend itself vigorously in these actions.

On April 14, 2026, the National Association for the Advancement of Colored People and the NAACP Mississippi State Conference (together, the "NAACP") filed suit against X.AI Corp. and MZX Tech, LLC alleging that the mobile gas turbines powering the COLOSSUS II data center with the permission of the Mississippi Department of Environmental Quality are in violation of the Clean Air Act because they allegedly constitute stationary sources without the proper permits. On May 6, 2026, the NAACP filed a preliminary injunction motion seeking to enjoin the operation of the turbines. The Company intends to defend itself vigorously in these actions.

The Company has recorded an accrual of $399 million for litigation losses that are probable and reasonably estimable in Accrued expenses and other current liabilities and Other liabilities on the consolidated balance sheet as of March 31, 2026. For other matters, the Company is not currently able to estimate the reasonably possible loss or range of loss.

**Note 17 - Related Party Transactions**

The Company periodically does business with certain entities with which its CEO and directors are affiliated.

During the three months ended March 31, 2026, the Company purchased $34 million of Megapack products from Tesla, Inc. ("Tesla") recorded in Property, plant, and equipment, net in the consolidated balance sheets. In April 2026, the Company purchased $269 million of Megapack products from Tesla. As of December 31, 2025, the Company purchased $506 million of Megapack products and $131 million of Cybertrucks at manufacturer's suggested retail price from Tesla, recorded in Property, plant, and equipment, net in the consolidated balance sheets.

In January 2026, and as further amended on February 18, 2026, CTC entered into an equipment lease agreement with Valor Equity Partners ("Valor") for certain AI infrastructure hardware ("Valor transaction II"). The founder, CEO and Chief Investment Officer of Valor, Antonio Gracias, serves as one of the directors of the Company. The Valor transaction II was deemed to be a failed sale-leaseback transaction. The Company has previously entered into a similar agreement with Valor for other AI infrastructure hardware. As of March 31, 2026, the Company recorded debt of $1,121 million and $7,920 million within Debt and finance leases, current and Debt and finance leases, net of current, respectively, in the Company's consolidated balance sheet, and $186 million in Interest expense for the three months ended March 31, 2026 in the Company's consolidated statement of operations related to equipment lease agreements with Valor. As of December 31, 2025, the Company recorded debt of $455 million and $4,052 million within Debt and finance leases, current and Debt and finance leases, net of current, respectively, in the Company's consolidated balance sheet related to equipment lease agreements with Valor. Refer to Note 9, Debt for additional details. The related asset is recorded within Property, plant, and equipment, net in the Company's consolidated balance sheets.

Other transactions with Tesla and other related parties during the three months ended March 31, 2026 and 2025 were immaterial.

## Note 18 - Segments

Following the Mergers, the Company evaluated how to view and measure performance of the combined company and potential realignment of individual entity's historical segment structure. Following this evaluation, the Company determined that as a combined company, effective in Q1 2026, the Company's Chief Executive Officer, as the Chief Operating Decision Maker ("CODM"), organizes the Company, manages resource allocations, and measures performance among three operating and reportable segments: (i) Space, (ii) Connectivity, and (iii) AI. Prior period presentations for segments conform to the current segment reporting structure.

The Company's CODM assesses performance and allocates resources to operating segments based on segment income (loss) from operations by comparing actual income (loss) from operations to historical results and previously forecasted financial information. The Company's CODM does not evaluate operating and reportable segments using asset or liability information.

The following tables present information as to revenues, significant segment expenses, and income (loss) from operations by the Company's reportable segments:

| | Three Months Ended March 31, 2026 | | | |
|---|---|---|---|---|
| | Space | Connectivity | AI | Total Reportable Segments |
| **Revenue** | $ 619 | $ 3,257 | $ 818 | $ 4,694 |
| Costs and expenses | | | | |
| Cost of revenue | 281 | 1,651 | 456 | 2,388 |
| Research and development | 930 | 205 | 2,379 | 3,514 |
| Selling, general and administrative | 70 | 213 | 463 | 746 |
| Restructuring charges | — | — | (11) | (11) |
| Total costs and expenses | 1,281 | 2,069 | 3,287 | 6,637 |
| **Income (loss) from operations** | (662) | 1,188 | (2,469) | (1,943) |
| Interest expense | | | | (664) |
| Interest income | | | | 213 |
| Other expense, net | | | | (1,876) |
| **Loss before income taxes** | | | | $ (4,270) |
| **Supplemental segment information** | | | | |
| Depreciation and amortization | $ 166 | $ 783 | $ 1,493 | $ 2,442 |
| Share-based compensation | $ 145 | $ 116 | $ 378 | $ 639 |
| Capital expenditures | $ 1,052 | $ 1,332 | $ 7,723 | $ 10,107 |



Table of Contents

| | Three Months Ended March 31, 2025 | | | |
|---|---|---|---|---|
| | Space | Connectivity | AI | Total Reportable Segments |
| **Revenue** | $ 865 | $ 2,475 | $ 727 | $ 4,067 |
| Costs and expenses | | | | |
| Cost of revenue | 297 | 1,214 | 451 | 1,962 |
| Research and development | 526 | 123 | 908 | 1,557 |
| Selling, general and administrative | 88 | 105 | 300 | 493 |
| Restructuring charges | — | — | 4 | 4 |
| Impairment | 24 | — | — | 24 |
| Total costs and expenses | 935 | 1,442 | 1,663 | 4,040 |
| **Income (loss) from operations** | (70) | 1,033 | (936) | 27 |
| Interest expense | | | | (447) |
| Interest income | | | | 117 |
| Other expense, net | | | | (211) |
| **Loss before income taxes** | | | | $ (514) |
| **Supplemental segment information** | | | | |
| Depreciation and amortization | $ 162 | $ 510 | $ 771 | $ 1,443 |
| Share-based compensation | $ 108 | $ 75 | $ 49 | $ 232 |
| Impairment | $ 24 | $ — | $ — | $ 24 |
| Capital expenditures | $ 759 | $ 814 | $ 2,567 | $ 4,140 |

## Note 19 - Restructuring

In 2022, X, an indirect subsidiary of the Company (through the X Merger and subsequently, xAI Merger), initiated global employee workforce reductions, the effects of which continued into 2026. The charges and credits associated with the workforce reduction include cash severance expense and other termination benefits. Total charges (credits) of $(11) million and $4 million associated with the workforce reduction were recorded in Restructuring charges (credits) in the consolidated statements of operations for the three months ended March 31, 2026, and 2025, respectively.

The following table is a summary of the changes in the restructuring liabilities for each period presented, included within Accrued expenses and other current liabilities and Other liabilities on the consolidated balance sheets:

| | | |
|---|---|---|
| Restructuring liabilities as of December 31, 2025 | $ | 443 |
| Severance and other personnel costs | | (11) |
| Cash payments | | (123) |
| Other adjustments | | 3 |
| Restructuring liabilities as of March 31, 2026 | $ | 312 |



Table of Contents

**Note 20 - Subsequent Events**

The Company has evaluated subsequent events that occurred from April 1, 2026 through May 7, 2026, which is the date the consolidated financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements, except as discussed below.

***Collaboration Agreement***

On April 19, 2026, the Company entered into a compute agreement with Anysphere, Inc., doing business as Cursor, a San Francisco-based private software company (“Cursor”). Pursuant to the compute agreement, the Company will collaborate with Cursor to improve the Company’s existing models, including Grok, and potentially to jointly develop AI models and related model-specific deliverables.

Concurrent with the compute agreement, the Company also entered into an option agreement for the right, but not the obligation, to acquire Cursor. The option agreement generally provides that the Company may exercise the call option at any time during the 30-day period following the earlier of (i) seven trading days following the completion of the Company’s IPO and (ii) September 30, 2026. Exercise of the call option is in the Company’s sole discretion and subject to further approval by the board of directors. Cursor is also subject to certain exclusivity obligations under the option agreement. The consideration for the acquisition of Cursor would consist of shares of Class A common stock based on an implied equity value of Cursor of $60.0 billion, and the price of Class A common stock that equals, if the acquisition closed prior to the completion of this offering, the most recent quarterly valuation, or, if the acquisition closed after the completion of the Company’s IPO, the volume-weighted average closing price thereof over the seven consecutive trading days immediately preceding the closing of the acquisition. If either (i) the Company decides to terminate the option agreement or (ii) Cursor is eligible to and decides to terminate due to the Company’s material breach of the option agreement, Cursor is entitled to a $1.5 billion termination fee under the option agreement and an $8.5 billion deferred services fee under the compute agreement. These fees are payable in cash (or Class A common stock, if the Company’s IPO has not been consummated at the time the fees become payable).

The Company has conducted preliminary due diligence on Cursor’s business, technology and operations, and expect to continue such diligence in connection with any decision to exercise the call option. The Company cannot predict whether the Company will elect to exercise the call option or, if exercised, whether the acquisition will close on the anticipated terms or at all.

***Sale-Leaseback Transaction***

On April 24, 2026, CTC entered into a five-year equipment lease agreement with Valor, a related party, for certain AI infrastructure hardware (“Valor transaction III”) for total undiscounted lease payments of $6,587 million.

***Asset Acquisition***

On April 30, 2026, the Company entered into an asset purchase agreement with an unaffiliated third party to purchase certain mobile gas turbines and related packages for approximately $2,000 million (the “Turbine Acquisition”). The closing of the Turbine Acquisition is expected to occur in May 2026 and is subject to customary closing conditions. The seller has also agreed to enter into a post-closing services agreement to support the Company's turbine operations. The Turbine Acquisition will help provide power to the Company's data centers.

***Cloud Services Agreement***

On May 3, 2026, the Company entered into a cloud services agreement with Anthropic PBC, an AI research and development public benefit corporation, with respect to access to compute capacity. Pursuant to this agreement, the customer has agreed to pay a monthly fee through May 2029, with capacity ramping in May 2026 at a reduced fee. The agreement may be terminated by either party upon 90 days’ notice. The customer will retain ownership and intellectual property rights in its content, AI models, and related data.

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