UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________to ___________

Commission File Number: 001-41154

SIDUS SPACE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**46-0628183** (I.R.S. Employer Identification No.)
150 N. Sykes Creek Parkway, Suite 200, Merritt Island, FL (Address of principal executive offices)	**32953** (Zip Code)

(321) 450-5633
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 par value	SIDU	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of Class A and B common shares outstanding as of August 19, 2024 was 4,081,344 and 100,000, respectively.

SIDUS SPACE, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash	$ 1,444,369	$ 1,216,107
Accounts receivable	621,313	1,175,077
Accounts receivable - related parties	264,802	67,447
Inventory	1,400,686	1,217,929
Contract asset	77,124	77,124
Contract asset - related party	46,000	43,173
Prepaid and other current assets	4,449,118	5,405,453
Total current assets	8,303,412	9,202,310
Property and equipment, net	12,800,850	9,570,214
Operating lease right-of-use assets	262,007	115,573
Intangible asset	398,135	398,135
Other assets	74,969	64,880
Total Assets	$ 21,839,373	$ 19,351,112
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and other current liabilities	$ 4,552,652	$ 6,697,562
Accounts payable and accrued interest - related party	887,402	677,039
Contract liability	77,124	77,124
Contract liability - related party	46,000	43,173
Asset-based loan liability	861,660	2,587,900
Notes payable	2,048,451	2,017,286
Operating lease liability	262,007	119,272
Total current liabilities	8,735,296	12,219,356
Operating lease liability - non-current	-	-
Total Liabilities	8,735,296	12,219,356
Commitments and contingencies		
Stockholders' Equity		
Preferred Stock: 5,000,000 shares authorized; $0.0001 par value; no shares issued and outstanding		
Series A convertible preferred stock: 2,000 shares authorized; 0 and 372 shares issued and outstanding, respectively	-	-
Common stock: 210,000,000 authorized; $0.0001 par value		
Class A common stock: 200,000,000 shares authorized; 4,081,344 and 983,173 shares issued and outstanding, respectively	409	98
Class B common stock: 10,000,000 shares authorized; 100,000 shares issued and outstanding	10	10
Additional paid-in capital	63,879,410	49,918,441
Accumulated deficit	(50,775,752)	(42,786,793)
Total Stockholders' Equity	13,104,077	7,131,756
Total Liabilities and Stockholders' Equity	$ 21,839,373	$ 19,351,112

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

SIDUS SPACE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenue	$ 834,798	$ 1,175,616	$ 1,679,909	$ 3,090,340
Revenue - related parties	92,772	194,793	297,816	543,696
Total - revenue	927,570	1,370,409	1,977,725	3,634,036
Cost of revenue	1,768,671	862,632	2,734,762	2,230,460
Gross profit (loss)	(841,101)	507,777	(757,037)	1,403,576
Operating expenses				
Selling, general and administrative expense	3,056,814	3,560,482	6,702,397	7,102,651
Total operating expenses	3,056,814	3,560,482	6,702,397	7,102,651
Net loss from operations	(3,897,915)	(3,052,705)	(7,459,434)	(5,699,075)
Other income (expense)				
Other income	1,613	17,950	1,613	17,950
Interest expense	(186,175)	(187,667)	(339,701)	(375,194)
Interest income	12,313	-	12,313	-
Asset-based loan expense	(65,920)	(38,634)	(161,375)	(79,567)
Finance expense	-	(240,525)	-	(806,754)
Total other income (expense)	(238,169)	(448,876)	(487,150)	(1,243,565)
Loss before income taxes	(4,136,084)	(3,501,581)	(7,946,584)	(6,942,640)
Provision for income taxes	-	-	-	-
Net loss	$ (4,136,084)	$ (3,501,581)	$ (7,946,584)	$ (6,942,640)
Dividend on Series A preferred Stock	-	-	(42,375)	-
Net loss attributed to stockholders	**(4,136,084)**	**(3,501,581)**	**(7,988,959)**	**(6,942,640)**
Basic and diluted loss per common share	$ (0.99)	$ (6.85)	$ (2.30)	$ (17.15)
Basic and diluted weighted average number of common shares outstanding	4,181,344	511,315	3,450,577	404,821

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

SIDUS SPACE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

For the Three and Six Months Ended June 30, 2024

	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance - December 31, 2023	983,173	$ 98	100,000	$ 10	$ 49,918,441	$ (42,786,793)	$ 7,131,756
Class A common stock issued for conversion of Series A preferred stock and dividend	106,748	11	-	-	58,930	-	58,941
Class A common stock units issued	2,572,700	258	-	-	12,110,528	-	12,110,786
Class A common stock issued for exercise of warrants	418,724	42	-	-	1,631,483	-	1,631,525
Vested Board Compensation	-	-	-	-	37,500	-	37,500
Stock option expense	-	-	-	-	41,698	-	41,698
Common stock issue for reverse split adjustment	(1)	-	-	-	-	-	-
Dividend on Series A preferred Stock	-	-	-	-	-	(42,375)	(42,375)
Net loss	-	-	-	-	-	(3,810,500)	(3,810,500)
Balance - March 31, 2024	4,081,344	$ 409	100,000	$ 10	$ 63,798,580	$ (46,639,668)	$ 17,159,331
Vested Board Compensation	-	-	-	-	36,484	-	36,484
Stock option expense	-	-	-	-	44,346	-	44,346
Net loss	-	-	-	-	-	(4,136,084)	(4,136,084)
Balance - June 30, 2024	4,081,344	$ 409	100,000	$ 10	$ 63,879,410	$ (50,775,752)	$ 13,104,077

For the Three and Six Months Ended June 30, 2023

	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance - December 31, 2022	80,235	$ 8	100,000	$ 10	$ 32,131,041	$ (28,255,846)	$ 3,875,213
Class A common stock units issued	172,500	17	-	-	4,615,448	-	4,615,465
Warrants issued for finance expense	-	-	-	-	566,229	-	566,229
Net loss	-	-	-	-	-	(3,441,059)	(3,441,059)
Balance - March 31, 2023	252,735	$ 25	100,000	$ 10	$ 37,312,718	$ (31,696,905)	$ 5,615,848
Class A common stock units issued	123,599	12	-	-	10,170,471	-	10,170,483
Class A common stock issued for exercise of warrants	221,624	22	-	-	1,541	-	1,563
Warrants issued for finance expense	-	-	-	-	240,525	-	240,525
Debt forgiveness related party	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	(3,501,581)	(3,501,581)
Balance - June 30, 2023	597,958	$ 59	100,000	$ 10	$ 47,725,255	$ (35,198,486)	$ 12,526,838

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

SIDUS SPACE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash Flows From Operating Activities:		
Net loss	$ (7,946,584)	$ (6,942,640)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	160,028	806,754
Depreciation and amortization	858,033	79,385
Changes in operating assets and liabilities:		
Accounts receivable	553,764	156,130
Accounts receivable - related party	(197,355)	54,696
Inventory	(182,757)	(537,523)
Contract asset - related party	(2,827)	(15,956)
Prepaid expenses and other assets	946,246	(1,483,918)
Accounts payable and accrued liabilities	(1,968,107)	1,732,714
Accounts payable and accrued liabilities - related party	210,363	(465)
Contract liability - related party	2,827	15,956
Changes in operating lease assets and liabilities	(3,699)	(4,394)
Net Cash used in Operating Activities	(7,570,068)	(6,139,261)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(4,067,741)	(2,614,169)
Net Cash used in Investing Activities	(4,067,741)	(2,614,169)
Cash Flows From Financing Activities:		
Proceeds from issuance of common stock units	13,742,311	14,787,511
Proceeds from asset-based loan agreement	46,133	2,881,228
Repayment of asset-based loan agreement	(1,772,373)	(3,167,195)
Repayment of notes payable	(150,000)	(179,524)
Net Cash provided by Financing Activities	11,866,071	14,322,020
Net change in cash	228,262	5,568,590
Cash, beginning of period	1,216,107	2,295,259
Cash, end of period	$ 1,444,369	$ 7,863,849
Supplemental cash flow information		
Cash paid for interest	$ 338,116	$ 155,365
Cash paid for taxes	$ -	$ -
Non-cash Investing and Financing transactions:		
Class A common stock issued for conversion of Series A convertible preferred stock	$ 16,566	$ -
Recognition of right-of-use asset and lease liability	$ 284,861	$ 135,235

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

Note 1. Organization and Description of Business

Organization

Sidus Space Inc. ("Sidus", "we", "us" or the "Company"), was formed as Craig Technologies Aerospace Solutions, LLC, in the state of Florida, on July 17, 2012. On April 16, 2021, the Company filed a Certificate of Conversion to register and incorporate with the state of Delaware and on August 13, 2021 changed the company name to Sidus Space, Inc.

Description of Business

Founded in 2012, we are a growing U.S. commercial space company with an established manufacturing business who has been trusted to provide mission-critical space hardware to many of the top aerospace businesses for over a decade. We plan to offer on-orbit services as the space economy expands; said services are either in a developmental phase or soon to achieve flight heritage. We have strategically decided to expand our business by moving up the satellite value chain by becoming a provider of responsive and scalable on-orbit infrastructure as well as collecting Space and Earth observational data to capture larger market needs.

To address commercial and government customer needs and mission sets, we have focused our business into three core business lines: manufacturing services; space-infrastructure-as-a-service; and space-based data and insights. Our vertically integrated model is complementary across each line of business aiming to expand existing and unlock new potential revenue generating opportunities. Additionally, we look to further transition into a subscription-based model upon the digitization of our manufacturing process as we expand alongside our space-based focus.

Note 2. Summary of Signification Accounting Policies

Basis of Presentation

The Company prepares its financial statements in accordance with rules and regulations of the Securities and Exchange Commission ("SEC") and GAAP in the United States of America. The accompanying interim financial statements have been prepared in accordance with GAAP for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the Company's opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2024, are not necessarily indicative of the results for the full year. While management of the Company believes that the disclosures presented herein are adequate and not misleading, these interim financial statements should be read in conjunction with the audited financial statements and the footnotes thereto for the year ended December 31, 2023, contained in the Company's Form 10-K filed on March 27, 2024.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. For the three and six months ended June 30, 2024, the Company has reclassified operating expenses to selling, general and administrative expenses.

Principles of Consolidation

The consolidated financial statements include the variable interest entity ("VIE"), Aurea Alas Limited ("Aurea"), of which we are the primary beneficiary. Aurea is a Limited company organized in the Isle of Man, which entered into a license agreement with a third party vendor, whereby they licensed the rights to use certain available radio frequency spectrum for satellite communications. All intercompany transactions and balances have been eliminated on consolidation.

For entities determined to be VIEs, an evaluation is required to determine whether the Company is the primary beneficiary. The Company evaluates its economic interests in the entity specifically determining if the Company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance ("the power") and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE ("the benefits"). When making the determination on whether the benefits received from an entity are significant, the Company considers the total economics of the entity, and analyzes whether the Company's share of the economics is significant. The Company utilizes qualitative factors, and, where applicable, quantitative factors, while performing the analysis.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates. Examples of estimates and assumptions include: for revenue recognition, determining the nature and timing of satisfaction of performance obligations,, the fair value of and/or potential impairment of property and equipment; product life cycles; useful lives of our property and equipment; allowances for doubtful accounts; the market value of, and demand for, our inventory; fair value calculation of warrant; and the potential outcome of uncertain tax positions that have been recognized in our consolidated financial statements or tax returns.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of less than 90 days to be cash and cash equivalents. The Company had no cash equivalents at June 30, 2024 and December 31, 2023.

Periodically, the Company may carry cash balances at financial institutions more than the federally insured limit of $250,000 per institution. The amount in excess of the FDIC insurance as of June 30, 2024, was approximately $1.0 million. The Company has not experienced losses on these accounts and management believes, based upon the quality of the financial institutions, that the credit risk with regard to these deposits is not significant.

Bad Debt and Allowance for Doubtful Accounts

Historically the Company has been able to collect all past due amounts and has not written off past due invoices, therefore there is limited historical data on the company's historical losses or expected losses at this time. In compliance with GAAP the Company has determined the following policy will be followed regarding outstanding customer invoices.

An allowance for doubtful accounts has been established to reflect the anticipated uncollectible value of the related receivable account. Review procedures have been established to provide a realistic reserve based on past collection experience and anticipated losses on the receivables.

The company will utilize the allowance method based on accounts receivable aging in order to accrue bad debt expense and the contra balance sheet account, allowance for doubtful accounts. The accounts receivable aging will be reviewed quarterly and necessary adjustments made to the allowance for doubtful accounts account balance. The Company will review their policy annually to determine if adjustments should be made based on more recent accounts receivable trends.

During the six months ended June 30, 2024 and 2023, the Company did not record any bad debt.

Fair Value Measurements

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value. The three tiers are defined as follows:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;

- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and

- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The Company's financial instruments, including cash, accounts receivable, prepaid expense and other current assets, accounts payable and accrued liabilities, and loans payable, are carried at historical cost. At June 30, 2024 and December 31, 2023, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

Revenue Recognition

The Company adopted ASC 606 – Revenue from Contracts with Customers using the modified retrospective transition approach. The core principle of ASC 606 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for exchange of those goods or services. The Company's updated accounting policies and related disclosures are set forth below, including the disclosure for disaggregated revenue. The impact of adopting ASC 606 was not material to the Consolidated Financial Statements.

Revenue from the Company is recognized under Topic 606 in a manner that reasonably reflects the delivery of its services and products to customers in return for expected consideration and includes the following elements:

- executed contracts with the Company's customers that it believes are legally enforceable;

- identification of performance obligations in the respective contract;

- determination of the transaction price for each performance obligation in the respective contract;

- Allocation of the transaction price to each performance obligation; and

- recognition of revenue only when the Company satisfies each performance obligation.

These five elements, as applied to each of the Company's revenue category, is summarized below:

Revenues from fixed price contracts that are still in progress at month end are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to the estimated total costs for each contract. This method is used because management considers total costs to be the best available measure of progress on these contracts. Revenue from fixed price contracts and time-and-materials contracts that are completed in the month the work was started are recognized when the work is shipped. To achieve this core principle, we apply the following five steps: identify the contract with the client, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to performance obligations in the contract and recognize revenues when or as the Company satisfies a performance obligation.

Revenues from fixed price service contracts that contain provisions for milestone payments are recognized at the time of the milestone being met and payment received. This method is used because management considers that the payments are nonrefundable unless the entity fails to perform as promised. If the customer terminates the contract, the Company is entitled only to retain any progress payments received from the customer and the Company has no further rights to compensation from the customer. Even though the payments made by the customer are nonrefundable, the cumulative amount of those payments is not expected, at all times throughout the contract, to at least correspond to the amount that would be necessary to compensate the Company for performance completed to date. Accordingly, the Company accounts for the progress under the contract as a performance obligation satisfied at a point in time. To achieve this core principle, we apply the following five steps: identify the contract with the client, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to performance obligations in the contract and recognize revenues when or as the Company satisfies a performance obligation.

Stock Based Compensation

The Company accounts for stock-based compensation awards in accordance with ASC Topic 718, "Compensation – Stock Compensation." The cost of services received from employees and non-employees in exchange for awards of equity instruments is recognized in the consolidated statements of operations and comprehensive income based on the estimated fair value of those awards on the grant date and amortized on a straight-line basis over the requisite service period or vesting period. The Company records forfeitures as they occur.

Share-based payments are valued using a Black-Scholes option pricing model. The grants are amortized on a straight-line basis over the requisite service periods, which is generally the vesting period. If an award is granted, but vesting does not occur, any previously recognized compensation cost is reversed in the period related to the termination of service.

The expected option term is computed using the "simplified" method as permitted under the provisions of ASC 718-10-S99. The Company uses the simplified method to calculate expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The share price as of the grant date was determined by current market prices for our common stock. Expected volatility is based on the historical stock price volatility of comparable companies' common stock, as our stock does not have sufficient historical trading activity. Risk free interest rates were obtained from U.S. Treasury rates for the applicable periods.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in FASB ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the warrants was estimated using a Black-Scholes pricing model.

Net Income (Loss) Per Share of Common Stock

The Company has adopted ASC Topic 260, *"Earnings per Share"* which requires presentation of basic earnings per share on the face of the statements of operations for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic earnings per share computation. In the accompanying financial statements, basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock and potentially dilutive outstanding shares of common stock during the period to reflect the potential dilution that could occur from common stock issuable through contingent share arrangements, stock options and warrants unless the result would be antidilutive.

For the six months ended June 30, 2024 and 2023, the following common stock equivalents were excluded from the computation of diluted net loss per share as the result of the computation was anti-dilutive.

	June 30, 2024 (Shares)	June 30, 2023 (Shares)
Warrants	260,213	288,408

Note 3. Variable Interest Entity

The consolidated financial statements include Aurea Alas Limited, which is a variable interest entity of which we are the primary beneficiary, and on August 26, 2020, the Company entered into a licensing agreement with Aurea. Aurea is a Limited company organized in the Isle of Man, which entered into a license agreement with a third-party vendor, whereby they licensed the rights to use certain available radio frequency spectrum for satellite communications. The Company is responsible for 100% of the operations of Aurea and derives 100% of the net profits or losses derived from the business operations. The assets, liabilities and the operations of Aurea from the date of inception (July 20, 2020), were included in the Company's consolidated financial statements.

Through a declaration of trust, 100% of the voting rights of Aurea's shareholders have been transferred to the Company so that the Company has effective control over Aurea and has the power to direct the activities of Aurea that most significantly impact its economic performance. There are no restrictions on the consolidated VIE's assets and on the settlement of its liabilities and all carrying amounts of VIE's assets and liabilities are consolidated with the Company's financial statements.

If facts and circumstances change such that the conclusion to consolidate the VIE has changed, the Company shall disclose the primary factors that caused the change and the effect on the Company's financial statements in the periods when the change occurs.

As of June 30, 2024 and December 31, 2023, Aurea's assets and liabilities are as follows:

	June 30, 2024	December 31, 2023
Assets		
Cash	$ 57,697	$ 52,492
Prepaid and other current assets	10,801	13,164
	$ 68,498	$ 65,656
Liability		
Accounts payable and other current liabilities	$ 72,695	$ 74,219

For the six months ended June 30, 2024 and 2023, Aurea's net loss was $85,634 and $80,428 respectively.

Note 4. Prepaid expense and Other current assets

As of June 30, 2024 and December 31, 2023, prepaid expense and other current assets are as follows:

	June 30, 2024	December 31, 2023
Prepaid insurance	$ 363,914	$ 699,310
Prepaid components	914,251	1,258,965
Prepaid satellite services & licenses	2,826,780	3,313,706
Prepaid software	111,579	91,258
Other current assets	232,594	42,214
	$ 4,449,118	$ 5,405,453

During the six months ended June 30, 2024 and 2023, the Company recorded interest expense of $6,950 and $13,292 related to financing of our prepaid insurance policies.

Note 5. Inventory

As of June 30, 2024 and December 31, 2023, inventory is as follows:

	June 30, 2024	December 31, 2023
Work in Process	$ 1,400,686	$ 1,217,929

Note 6. Property and Equipment

At June 30, 2024 and December 31, 2023, property and equipment consisted of the following:

	June 30, 2024	December 31, 2023
Office equipment	$ 17,061	$ 17,061
Computer equipment	41,233	41,233
Vehicle	35,424	35,424
Software	858,721	482,127
Machinery	3,231,369	3,209,719
Leasehold improvements	397,536	397,536
R&D software	-	9,655
Satellite and related software	8,308,932	-
Construction in progress	4,001,050	8,609,902
	16,891,326	12,802,657
Accumulated depreciation	(4,090,476)	(3,232,443)
Property and equipment, net of accumulated depreciation	$ 12,800,850	$ 9,570,214

As of June 30, 2024 and December 31, 2023, construction in progress represents components to be used in the manufacturing of our satellites.

As of June 30, 2024, one satellite and satellite related software were moved out of construction in progress and reported as assets with related depreciation expense.

Depreciation expense of property and equipment for the six months ended June 30, 2024 and 2023 is $858,033 and $79,385 of which $767,482 and $91,022 are included as components of cost of revenue, respectively.

During the six months ended June 30, 2024 and 2023, the Company purchased assets of $4,088,669 and $2,301,350, respectively.

Note 7. Accounts payable and other current liabilities

At June 30, 2024 and December 31, 2023, accounts payable and other current liabilities consisted of the following:

	June 30, 2024	December 31, 2023
Accounts payable	$ 3,102,899	$ 4,716,964
Payroll liabilities	1,059,601	1,250,330
Credit card liability	24,019	93,826
Other payable	171,241	156,885
Dividend payable	-	16,566
Payable for purchase of property and equipment	20,928	-
Insurance payable	173,964	462,991
	$ 4,552,652	$ 6,697,562

Note 8. Asset-based loan

The Company is party to a recourse loan and security agreement with an unrelated lender dated November 30, 2022, whereby the lender will provide loans secured by certain accounts receivable for up to 90% of the face amount, which is paid to the Company in the form of a cash advance. The Company has a revolving line of credit for $3 million with a loan interest rate of 15.2% annum on outstanding balances. Additionally, in the event of default the Lender at its option can increase the loan interest rate by 5% per annum for each month or partial month default on outstanding balances. Under the loan and security agreement, the Company must pay back any invoices that become uncollectable. As of June 30, 2024 and December 31, 2023, the asset-based loan was $861,660 and $2,587,900, respectively. For the six months ended June 30, 2024 and 2023, the costs and interest incurred by the Company in connection with the loan and security agreement activities were $161,375 and $79,567, respectively.

Note 9. Contract assets and liabilities

At June 30, 2024 and December 31, 2023, contract assets and contract liabilities consisted of the following:

Contract assets	June 30, 2024	December 31, 2023
Revenue recognized in excess of amounts paid or payable (contracts receivable) to the company on uncompleted contracts (contract asset), excluding retainage	$ -	$ -
Retainage included in contract assets due to being conditional on something other than solely passage of time	77,124	77,124
Retainage included in contract assets due to being conditional on something other than solely passage of time – related party	46,000	43,173
Total contract assets	$ 123,124	$ 120,297

Contract liabilities	June 30, 2024	December 31, 2023
Payments received or receivable (contracts receivable) in excess of revenue recognized on uncompleted contracts (contract liability), excluding retainage	$ -	$ -
Retainage included in contract liabilities due to being conditional on something other than solely passage of time	77,124	77,124
Retainage included in contract liabilities due to being conditional on something other than solely passage of time – related party	46,000	43,173
Total contract liabilities	$ 123,124	$ 120,297

Note 10. Leases

Operating lease

We have a noncancelable operating lease entered in November 2016 for our office facility that expires in July 2021 and has renewal options to May 2024. The monthly “Base Rent” is $10,392 and the Base Rent is increased by 2.5% each year. In May 2023 the Company exercised its option and extended the lease to May 31, 2024.

In May 2021, we entered into a new lease agreement for our office and warehouse space that expires in May 2024. The Company shall have the option to terminate the lease after 12 months and 24 months from the commencement date. The monthly "Base Rent" is $11,855 and the Base Rent may be increased by 2.5% each year.

We have a new lease contract entered in June 2024 for our office facility and warehouse space that expires in May 2025. The monthly "Base Rent" is $11,876 and $12,767.

We recognized total lease expense, primarily related to our operating leases, on a straight-line basis in accordance with ASC 842.

As of June 30, 2024 and December 31, 2023, the Company recorded a refundable security deposit of $10,000 for its warehouse space and is included in other assets on the balance sheet.

The operating lease expense were as follows:

	Six months ended June 30,	
	2024	2023
Operating lease cost	$ 188,741	$ 175,055

Supplemental balance sheet information related to operating leases was as follows:

	June 30, 2024	December 31, 2023
Operating lease right-of-use assets at inception	$ 284,861	$ 1,276,515
Accumulated amortization	(22,854)	(1,160,942)
Total operating lease right-of-use assets	$ 262,007	$ 115,573
Right-of-use assets obtained in exchange for new operating lease liability	$ 284,861	$ -
Operating lease liabilities - current	$ 262,007	$ 119,272
Operating lease liabilities - non-current	-	-
Total operating lease liabilities	$ 262,007	$ 119,272
Weighted-average remaining lease term — operating leases (year)	0.92	0.42
Weighted-average discount rate — operating leases	8.25%	4.73%

Future minimum lease payments under operating leases that have initial noncancelable lease terms in excess of one year at June 30, 2024 were as follows:

	Total
Year Ended December 31,	
2024 - Remaining 6 months	$ 147,859
2025	123,216
Thereafter	-
	271,075
Less: Imputed interest	(9,068)
Operating lease liabilities	262,007

Note 11. Notes Payable

Decathlon Note

On December 3, 2021, we entered into a Loan Assignment and Assumption Agreement, or Loan Assignment, with Decathlon Alpha IV, L.P., or Decathlon and Craig Technical Consulting, Inc ("CTC") pursuant to which we assumed the Decathlon Note. In connection with our assumption of the Decathlon Note, CTC reduced the principal of the Note Payable – related party by $1.4 million for an aggregate principal balance of $2.6 million. The Company recorded a reclassification of $1,106,164 from Note Payable – related party to Note payable – non- current (Decathlon note) and recorded forgiveness of note payable – related party of $293,836. (See Note 12)

Management believes that the assumption of the Decathlon Note from CTC is in our best interests because in connection therewith, Decathlon released us from a cross-collateralization agreement it was a party to with CTC for a loan of a greater amount. Also in connection with the Loan Assignment on December 3, 2021, we entered into a Revenue Loan and Security Agreement, or RLSA, with Decathlon and our CEO, Carol Craig, pursuant to which we pay interest based on a minimum rate of one (1) times the amount advanced and make monthly payments based on a percentage of our revenue calculated as an amount equal to the product of (i) all revenue for the immediately preceding month multiplied by (ii) the Applicable Revenue Percentage, defined as 4% of revenue for payments due during any month. The Decathlon Note was amended November 16,2023. The maturity date was extended from December 9, 2023 to December 9, 2024 and the monthly interest was converted to a fixed amount of $50,000 per month. The Decathlon Note is secured by our assets and is guaranteed by CTC and matures the earliest of: (i) December 9, 2024, (ii) immediately prior to a change of control, or (iii) upon an acceleration of the obligations due to a default under the RLSA. As a result, on December 31, 2021, the Company recorded the forgiveness of note payable-related party of $293,836 and the reclass of $1,106,164 from Note Payable – related party to Note Payable.

During the six months ended June 30, 2024 and 2023, the Company recorded interest expense of $331,165 and $361,903, respectively, which included an additional accrual estimate based on the principal and accrued but unpaid interest payment due when the note matures, and made payments of $150,000 and $179,524, respectively. As of June 30, 2024 and December 31, 2023, the Company recorded principal amount and accrued interest of $2,016,951 and $2,017,286 on the balance sheet, respectively. At maturity the Company will be required to pay approximately $2.1M representing the Decathlon Note and accrued but unpaid interest.

Note 12. Related Party Transactions

Revenue and Accounts Receivable

The Company recognized revenue of $297,816 and $543,696 for the six months ended June 30, 2024 and 2023 and accounts receivable of $264,802 and $67,447 and contract asset and contract liability of $46,000 and $43,173 as of June 30, 2024 and December 31, 2023, respectively, from contracts entered into by Craig Technical Consulting, Inc, a principal stockholder, and subcontracted to the Company for four customers.

Accounts Payable

As of June 30, 2024 and December 31, 2023, the Company owed $887,402 and $677,039 to Craig Technical Consulting, Inc. Advances are unsecured, due on demand and non-bearing-interest.

Cost of Revenue and Operating expense

For the six months ended June 30, 2024 and 2023, the Company recorded cost of revenue to Craig Technical Consulting, Inc. of $214,002 and $0, respectively.

Professional Service Agreements

A Professional Services Agreement, effective November 15, 2021, was made, between the Company and Craig Technical Consulting, Inc. The period of performance for this Agreement was December 1, 2021, through November 30, 2022. The agreement was amended, and the term of agreement was extended to November 30, 2024.

During the six months ended June 30, 2024 and 2023, the Company recorded professional services of $79,465 and $49,249, respectively.

Sublease

On August 1, 2021, the Company entered into a Sublease Agreement with its related party and a principal shareholder (“Sublandlord”), whereby the Company shall sublease certain offices, rooms and shared use of common spaces located at 150 Sykes Creek Parkway, Merritt Island, FL. The Lease is a month-to-month lease and may be terminated with 30 days’ notice to the Sublandlord. The monthly rent shall be $4,570 from inception through January 31, 2022, $4,707 from February 1, 2022 to January 31, 2023, and $4,847 from February 1, 2023 to January 31, 2024. On February 1, 2024, the Company extended the month-to-month Sublease agreement. The monthly rent shall be $4,618.03 from February 1, 2024 to January 31, 2025, $4,756.57 from February 1, 2025 to January 31,2026 and $4,899.27 from February 1, 2026 to January 31, 2027. A common area maintenance fee (CAM) will be charged in addition to the monthly rent. During the six months ended June 30, 2024 and 2023, the Company recorded $38,555 and $28,942 to lease expenses.

Note 13. Commitments and Contingencies

Litigation

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. We are currently not aware of any such legal proceedings or claims that will have, individually or in aggregate, a material adverse effect on our business, financial condition, or operating results.

License Agreement

The consolidated financial statements include Aurea Alas Limited, which is a variable interest entity of which we are the primary beneficiary (see Note 3). On August 18, 2020, Aurea entered into a license agreement with a third-party vendor (the “Vendor”), whereby they licensed the rights to use certain available radio frequency spectrum for satellite communications. The Company shall pay an annual Reservation Fee of $180,000 while the Company pursues up to four (4) NGSO satellite filing(s) via the Vendor. The Reservation Fee is levied on the date the filing(s) is received at the International Telecommunication Union (ITU). The Reservation Fee is payable annually at the anniversary of the date of receipt, as long as the customer retains the NGSO filing(s). The Reservation Fee payment continues to be payable until any of the frequency assignments of the NGSO filing(s) are brought into use. Upon submission to the ITU to bring into use any of the frequency assignments of a given constellation, an annual License Fee of $180,000 shall be paid in lieu of the Reservation Fee. On February 1, 2021, the Vendor submitted the license filing to the ITU and on April 6, 2021, the ITU published the license filing for LIZZIE IOMSAT. Payments began in February 2021. For the six months ended June 30, 2024 and 2023 the Company recorded payments of $60,000 in Other General and Administrative expenses.

Note 14. Stockholder’s Equity

Authorized Capital Stock

Effective July 3, 2023, the Company filed an Amended and Restated Certificate of Incorporation to amend its authorized capital stock to authorize the Company to issue 215,000,000 shares.

The Company has authorized 5,000,000 shares of preferred stock with a par value of $0.0001.

The Company has authorized 210,000,000 shares of common stock with a par value of $0.0001, consisting of 200,000,000 shares of Class A Common Stock and 10,000,000 shares of Class B Common Stock. The Class B Common Stock is entitled to 10 votes for every 1 vote of the Class A Common Stock.

Series A Convertible Preferred Stock

On October 11, 2023, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain institutional investors, pursuant to which the Company agreed to issue and sell to such investor, in a registered direct offering (the "Offering"), an aggregate of 2,000 shares of the Company's Series A convertible preferred stock, par value $0.0001 per share and stated value of $1,000 per share (the "Series A Preferred Stock") at an offering price of $1,000 per share. Each share of Series A Preferred Stock is convertible into shares of the Company's Class A Common Stock at an initial conversion price of $10.152 per share (the "Conversion Price"). The Conversion Price is subject to customary adjustments for stock dividends, stock splits, reclassifications and the like, and subject to price-based adjustment, on a "full ratchet" basis, in the event of any issuances of Common Stock, or securities convertible, exercisable or exchangeable for Common Stock, at a price below the then-applicable Conversion Price (subject to certain exceptions). The Series A Preferred Stock (and the shares of the Company's Class A common stock (the "Class A Common Stock")) underlying the Series A Preferred Stock) were offered by the Company pursuant to its shelf registration statement on Form S-3 (File No. 333-273430), which was originally filed with the Securities and Exchange Commission (the "SEC") on July 26, 2023 and declared effective by the SEC on August 14, 2023. Concurrently with the sale of the Series A Preferred Stock, pursuant to the Purchase Agreement in a concurrent private placement, for each share of Class A Common Stock issuable upon conversion of the Series A Preferred Stock purchased by the investor, such investor received from the Company an unregistered warrant (the "Warrant") to purchase one share of Class A Common Stock (the "Warrant Shares"). Each Warrant will be exercisable for one share of the Company's Class A Common Stock at an exercise price of $10.152 per share, will be exercisable immediately upon issuance, and will have a term of five years from the date of issuance. The exercise price is subject to customary adjustments for stock dividends, stock splits, reclassifications and the like, and subject to price-based adjustment, on a "full ratchet" basis, in the event of any issuances of Class A Common Stock, or securities convertible, exercisable or exchangeable for Class A Common Stock, at a price below the then-applicable exercise price (subject to certain exceptions).

During the six months ended June 30, 2024, 372 shares of Series A convertible preferred stock and a related dividend of $27,374 were converted into 106,748 shares of Class A common stock.

The Company had 0 and 372 shares of Series A Convertible preferred stock issued and outstanding as of June 30, 2024 and December 31, 2023, respectively.

Class A Common Stock

The Company had 4,081,344 and 983,173 shares of Class A common stock issued and outstanding as of June 30, 2024 and December 31, 2023, respectively.

Fiscal year 2024

On January 29, 2024, the Company entered into a public offering of an aggregate of 1,181,900 shares of Class A Common Stock and pre-funded warrants to purchase up to an aggregate of 69,900 shares of Class A Common Stock in lieu of Shares, which have been sold pursuant to that certain Underwriting Agreement, dated January 29, 2024, by and between the Company and the Representative of the Underwriters. Gross proceeds from the offering were $5,632,650 and net proceeds after underwriter discount, various fees and expenses was $5,008,259.

On February 29, 2024, the Company entered into a public offering of an aggregate of 1,321,000 shares (the "**Shares**") of Class A Common Stock, which have been sold pursuant to that certain Underwriting Agreement, dated February 29, 2024, by and between the Company and the Representative of the Underwriters. Gross proceeds from the offering were $7,926,000 and net proceeds after underwriter discount, various fees and expenses was $7,102,527.

During the six months ended June 30, 2024, 372 shares of Series A convertible preferred stock and a related dividend of $58,941 were converted into 106,748 shares of Class A common stock.

During the six months ended June 30, 2024, 418,724 warrants were exercised into shares of Class A common stock. Gross proceeds from the exercise of the warrants was $1,631,524.

Class B Common Sock

The Company had 100,000 shares of Class B common stock issued and outstanding as of June 30, 2024 and December 31, 2023.

Warrants

During the period ended June 30, 2024, the Company issued 200 warrants exercisable for a period of five years at an exercise price per share of $100 to prior employee.

January 2024 offering

The Company issued a total of 69,900 pre-funded warrants exercisable for a period of five years at an exercise price per share of $4.50 in connection with the common stock sold in January 2024. These warrants were fully exercised into Class A Common stock as part of the offering previously described. In addition, the Company issued a total of 62,585 underwriter warrants exercisable 180 days after the January 29, 2024 date of the offering agreement, for a period of five years at an exercise price per share of $5.625 in connection with the common stock sold.

February 2024 offering

The Company issued a total of 66,050 underwriter warrants exercisable 180 days after the February 29, 2024 date of the offering agreement, for a period of five years at an exercise price per share of $7.50 in connection with the common stock sold.

A summary of activity of the warrants during the six months ended June 30, 2024 as follows:

	Number of shares	Weighted average Exercise Price	Average Life (years)
Outstanding, December 31, 2023	233,816	$ 13.22	4.73
Granted	69,900	4.50	5.00
Granted	200	100.00	5.00
Granted	62,585	5.63	5.00
Granted	66,050	7.50	5.00
Split – warrant granted in October 2023	316,286	3.90	-
Exercised	(488,624)	3.98	-
Outstanding, June 30, 2024	260,213	$ 8.94	4.40
Exercisable, June 30, 2024	131,578	$ 11.24	4.18

The intrinsic value of the warrants as of June 30, 2024 is $0.

Stock Options

On February 6, 2024, the Company granted 25,000 options with an exercise price of $4.12, with a term of five (5) years to exercise from the grant date, to employees of the Company. Options issued vest at 33% of shares subject to the option on each anniversary date, on February 6, 2025, 2026 and 2027.

The Company utilizes the Black-Scholes model to value its stock options. The Company utilized the following assumptions:

	Six months ended June 30, 2024
Expected term	3.50 years
Expected average volatility	187%
Expected dividend yield	-
Risk-free interest rate	4.14%

During the six months ended June 30, 2024, the Company granted 25,000 options valued at $95,325. During the six months ended June 30, 2024, the Company recognized stock option expense of $86,044 and as of June 30, 2024 and December 31, 2023, $543,174 and $533,892 remains unamortized, respectively. The intrinsic value of the 64,752 options outstanding as of June 30, 2024, is $0.

A summary of activity of the stock options during the six months ended June 30, 2024, is as follows:

	Options Outstanding		Weighted Average Remaining life (years)
	Number of Options	Weighted Average Exercise Price	
Outstanding, December 31, 2023	39,752	$ 16.42	4.33
Granted	25,000	$ 4.12	5.00
Exercised	-	-	-
Forfeited/canceled	-	-	-
Outstanding, June 30, 2024	64,752	$ 11.67	4.33
Exercisable options, June 30, 2024	200	$ 100.00	4.32

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Forward-Looking Statements and Industry Data

This Quarterly Report on Form 10-Q contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may be identified by such forward-looking terminology as "may," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- our projected financial position and estimated cash burn rate;
- our estimates regarding expenses, future revenues and capital requirements;
- our ability to continue as a going concern;
- our need to raise substantial additional capital to fund our operations;
- our ability to compete in the global space industry;
- our ability to obtain and maintain intellectual property protection for our current products and services;
- our ability to protect our intellectual property rights and the potential for us to incur substantial costs from lawsuits to enforce or protect our intellectual property rights;
- the possibility that a third party may claim we have infringed, misappropriated or otherwise violated their intellectual property rights and that we may incur substantial costs and be required to devote substantial time defending against these claims;
- our reliance on third-party suppliers and manufacturers;
- the success of competing products or services that are or become available;
- our ability to expand our organization to accommodate potential growth and our ability to retain and attract key personnel;
- the potential for us to incur substantial costs resulting from lawsuits against us and the potential for these lawsuits to cause us to limit our commercialization of our products and services;

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC") could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may contain estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. We obtained the industry and market data in this Quarterly Report on Form 10-Q from our own research as well as from industry and general publications, surveys and studies conducted by third parties. This data involves a number of assumptions and limitations and contains projections and estimates of the future performance of the industries in which we operate that are subject to a high degree of uncertainty, including those discussed in "Risk Factors." We caution you not to give undue weight to such projections, assumptions, and estimates. Further, industry and general publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that these publications, studies, and surveys are reliable, we have not independently verified the data contained in them. In addition, while we believe that the results and estimates from our internal research are reliable, such results and estimates have not been verified by any independent source.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited interim consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as may be amended, supplemented or superseded from time to time by other reports we file with the SEC. All amounts in this report are in U.S. dollars, unless otherwise noted.

Throughout this Quarterly Report on Form 10-Q, references to "we," "our," "us," the "Company," "Sidus," or "Sidus Space" refer to Sidus Space, Inc., individually, or as the context requires, collectively with its subsidiary.

Overview

Founded in 2012, we are a U.S based multi-faceted Space Infrastructure-as-a-Service company that designs, manufactures, owns and operates satellites and related space-based solutions that provide Earth observation, data and analytics to defense, intelligence, civil and commercial end users. We are dedicated to advancing the frontiers of space exploration, satellite deployment, and space-based data collection. Established with a vision for innovation and sustainability, Sidus Space specializes in developing cutting-edge solutions for the space ecosystem including satellite manufacturing, data collection and analytics, and advanced mission planning. Our mission is to support equitable access to space by revolutionizing satellite manufacturing and ensuring rapid delivery of spacecraft and space data for commercial and government customers.

In March of 2024, we achieved 'first launch success' when we launched and began operating the first of its kind 3D printed, artificial intelligence (AI) enhanced multi-mission satellite ("LizzieSat") focused on critical missions across several applications for governmental agencies and commercial businesses. In addition to this platform, we have numerous flight-proven systems, platforms, devices and hardware that demonstrate our rich history of flight heritage. We believe our flight heritage contributed to the success of our first LizzieSat™ mission and is a differentiator in providing us competitive advantage.

We are leveraging skills, know-how and technological expertise derived from the design, assembly, launch and operation of our first satellite to make improvements to our additional satellites currently in production. The next group of satellites is of similar size and weight to our initial LizzieSat with expected enhancements that include integration of a processor capable of handling ten Terra Operations Per Second (TOPS); upgraded payload processor with Field Programmable Gate Array (FPGA) capable of handling payloads at high speed up to three Gb/s; five times more computing power and more speed with a 1.8 GHz dual core processor; and two times more memory storage.

Our products and services are offered through several business units: Space-as-a-Service, Space-Based Data Solutions, Artificial Intelligence/Machine Learning (AI/ML) Products and Services, Mission Planning and Management Operations, 3D Printing Products and Services, Satellite Manufacturing and Payload Integration, and Space and Defense Hardware Manufacturing. Our vertically integrated model is complementary across each line of business aiming to expand existing and unlock new potential revenue generating opportunities.

Products and Services

- **Space-as-a-Service capabilities**: We replace traditional, product-centric Space business models and transforms them into "-as-a-Service" models. For our customers, their capital expenditures are drastically reduced as the majority of the design, development, and manufacturing are no longer necessary. These resources can be redirected towards operations and operating margins are higher as a result, due to a more efficient approach to providing the service and taking advantage of lessons learned and economies of scale.

    - **Satellite-as-a-Service (SataaS):** We offer integration of a customer payload or technology and handle the remaining services required including bus development, launch, and ongoing mission operations, and provide data validation for success criteria. We consider the continued operation of payloads as Constellation-as-a-Service.

- **Space Platform-as-a-Service (SPaaS):** We provide the ability for customers to build applications as a layer on our space platform. These services allow software application developers to use our network of sensors, software-defined radio and high-performance computer for their business cases. We offer the ability to run a customer's AI/ML software models on earth observation satellites without the customer having to launch their own hardware. We consider extended operations of SPaaS as Space Based Data Solutions.

- **Constellation-as-a-Service (CaaS):** We offer satellites as a platform on which customer sensors and instruments can be flown as a service to collect data from a specific geographic location to provide data to the customer on a monthly subscription basis. Our Constellation-as-a-Service model shares our satellite and constellation with multiple customers and therefore offers CaaS customers more sensor data and capacity for a fraction of traditional EO satellite costs. It also allows for rapid program activation and increased resiliency for mission failures. CaaS combines SataaS with SBDaaS for a multi-mode revenue.

- **Space Based Data Solutions (SBDaaS)**: We offer several space-based platform missions depending on needs, budget, and timeframe. Our performance based LizzieSat constellation provides data and results for commercial and government demands of our interconnected, cloud-based, and data-driven world predicated on specific sensors and technologies requested. Integrated AI provides fast pattern recognition with AI edge processing for identifying emerging issues and anomalies related to the data collection. Our LizzieSat design allows for simultaneous on-orbit data collection from multiple sensors with the flexibility to integrate new technologies during the production cycle.

- **AI/ML Products and Services:** We offer both software and hardware AI solutions for space. Our FeatherEdge solution, a compact data processing unit tailored for AI applications in orbit, redefines space efficiency. Its small size and low power design ensure seamless compatibility with diverse satellite platforms. By processing onboard sensor data directly and transmitting only crucial information, FeatherEdge reduces downlink costs and significantly bolsters response times for critical events in orbit. Additionally, it combines cutting-edge computing prowess with space grade reliability, delivering a complete AI payload in tandem with FeatherEdge software for unparalleled on-orbit edge computing capabilities. Our AI/ML products are integrated into each Sidus Space satellite but also available for integration into customer satellites.

    - Enhance image processing capabilities for detailed Earth Observation (EO)
    - Enable Satellites to operate autonomously, streamlining mission tasks
    - Facilitate cloud-based data processing for space applications
    - Contribute to enhanced space surveillance and awareness
    - Store and compress data on-orbit efficiently
    - Improve radar capabilities for high-resolution imaging in space

- **Mission Planning and Management Operations**: We provide 24/7/365 real-time routine and non-real-time mission operations for satellites and payload missions. This service supports end-to-end mission operations for small and medium-sized satellite operators, including satellite monitoring, control, and data management. We provide innovative mission operations solutions tailored to meet mission critical requirements including planning and validation, software suite operations and mission execution.

    - 24/7/365 Operations for Low Earth Orbit (LEO) Missions
    - Amazon Web Services cloud-based servers for data transfer and archival
    - Backup control center) capability
    - In-house designed C2 routing, encryption, and customer API integration
    - Multiple ground station providers available for use to meet customer needs
    - Physical and cyber security to ensure satellite and onboard payloads are protected

3D Printing Products and Services: Recently unveiled, our multi-material 3D printing services and printers enable the fabrication of a complex satellite bus with unprecedented precision, efficiency and modularity. This technology revolutionizes the manufacturing process, reducing production costs and lead times while reducing the weight of the satellite bus. Use of this material has been used on-orbit and carries a TRL-9 rating for space application. Technology Readiness Levels (TRLs) are used to assess the maturity of a technology. TRL-9 describes the maturity of a technology that has been proven to work during a flight mission in space.

- **Mission Driven Satellite Solutions**: We design and manufacture microsatellites, leveraging advanced in-house and outsourced technologies. Our satellites are designed to provide improved and highly effective payload capacity and mission flexibility, offering cost-effective and reliable satellite options for customers. We also provide services including compliance assessment with government regulations, insurance, licensing, launch integration and space data delivery.

- **Space and Defense Hardware Manufacturing:** We blend the expertise of skilled engineers, expert technicians, and state-of-the-art equipment to enhance precision machining, fabrication, and assembly requirements. From crafting prototypes and managing low-rate initial production to executing high-volume Swiss screw machining, we have over a decade of proven space flight heritage and space qualification experience in design, development, test and certification of space hardware, software, and manufacturing. We are experienced in mechanical and electrical flight hardware for satellites, the International Space Station, and other space assets.

    - Precision Machining

    - Assembly and Test

    - Program Management including supply chain management

We have an approximately 10,000 square-foot reconfigurable avionics lab that produces a wide range of space system flight and ground cables, medical and mission critical wire harnesses, military harness assemblies, electronic chassis, and electro-mechanical assemblies. Our manufacturing business operates within a 35,000 square foot facility in Cape Canaveral Florida and is adjacent to our cleanroom. We hold an AS9100 Aerospace certification, and we are International Traffic In Arms Regulations compliant thereby positioning us, in combination with our existing tooling and capability, to address unique high-precision manufacturing requirements.

We have supported several major government and commercial space programs that include NASA's Artemis / SLS, Collins Aerospace Spacesuits, Sierra Space's Dream Chaser, Airbus' OneWeb Satellites and the International Space Station.

As of June 2024, key achievements and successes include:

- launched the first of several planned hybrid additive in-house manufactured (3D printed) satellites ("LizzieSats") engineered to have the capacity and adaptability to simultaneously host payloads for Sidus driven data-as-a-service purpose and/or offer 'ride-share' opportunities for technology customers to deliver data to their end users;

- established on-orbit data operations by completing the commissioning phase and activating payloads, the Sidus team has already achieved several primary mission objectives and continues to work through the remaining tasks in a deliberate and systematic approach. Many competitors launch a prototype satellite for the first launch, but Lizzie-Sat 1 is a functional satellite with both customer and Sidus-owned technology onboard;

- signed a multi-year and multi-launch agreement with Space-X thereby offering customers by extension a reliable, cost-effective launch service with a steady cadence of launches;

- currently in the advanced stages of assembling and testing our next generation of commercial LizzieSat satellites with launches expected later this year and early next year.

- integrated Edge Artificial Intelligence (AI) software into LizzieSat-1satellite and demonstrated successful operations to offer on-orbit tailored solutions to customers enabling geospatial data to be processed more effectively;

- established a fully operational mission control center to manage satellite operations, orchestrate collection management tasks and satisfy data distribution requests for our own constellations and others.;

- achieved flight heritage, which is the history of successful operation of a particular component, subsystem, or system in a space environment, for our FeatherEdge edge computing hardware and software solutions;

- expanded our capabilities and opportunities related to geospatial intelligence following the National Geospatial-Intelligence Agency's (NGA) award to provide research and development services to NGA's Research and Development directorate as a subcontractor to Solis Science;

- expanded our capabilities related to Lunar following award of the NASA Lunar Terrain Vehicle Services Contract as a member of the Intuitive Machines-led Moon Reusable Autonomous Crewed Exploration Rover team.

We plan to be a global provider of space-based data and insights by collecting data from space with no equivalent terrestrial alternatives. We plan to initially focus on creating offerings in earth-based observations and Space situational awareness. These decisions are reinforced by the growing and large addressable markets they represent.

Our LizzieSat satellite platform has been designed to address these shortcomings by allowing for differentiated data collection when compared to industry alternatives. We plan to lead the next generation of earth and space data collection by:

- Collecting on-orbit coincident data: LizzieSat is capable of hosting multiple-sensors on the same satellite to collect varying data types at the same time and with the same collection geometry. On-orbit coincident collection benefits users by decreasing false positives with complementary datasets that reinforce one another

- Analyzing data on the satellite on-orbit: In order to maximize value and speed in data processing, we invested resources into Artificial Intelligence (AI) and Machine Learning (ML) on-board the satellite through hardware and software development. Our plans include integrating radiation hardened AI/ML capabilities alongside our on-orbit coincident data collection

- Reducing data size: By processing data at the edge on-board LizzieSat, we reduce the file size by transmitting only the processed solution, not the entire raw dataset. This enables us to move data from low-earth orbit to higher orbit data relay services (such as Iridium) for a lower-cost and more continual data transmission option to our customers.

The net value of data collected from our planned LizzieSat constellation is expected to allow organizations to make better decisions with higher confidence, and increased accuracy and speed. We expect to enrich this processed data with customizable analytics users control for their own-use case, and in turn provide data as a subscription across industries to organizations so they are able to improve decision-making and mitigate risk.

We support a broad range of international and domestic governments and commercial companies including the Netherlands Organization, U.S. Department of State, the U.S. Department of Defense, NASA, Collins Aerospace, Lockheed Martin, Teledyne Marine, Bechtel, OneWeb Satellites, Parsons Corporation, and L3Harris in areas that include launch vehicles, satellite hardware, and autonomous underwater vehicles. Planned services that benefit current and future customers include delivering space-based data that can provide critical insight for agriculture, commodities tracking, disaster assessment, illegal trafficking monitoring, energy, mining, oil and gas, fire monitoring, classification of vegetation, soil moisture, carbon mass, Maritime AIS, Aviation ADS, and weather monitoring; providing the ability for customers to demonstrate that a technology (hardware or software) performs successfully in the harsh environment of space and delivering space services. We plan to own and operate one of the industry's leading U.S. based low earth orbi small satellite ("smallsat" or "smallsats") constellations focused on earth observation and remote sensing. Our operating strategy is to continue to enhance the capabilities of our satellite constellation, to increase our international and domestic partnerships and to expand our co-incident data analytics offerings in order to increase the value we deliver to our customers. Our two operating assets—our satellite constellation and hardware manufacturing capability—are mutually reinforcing and are a result of years of heritage and innovation.

Key Factors Affecting Our Results and Prospects

We believe that our performance and future success depend on several factors that present significant opportunities but also pose risks and challenges, including competition from better known and well-capitalized companies, the risk of actual or perceived safety issues and their consequences for our reputation and the other factors discussed under "Risk Factors." We believe the factors discussed below are key to our success.

Expanding Commercial Satellite Operations

Our goal is to help customers understand how space-based data can be impactful to day-to-day business. Our strategy includes increasing the demand downstream by starting out as end user focused. While others are focused on a data verticalization strategy specializing on key sectors or a problem set, we believe that flexibility in production, low-cost bespoke design and 'Bringing Space Down to Earth' for consumers will provide a scalable model for growth. In Q1 2024, we successfully launched and began operations with our LizzieSat multi-mission satellite.

In Q2 2024, we announced the successful on-orbit activation of the FeatherEdge AI platform which enables us to deliver near real-time intelligence derived from earth observation data. Further expanding the capabilities of our constellation, we implemented the SatLab A/S second-generation automated identification system (AIS) technology into the LizzieSat satellite constellation. AIS technology uses sophisticated systems on board marine vessels to identify and track ships to prevent collisions and protect life at sea. The integration of this technology, combined with data from optical sensors on board LizzieSat enables unique vessel tracking and monitoring solutions while providing valuable information about ship movements in real time.

We have previously been approved for our X-band and S-band radio frequencies licensing through a published filing by the ITU on April 6, 2021. Such licenses are held through Aurea Alas, Ltd., an Isle of Man company, which is a Variable interest entity to us. The ITU filing contains approved spectrum use for multiple X-Band and S-Band frequencies and seven different orbital planes, including 45 degrees. In August 2023, the FCC granted Sidus a LizzieSat launch and operating license for launch and deploy on a SpaceX Falcon 9 mission called Transporter 10 to include approval for orbital operations utilizing the previously approved ITU S-band and X-band frequencies and ground station coverage. We have also filed an FCC Part 25 license request for the LizzieSat satellite constellation missions two through five. The FCC Part 25 license request has completed the mandatory review period and is pending approval. The National Oceanic and Atmospheric Administration (NOAA), an agency of the U.S. Department of Commerce, granted a Tier 1 license authorizing Sidus to operate LizzieSat1-3, a private remote-sensing space system comprised of three satellites (LizzieSat#1 through LizzieSat #3 or LS-1 through LS-3) in 2024. The imagery from Near-infrared and Short-wave infrared imagers will be integrated into our FeatherBox AI onboard processor and combined with AIS data to detect marine traffic migration and illegal fishing activities, detect methane emissions and detect vegetative stress in various agricultural areas. Any delays in commencing our commercial launch operations, including delays or cost overruns in obtaining NOAA licenses or other regulatory approvals for future operations or frequency requirements, could adversely impact our results and growth plans.

The exact timing of launches is contingent on several factors, including satisfactory and timely completion of assembly, integrating and testing of the satellites, regulatory approvals, confirmation of the launch slot timing by the launch provider, logistics, weather conditions, and other factors, many of which are beyond our control.

Growing and expanding our experienced space hardware operations

We are seeking to grow our space and defense hardware operations, with a goal of expanding from one shift to two and a half shifts with an increased customer base in the future. With current customers in the space, marine, and defense industries, our contract revenue is growing, and we are in active discussions with numerous potential customers, including government agencies, large defense contractors and private companies, to add to our contracted revenue. In the past decade, we have fabricated ground and flight products for the NASA SLS Rocket and Mobile Launcher as well as other commercial space and satellite companies. We have supported customers such as Boeing, Lockheed Martin, Northrop Grumman, Dynetics/Leidos, Blue Origin, United Launch Alliance, Collins Aerospace, L3Harris, OneWeb and Space Systems Loral/Maxar. We have manufactured various products including fluid, hydraulic and pneumatic systems, electrical control systems, cable harnesses, hardware lifting frames, umbilical plates, purge and hazardous gas disconnects, frangible bolts, reef cutters, wave guides, customized platforms, and other precision machined and electrical component parts for all types of rockets, ground, flight and satellite systems.

Our Vertically Integrated Space Infrastructure

We are designing, developing, manufacturing, and operating a constellation of proprietary smallsats. These satellites are designed for multiple missions and customers and form the foundation of our satellite platform. Weighing approximately 100 kilograms each, these hybrid 3D printed, modular satellites are being designed to be more functional than cubesats and nanosatellites and less expensive to manufacture than the larger satellites in the 200-600kg range. In addition to our own satellites, we are expecting to design and manufacture customized satellites for LEO and lunar applications for customers that include government and commercial entities.

Our cost-efficient smallsats are being designed from the ground-up to optimize performance per unit cost. Our model is a movement from highly bespoke, costly satellite manufacturing techniques to standardized bus with bespoke integration of customer needs at lower costs. We are able to integrate technologies and deliver data on demand at lower costs than legacy providers due to our vertical integration, use of customer off the shelf (COTS) proven systems, cost-efficiencies, capital efficient constellation design, and adaptable pricing models.

We design and manufacture our satellites at our Cape Canaveral facility. Our current configuration and facility is designed to manufacture 5-10 satellites a month. Our vertical integration enables us to control our satellites through the entire design, manufacturing, and operation process. Our years of experience manufacturing space hardware means we are able to leverage our manufacturing expertise and commercial best practices for satellite production. Additionally, leveraging both in-house and partner-provided subsystem components and in-house design and integration services, as well as operational support of satellites on orbit, to provide turn-key delivery of entire constellations offer "concept to constellation" in months instead of years. Specifically, our offerings are expected to encompass all aspects of hosted satellite and constellation services, including hosting customer payloads onto our satellites, and delivering data and constellation services to customers from our space platform. These services are expected to allow customers to focus on developing innovative payloads rather than having to design or develop complete satellite buses or satellites or constellations, which we will provide, along with ancillary services that are likely to include telemetry, tracking and control, communications, processing, as well as software development and maintenance. Our patented space-related technologies include a print head for regolith-polymer mixture and associated feedstock; a heat transfer system for regolith; a method for establishing a wastewater bioreactor environment; vertical takeoff and landing pad and interlocking pavers to construct same; and high-load vacuum chamber motion feedthrough systems and methods. Regolith is a blanket of unconsolidated, loose, heterogeneous superficial deposits covering solid rock. It includes dust, broken rocks, and other related materials and is present on earth, the moon, Mars, some asteroids, and other terrestrial planets and moons. We continue to patent our products including our satellites, external platforms and other innovations.

Revenue Generation

We generate revenue by selling payload space on our satellite platform, providing engineering and systems integration services to strategic customers on a project-by-project basis, and manufacturing space hardware. Additionally, we intend to add to our revenue by selling geospatial data and actionable intelligence captured through our constellation. This support is typically contracted to both commercial and government customers under fixed price contracts and often includes other services. Due to the size and capacity of our satellite, we plan to host a diverse array of sensors such as Multispectral and Hyperspectral Earth Observing Imagers, Maritime Vessel RF Tracking receivers, UHF IoT Transceivers, Optical Communications gear and others on a single platform that can simultaneously address the needs of many customer requirements.

Lowering Manufacturing Cost and Schedule

We are developing a manufacturing model that provides rapid response to customer requirements including integration of customers technologies and space-based data delivery. Our planned satellites are being designed to integrate COTS subsystems that are space-proven, can be rapidly integrated into the satellite and replaced rapidly when customer needs change or evolve. Our vertically integrated manufacturing processes give us the flexibility to make changes during the production cycle without impacting launch or costs.

Environmental, social, and corporate governance

While Environmental, Social and Governance (ESG) reporting is not mandatory, we are developing an ESG policy that will implement the tracking of several indicators we believe are critical to ensure we are doing our part to continue sustainable growth and maximize shareholder value. We have been in business for over ten years manufacturing space hardware and components, and in that time, implementation of policies and processes to mitigate environmental impact have been of upmost importance. Furthermore, since our inception, we have recognized the value of our employees and have always prioritized employee well-being through facets such as excellent benefits, programs, educational assistance, and insurance of a safe and healthy work environment. We also understand that our efforts to promote value and well -being are not limited to our employees. We are committed to the communities we belong to both locally and professionally. We recently started to formalize this commitment, providing tangible benefits back to the community that supports us.

Results of Operations

Comparison of quarter ended June 30, 2024 to quarter ended June 30, 2023

The following table provides certain selected financial information for the periods presented:

	Three Months Ended June 30,			
	2024	2023	Change	%
Revenue	$ 927,570	$ 1,370,409	$ (442,839)	(32)%
Cost of revenue	1,768,671	862,632	906,039	105%
Gross Profit (Loss)	(841,101)	507,777	(1,348,878)	(266)%
Gross Profit (Loss) Percentage	(91)%	37%		
Selling, General & Administrative Expense	3,056,814	3,560,482	(503,668)	(14)%
Other income (expenses)	(238,169)	(448,876)	210,707	n/a
Net loss	$ (4,136,084)	$ (3,501,581)	$ (634,503)	18%

Revenue

Non-related party revenue decreased 29% for the 3 months ended June 30, 2024 to approximately $835,000 as compared to approximately $1.2 million for the 3 months ended June 30, 2023 and was primarily driven by timing of fixed price milestone contracts and fewer satellite related revenue contracts than prior year. Revenue from related parties decreased by 52% to approximately $93,000 for the three months ended June 30, 2024 from approximately $195,000 for the three months ended June 30, 2023. This was driven by the timing of fixed price milestone contracts and fewer contracts our related party entered into with its customers, requiring less outsourcing of its work to us.

Cost of Revenue

The increase in cost of revenue of 105% for the three months ended June 30, 2024 to approximately $1.77 million as compared to approximately $863,000 for the three months ended June 30, 2023, included approximately $46,000 and approximately $90,000, respectively, of related party costs of revenue. The overall increase in cost of revenue was driven by mix of contracts and lower sales of our higher margin satellite related business. As a manufacturing entity, materials and other direct costs are a percentage of revenue. The percent change in the cost of revenue was higher than the percent decrease in revenue due to mix of contracts, supply chain impacts, and increased depreciation expense related to our satellite side of the business.

Gross Profit (Loss)

The decrease in our gross profit of approximately $1.3 million to a gross loss of approximately $841,000 for the three months ended June 30, 2024 as compared to a gross profit of approximately $508,000 for the three months ended June 30, 2023 is primarily attributable to mix of contracts, lower sales and increased depreciation expense related to our satellite side of the business, and higher supply chain related costs.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses of approximately $3.1 million were down approximately $500,000 when compared with approximately $3.6 million for the same period in 2023, and was primarily due to the following:

- A decrease of approximately $255,000 in payroll and related expenses primarily as a result of labor hours directly related to building the satellite fixed asset were reclassed from selling, general and administrative expense to fixed asset.

- A decrease of approximately $180,000 in professional fees expense primarily as a result of reduction in use of outside legal firms and increased use of internal resources.

- A decrease of approximately $105,000 in D&O insurance expense to approximately $143,000 compared to $248,000 in 2023, due to a reduction in insurance rates.

- A decrease of approximately $95,000 in marketing and investor relations expense as a result of reduction in use of outside agencies and increased use of internal resources.

These decreases were partially offset by the following increases:

- An increase of approximately $75,000 related primarily to Board related cash and stock compensation as we continue to expand and build our Board of Directors.

- An increase of approximately $24,000 in monthly software-related costs driven by the growth and needs of our business and internal systems.

- An increase in Mission Operations Support expense of approximately $20,000 to approximately $63,000 compared to approximately $40,000 in 2023, related to ground support required for tracking and communicating with first satellite.

Total other income (expenses)

Other income and (expenses) showed a decrease of other expenses of $210,707 to $238,169 compared to $448,876 in 2023 primarily due to a change in accounting treatment of financing related costs included in other expense in 2023 to being included in the costs required to raise capital which are included in additional paid in capital on the balance sheet.

Six Months Ended June 30, 2024 compared to the Six Months Ended June 30, 2023

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change	%
Revenue	$ 1,977,725	$ 3,634,036	$ (1,656,311)	(46)%
Cost of revenue	2,734,762	2,230,460	504,302	23%
Gross Profit (Loss)	(757,037)	1,403,576	(2,160,613)	(154)%
Gross Profit Percentage	(38)%	39%		
Selling, General & Administrative expense	6,702,397	7,102,651	(400,254)	(6)%
Other income (expenses)	(487,150)	(1,243,565)	756,415	(61)%
Net loss	$ (7,946,584)	$ (6,942,640)	$ (1,003,944)	14%

Revenue

Total revenue for the six months ended June 30, 2024 decreased approximately $1.66 million versus total revenue for the six months ended June 30, 2023. Primarily a result of a change in the mix of contracts. Manufacturing non-related party revenue decreased 46% for the six months ended June 30, 2024 to approximately $1.7 million as compared to approximately $3.1 million for the six months ended June 30, 2023 and was primarily driven by the timing of fixed price milestone contracts and lower satellite related revenue. Manufacturing revenue from related parties decreased approximately 45% to approximately $298,000 for the six months ended June 30, 2024 from approximately $544,000 for the six months ended June 30, 2023 and was driven by timing of fixed price milestone contracts our related party entered into and outsourcing less of its work to us.

Cost of Revenue

The increased 23% in cost of revenue for the six months ended June 30, 2024 to approximately $2.7 million as compared to approximately $2.2 million for the six months ended June 30, 2023 was primarily driven by mix of contracts and a decrease in our higher margin satellite related business as well as continued increased supply chain related costs in the manufacturing side of our business. Cost of revenue from related parties for the 6 months ended June 30, 2024 versus prior year, included approximately $214,000 and approximately $387,000, respectively.

Gross Profit (Loss)

The decrease in our gross profit of approximately $2.16 million to a gross loss of approximately $757,000 for the six months ended June 30, 2024 as compared to a gross profit of approximately $1.4 million for the six months ended June 30, 2023 is primarily attributable to mix of contracts, lower sales from our satellite related business and higher supply chain related costs.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses of approximately $6.7 million were down approximately $400,000 when compared with approximately $7.1 million for the same period in 2023, and was primarily due to the following:

- A decrease of approximately $467,000 in payroll and related expenses primarily as a result of labor hours directly related to building the satellite fixed asset were reclassed from selling, general and administrative expense to fixed asset.

- A decrease of approximately $250,000 in marketing and investor relations expense as a result of reduction in use of outside agencies and increased use of internal resources.

- A decrease of approximately $217,000 in professional fees expense primarily as a result of reduction in use of outside legal firms and increased use of internal resources.

- A decrease of approximately $211,000 in D&O insurance expense to approximately $285,000 compared to $498,000 in 2023, due to a reduction in insurance rates.

These decreases were partially offset by the following increases:

- An increase in Mission Operations Support expense of approximately $305,000 to approximately $345,000 compared to approximately $40,000 in 2023, related to ground support required for tracking and communicating with first satellite. An increase of approximately $164,000 related primarily to Board related cash and stock compensation as we continue to expand and build our Board of Directors.

- An increase of approximately $246,000 in fundraising related costs driven by the growth and needs of our business and internal systems.

- An increase of approximately $164,000 related primarily to Board related cash and stock compensation as we continue to expand and build our Board of Directors.

Total other income (expenses)

Other income and (expenses) showed a decrease of other expenses of $756,415 to $487,150 compared to $1,243,565 in 2023 primarily due to a change in accounting treatment of financing related costs included in other expense in 2023 to being included in the costs required to raise capital which are included in additional paid in capital on the balance sheet.

NON-GAAP MEASURES

To provide investors with additional information in connection with our results as determined in accordance with GAAP, we use non-GAAP measures of adjusted EBITDA. We use adjusted EBITDA in order to evaluate our operating performance and make strategic decisions regarding future direction of the company since it provides a meaningful comparison to our peers using similar measures. We define adjusted EBITDA as net income (as determined by U.S. GAAP) adjusted for interest expense, depreciation and amortization expense, acquisition deal costs, severance costs, capital market and advisory fees, equity-based compensation and warrant costs. These non-GAAP measures may be different from non-GAAP measures made by other companies since not all companies will use the same measures. Therefore, these non-GAAP measures should not be considered in isolation or as a substitute for relevant U.S. GAAP measures and should be read in conjunction with information presented on a U.S. GAAP basis.

The following table reconciles adjusted EBITDA to net loss (the most comparable GAAP measure) for the three months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change	%
Net Income / (Loss)	$ (4,136,084)	$ (3,501,581)	$ (634,503)	18%
Interest Expense (i)	249,174	228,244	20,930	9%
Depreciation and Amortization (ii)	605,003	76,025	528,978	696%
Fundraising expense (iii)	-	139,000	(139,000)	(100)%
Warrant costs underwriter (iv)	-	240,525	(240,525)	(100)%
Severance Costs	17,231	-	17,231	-
Equity based compensation	80,829	-	80,829	-
Total Non-GAAP Adjustments	952,237	683,794	268,443	39%
Adjusted EBITDA	(3,183,847)	(2,817,788)	(366,059)	13%

(i) Sidus Space incurred increased interest expense due to short-term note payable due in Q4 2024 and interest expense related to an asset-based loan.
(ii) Sidus Space incurred increased depreciation expense 2024 with launch and deployment of satellite fixed asset and related satellite software, as well as new ERP software capitalization.
(iii) Sidus Space incurred decreased Fundraising expense due to no fundraising activities in Q2 2024.
(iv) Sidus Space incurred one-time costs related to underwriter warrants during 2023

The following table reconciles adjusted EBITDA to net loss (the most comparable GAAP measure) for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Change	%
Net Income / (Loss)	$ (7,946,584)	$ (6,942,640)	$ (1,003,944)	14%
Interest Expense (i)	497,707	457,915	39,792	9%
Depreciation and Amortization (ii)	858,033	79,385	778,648	981%
Fundraising expense (iii)	560,322	174,000	386,322	222%
Warrant costs underwriter (iv)	-	806,754	(806,754)	(100)%
Severance Costs	7,509	-	7,509	-
Equity based compensation	160,027	-	160,027	-
Total Non-GAAP Adjustments	2,083,598	1,518,054	565,544	37%
Adjusted EBITDA	(5,862,986)	(5,424,586)	(438,400)	8%

(i) Sidus Space incurred increased interest expense due to short-term note payable due in Q4 2024 and interest expense related to an asset-based loan.
(ii) Sidus Space incurred increased depreciation expense 2024 with launch and deployment of satellite fixed asset and related satellite software, as well as new ERP software capitalization.
(iii) Sidus Space incurred internal Fundraising expense related to multiple capital raises in 2024 & 2023
(iv) Sidus Space incurred one-time costs related to underwriter warrants during 2023

Liquidity and Capital Resources

The following table provides selected financial data about us as of June 30, 2024, and December 31, 2023.

	June 30, 2024	December 31, 2023	Change	%
Current assets	$ 8,303,412	$ 9,202,310	$ (898,898)	(10)%
Current liabilities	$ 8,735,296	$ 12,219,356	$ (3,484,060)	(29)%
Working capital (deficiency)	$ (431,884)	$ (3,017,046)	$ 2,585,162	(86)%

We had an accumulated deficit of approximately $50.8 million and working capital deficiency of approximately $432,000 as of June 30, 2024. As of June 30, 2024, we had approximately $1.4 million of cash as compared with approximately $1.2 million as of December 31,2023.

As of June 30, 2024 the working capital deficiency is primarily due to our build out of our LizzieSat satellites in anticipation of additional upcoming launches. As of December 31, 2023, the working capital deficiency is primarily due to our build out of our LizzieSat satellite launched in Q1 2024.

Current assets decreased 10% or by approximately $900,000 to approximately $8.3 million as of June 30, 2024 from approximately $9.2 million as of December 31, 2023. The decrease is primarily attributable to a decrease in prepaids and accounts receivable, slightly offset by an increase in cash and inventory.

Current liabilities decreased by approximately $3.5 million or 29% to approximately $8.7 million as of June 30, 2024 from approximately $12.2 million December 31,2023. The decrease was primarily attributable to a decrease in accounts payable and other current liabilities and our asset-based loan liability.

Cash Flow

	Six Months Ended June 30,			
	2024	2023	Change	%
Cash used in operating activities	$ (7,570,068)	$ (6,139,261)	$ (1,430,807)	23%
Cash used in investing activities	$ (4,067,741)	$ (2,614,169)	$ (1,453,572)	56%
Cash provided by financing activities	$ 11,866,071	$ 14,322,020	$ (2,455,949)	(17)%
Cash on hand	$ 1,444,369	$ 7,863,849	$ (6,419,480)	(82)%

Cash Flow from Operating Activities

Six Months ended June 30, 2024 and 2023

For the six months ended June 30, 2024 and 2023, we did not generate positive cash flows from operating activities. For the six months ended June 30, 2024, net cash flows used in operating activities was approximately $7.6 million compared to approximately $6.1 million during the six months ended June 30, 2023.

Cash flows used in operating activities for the six months ended June 30, 2024 of approximately $7.6 million is comprised of a net loss of approximately $7.9 million, which was reduced by non-cash expenses of $160,028 for stock-based compensation and $858,033 for depreciation, and an increase in net change in working capital of approximately $642,000.

Cash flows used in operating activities for the six months ended June 30, 2023 of approximately $6.1 million is comprised of a net loss of approximately $6.9 million, which was reduced by non-cash expenses of $806,754 for the issuance of warrants as compensation of underwriters services and $79,385 for depreciation, and an increase in net change in working capital of approximately $83,000.

Cash Flows from Investing Activities

During the six months ended June 30, 2024 and 2023, we purchased property and equipment in the amount of approximately $4.1 million and $2.6 million respectively, primarily related to purchasing satellite related components and software.

Cash Flows from Financing Activities

During the six months ended June 30, 2024, net cash provided in financing activities of approximately $11.9 million included a January 2024, capital raise of approximately $5.6 million and a February 2024, capital raise of approximately $7.9 million partially offset by repayment of an asset-based loan of approximately $1.7 million net and repayment of notes payable of $150,000.

During the six months ended June 30, 2023, net cash provided in financing activities of approximately $14.3 million included our January and April 2023 capital raises of approximately $14.8 million net proceeds, partially offset by approximately $286,000 net repayment of an asset-based loan agreement and repayment of notes payable of approximately $180,000.

March 2024 Public Offering

On March 5, 2024, we completed an underwritten public offering of 1,321,000 shares of our Class A common stock at a public offering price of $6.00 per share, for which we received approximately $7.1million of net proceeds.

January 2024 Public Offering

On January 29, 2024, we completed a public offering of 1,181,800 shares of our Class A common stock at a public offering price of $4.50 per share, and Pre-Funded Warrants to purchase up to 69,900 shares of Class A common stock at a public offering price of $4.499 per Pre-Funded Warrant, for which we received approximately $5.0 million of net proceeds.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements or relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities.

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are described in more detail in the notes to our financial statements included elsewhere in this annual report on Form 10-K, we believe that the following accounting policies are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management’s judgments and estimates.

We believe our most critical accounting policies and estimates relate to the following:

- Revenue Recognition
- Inventory
- Credit losses
- Lease Accounting
- Stock Option and Warrant Valuation

Revenue Recognition

We adopted ASC 606 – Revenue from Contracts with Customers using the modified retrospective transition approach. The core principle of ASC 606 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for exchange of those goods or services. Our updated accounting policies and related disclosures are set forth below, including the disclosure for disaggregated revenue. The impact of adopting ASC 606 was not material to the Consolidated Financial Statements.

Our revenue is recognized under Topic 606 in a manner that reasonably reflects the delivery of its services and products to customers in return for expected consideration and includes the following elements:

- executed contracts with our customers that we believe are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- Allocation of the transaction price to each performance obligation; and
- recognition of revenue only when we satisfy each performance obligation.

These five elements, as applied to each of our revenue category, is summarized below:

- executed contracts with our customers that we believe are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- Allocation of the transaction price to each performance obligation; and
- recognition of revenue only when we satisfy each performance obligation.

Revenues from fixed price contracts that are still in progress at month end are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to the estimated total costs for each contract. This method is used because management considers total costs to be the best available measure of progress on these contracts. Revenue from fixed price contracts and time-and-materials contracts that are completed in the month the work was started are recognized when the work is shipped.

Revenues from fixed price contracts that require milestone payments are recognized at the time of the milestone being met. This method is used because management considers that the payments are nonrefundable unless the entity fails to perform as promised. If the customer terminates the contract, we are entitled only to retain any progress payments received from the customer and we have no further rights to compensation from the customer. Even though the payments made by the customer are nonrefundable, the cumulative amount of those payments is not expected, at all times throughout the contract, to at least correspond to the amount that would be necessary to compensate us for performance completed to date. Accordingly, we account for the progress under the contract as a performance obligation satisfied at a point in time.

Inventory

Inventory consists of work in progress and finished goods and consists of estimated revenue calculated on a percentage of completion based on direct labor and materials in relation to the total contract value. We do not maintain raw materials.

Credit Losses

The provision for expected credit losses on trade receivables are estimated based on historical information, customer solvency and changes in customer payment terms and practices. The Company will calibrate its provision matrix to adjust the historical credit loss experience with forward-looking information. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The company will utilize the Allowance Method based on the accounts receivable aging in order to accrue bad debt expense.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) – Targeted Improvements, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities - current, and operating lease liabilities - noncurrent on the balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we generally use our incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Leases with a lease term of 12 months or less at inception are not recorded on our balance sheet and are expensed on a straight-line basis over the lease term in our statement of operations.

Stock Option and Warrant Valuation

We use the Black-Scholes option-pricing model to value all options and Class A common stock warrants. Estimating the fair value of stock options using the Black-Scholes option-pricing model requires the application of significant assumptions, such as the fair value of our Class A common stock, the estimated term of the options, risk-free interest rates, the expected volatility of the price of our Class A common stock, and an expected dividend yield. Each of these assumptions is subjective, requires significant judgment, and is based upon management's best estimates. If any of these assumptions were to change significantly in the future, equity-based compensation related to future awards may differ significantly, as compared with awards previously granted.

JOBS Act

On April 5, 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended ("Securities Act") for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have chosen to take advantage of the extended transition periods available to emerging growth companies under the JOBS Act for complying with new or revised accounting standards until those standards would otherwise apply to private companies provided under the JOBS Act. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board ("PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Report, we conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control

There have been no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS.

Risk factors that affect our business and financial results are discussed in Part I, Item 1A "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report"). There have been no material changes in our risk factors from those previously disclosed in our Annual Report. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit No.	Description
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 is formatted in Inline XBRL
*	Filed herewith.

SIGNATURES

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

	SIDUS SPACE, INC.
Date: August 19, 2024	By: *~~/s/ Carol Craig~~*
	Carol Craig Chief Executive Officer (Principal Executive Officer)
Date: August 19, 2024	By: */s/ Bill White*
	Bill White Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer of Sidus Space, Inc.

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Carol Craig, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sidus Space, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2024

/s/ Carol Craig
Carol Craig
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer of Sidus Space, Inc.

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bill White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sidus Space, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2024

/s/ Bill White

Bill White
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Carol Craig, Chief Executive Officer of Sidus Space, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's quarterly report on Form 10-Q for the period ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 19, 2024

/s/ Carol Craig
Carol Craig
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Bill White, Chief Financial Officer of Sidus Space, Inc. (the “Company”), hereby certifies that based on the undersigned’s knowledge:

1. The Company’s quarterly report on Form 10-Q for the period ended June 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 19, 2024

/s/ Bill White
Bill White
Chief Financial Officer
(Principal Financial and Accounting Officer)