UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 March 31, 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 No. 001-38202

Virgin Galactic Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**85-3608069**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1700 Flight Way Tustin California	**92782**
(Address of Principal Executive Offices)	(Zip Code)

(949) 774-7640

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	SPCE	New York Stock Exchange

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 ☒

As of April 30, 2024, there were 411,361,910 shares of the Company's common stock outstanding.

VIRGIN GALACTIC HOLDINGS, INC.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning us and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of management, as well as assumptions made by, and information currently available to management.

Forward-looking statements may be accompanied by words such as “achieve,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “future,” “grow,” “increase,” “intend,” “may,” “opportunity,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strategy,” “target,” “will,” “would,” or similar words, phrases, or expressions. These forward-looking statements are subject to various risks and uncertainties, many of which are outside our control. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the following:

- any delay in future commercial flights of our spaceflight fleet;
- our ability to successfully develop and test our next generation vehicles, and the time and costs associated with doing so;
- the safety of our spaceflight systems;
- the development of the markets for commercial spaceflight and commercial research and development payloads;
- our ability to effectively market and sell spaceflights;
- our ability to convert our backlog or inbound inquiries into revenue;
- our anticipated full passenger capacity;
- our ability to achieve or maintain profitability;
- delay in development or the manufacture of spaceflight systems;
- our ability to supply our technology to additional market opportunities;
- our expected capital requirements and the availability of additional financing;
- our ability to attract or retain highly qualified personnel;
- the effect of terrorist activity, armed conflict (including any escalation of hostility arising out of the conflicts between Russia and Ukraine, Israel and Hamas, or other geopolitical conflicts), natural disasters or pandemic diseases on the economy generally, on our future financial or operational results, or our access to additional financing;
- consumer preferences and discretionary purchasing activity, which can be significantly adversely affected by unfavorable economic or market conditions;
- extensive and evolving government regulation that impact the way we operate;
- risks associated with international expansion;
- our ability to maintain effective internal control over financial reporting and disclosure and procedures; and
- our ability to continue to use, maintain, enforce, protect and defend our owned and licensed intellectual property, including the Virgin brand.

Additional factors that may cause actual results to differ materially from current expectations include, among other things, those set forth in Part I, Item 1.“Business,” Part I, Item 1A. “Risk Factors,” and Part II, Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the “Annual Report on Form 10-K”) and in Part I, Item 2. “Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q. Although we believe that the expectations reflected in the forward-looking statements are reasonable, our information may be incomplete or limited, and we cannot guarantee future results. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Each of the terms the “Company,” “Virgin Galactic,” “we,” “our,” “us” and similar terms used herein refer collectively to Virgin Galactic Holdings, Inc., a Delaware corporation, and its consolidated subsidiaries, unless otherwise stated.

PART I. FINANCIAL INFORMATION

VIRGIN GALACTIC HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(Unaudited; in thousands, except share and per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 195,433	$ 216,799
Restricted cash	34,918	36,793
Marketable securities, short-term	569,778	657,238
Other current assets	37,324	39,999
Total current assets	837,453	950,829
Marketable securities, long-term	67,105	71,596
Property, plant and equipment, net	110,610	93,806
Other non-current assets	63,093	63,286
Total assets	$ 1,078,261	$ 1,179,517
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 32,886	$ 32,415
Customer deposits	92,334	97,841
Other current liabilities	46,534	55,404
Total current liabilities	171,754	185,660
Non-current liabilities:		
Convertible senior notes, net	418,438	417,886
Other non-current liabilities	70,487	70,495
Total liabilities	660,679	674,041
Commitments and contingencies (Note 14)		
Stockholders' Equity		
Preferred stock, $ 0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $ 0.0001 par value; 700,000,000 shares authorized; 405,272,587 and 399,908,982 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	41	40
Additional paid-in capital	2,646,186	2,631,197
Accumulated deficit	(2,228,144)	(2,126,132)
Accumulated other comprehensive income (loss)	(501)	371
Total stockholders' equity	417,582	505,476
Total liabilities and stockholders' equity	$ 1,078,261	$ 1,179,517

See accompanying notes to condensed consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited; in thousands, except per share amounts)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue	$ 1,985	$ 392
Operating expenses:		
Spaceline operations	22,591	318
Research and development	58,969	109,870
Selling, general and administrative	27,884	50,365
Depreciation and amortization	3,699	3,245
Total operating expenses	113,143	163,798
Operating loss	(111,158)	(163,406)
Interest income	12,308	7,330
Interest expense	(3,227)	(3,211)
Other income, net	145	30
Loss before income taxes	(101,932)	(159,257)
Income tax expense	80	128
Net loss	(102,012)	(159,385)
Other comprehensive income (loss):		
Foreign currency translation adjustment	(8)	35
Unrealized gain (loss) on marketable securities	(864)	3,101
Total comprehensive loss	$ (102,884)	$ (156,249)
Net loss per share:		
Basic and diluted	$ (0.25)	$ (0.57)
Weighted-average shares outstanding:		
Basic and diluted	400,387	278,450

See accompanying notes to condensed consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited; in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance at December 31, 2022	275,397,229	$ 28	$ 2,111,316	$ (1,623,795)	$ (7,326)	$ 480,223
Net loss	—	—		(159,385)	—	(159,385)
Other comprehensive income	—	—		—	3,136	3,136
Stock-based compensation for equity-classified awards	—	—	12,976	—	—	12,976
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	508,159	—	(1,870)	—	—	(1,870)
Issuance of common stock pursuant to at-the-market offering	5,759,499	—	32,044	—	—	32,044
Transaction costs	—	—	(343)	—	—	(343)
Balance at March 31, 2023	281,664,887	$ 28	$ 2,154,123	$ (1,783,180)	$ (4,190)	$ 366,781

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance at December 31, 2023	399,908,982	$ 40	$ 2,631,197	$ (2,126,132)	$ 371	$ 505,476
Net loss	—	—	—	(102,012)	—	(102,012)
Other comprehensive loss	—	—	—	—	(872)	(872)
Stock-based compensation for equity-classified awards	—	—	8,045	—	—	8,045
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	274,709	—	(269)	—	—	(269)
Issuance of common stock pursuant to at-the-market offering	5,088,896	1	7,271	—	—	7,272
Transaction costs	—	—	(58)	—	—	(58)
Balance at March 31, 2024	405,272,587	$ 41	$ 2,646,186	$ (2,228,144)	$ (501)	$ 417,582

See accompanying notes to condensed consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (102,012)	$ (159,385)
Stock-based compensation	8,244	12,976
Depreciation and amortization	3,699	3,245
Amortization of debt issuance costs	552	535
Other non-cash items	(5,328)	(236)
Change in operating assets and liabilities:		
Other current and non-current assets	3,835	7,594
Accounts payable	(7,480)	2,146
Customer deposits	(5,507)	(569)
Other current and non-current liabilities	(9,232)	(2,375)
Net cash used in operating activities	(113,229)	(136,069)
Cash flows from investing activities:		
Capital expenditures	(13,072)	(2,767)
Purchases of marketable securities	(161,843)	(83,287)
Proceeds from maturities and calls of marketable securities	257,414	305,791
Other investing activities	598	—
Net cash provided by investing activities	83,097	219,737
Cash flows from financing activities:		
Payments of finance lease obligations	(60)	(59)
Proceeds from issuance of common stock	7,272	32,044
Withholding taxes paid on behalf of employees on net settled stock-based awards	(269)	(1,870)
Transaction costs related to issuance of common stock	(52)	(320)
Net cash provided by financing activities	6,891	29,795
Net increase (decrease) in cash, cash equivalents and restricted cash	(23,241)	113,463
Cash, cash equivalents and restricted cash at beginning of period	253,592	342,627
Cash, cash equivalents and restricted cash at end of period	$ 230,351	$ 456,090
Cash and cash equivalents	$ 195,433	$ 415,682
Restricted cash	34,918	40,408
Cash, cash equivalents and restricted cash	$ 230,351	$ 456,090

See accompanying notes to condensed consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements

(1) Description of Business and Basis of Presentation

Virgin Galactic Holdings, Inc., together with its consolidated subsidiaries ("Virgin Galactic" or the "Company"), is an aerospace and space travel company focused on the development, manufacture and operation of spaceships and related technologies. The Company provides access to space for private individuals, researchers and government agencies. The Company's missions include flying passengers to space, as well as flying scientific payloads and researchers to space in order to conduct experiments for scientific and educational purposes.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Certain information and footnote disclosures, normally included in annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), have been condensed or omitted pursuant to such rules and regulations. However, in management's opinion, the condensed consolidated financial statements reflect all adjustments, including those of a normal recurring nature, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods presented.

The operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the entire fiscal year. The accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

Statement of Operations Presentation

In July 2023, the Company concluded that technological feasibility had been achieved for its initial spaceship, VSS Unity, and mothership carrier aircraft, VMS Eve, which together comprise the Company's current spaceflight system. As a result, future costs associated with this spaceflight system, including the manufacture of related rocket motors, will no longer qualify as research and development activities.

Following the launch of commercial service and achievement of technological feasibility, the Company began presenting the operating expenses supporting the Company's commercial spaceline activities as spaceline operations expense in the accompanying condensed consolidated statements of operations and comprehensive loss. Expenses incurred prior to the achievement of technological feasibility were classified as research and development and selling, general and administrative expenses. Spaceline operations expense includes costs associated with commercial spaceflight services and production costs that are not eligible for capitalization. Spaceline operations expense also includes costs to support the Company's Future Astronaut community and costs related to payload cargo and engineering services, which were previously presented as customer experience expense.

(2) Cash, Cash Equivalents and Marketable Securities

The Company maintains certain cash balances restricted as to withdrawal or use. Restricted cash consists of cash deposits received from future astronauts that are contractually restricted for operational use until the condition of carriage is signed or the deposits are refunded.

The amortized cost, unrealized gains (losses) and estimated fair value of the Company's cash, cash equivalents and marketable securities are as follows:

	March 31, 2024		
	Amortized Cost	Gross Unrealized Losses	Fair Value
		(In thousands)	
Cash and cash equivalents:			
Cash and restricted cash	$ 9,665	$ —	$ 9,665
Money market	220,686	—	220,686
Marketable securities:			
U.S. treasuries	113,081	(59)	113,022
Corporate bonds	524,364	(503)	523,861
	$ 867,796	$ (562)	$ 867,234

	December 31, 2023		
	Amortized Cost	Gross Unrealized Gains	Fair Value
		(In thousands)	
Cash and cash equivalents:			
Cash and restricted cash	$ 17,727	$ —	$ 17,727
Money market	235,865	—	235,865
Marketable securities:			
U.S. treasuries	198,639	44	198,683
Corporate bonds	529,893	258	530,151
	$ 982,124	$ 302	$ 982,426

Interest receivable of $ 4.4 million and $ 4.6 million is included in other current assets in the accompanying condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023, respectively.

The Company recognizes amortization and accretion of purchase premiums and discounts on its marketable securities in interest income in the accompanying condensed consolidated statements of operations and comprehensive loss. The Company recognized $ 5.3 million and $ 0.4 million in accretion income, net for its marketable securities for the three months ended March 31, 2024 and 2023, respectively.

The following table presents the contractual maturities of the Company's marketable securities as of March 31, 2024:

	March 31, 2024	
	Amortized Cost	Estimated Fair Value
	(In thousands)	
Matures within one year	$ 570,361	$ 569,778
Matures between one to two years	67,084	67,105
	$ 637,445	$ 636,883

(3) Inventories

Inventories are included in other current assets in the accompanying condensed consolidated balance sheets and are comprised of the following:

	March 31, 2024	December 31, 2023
	(In thousands)	
Raw materials and work-in-process	$ 13,960	$ 13,875
Spare parts	2,761	2,426
	$ 16,721	$ 16,301

(4) Property, Plant and Equipment, Net

Property, plant and equipment consists of the following:

	March 31, 2024	December 31, 2023
	(In thousands)	
Land	$ 1,302	$ 1,302
Buildings	9,092	9,092
Flight vehicles and rotables	4,099	4,074
Machinery and equipment	41,005	39,983
Information technology software and equipment	42,576	43,256
Leasehold improvements	37,424	37,141
Construction in progress	54,025	34,584
	189,523	169,432
Less: accumulated depreciation and amortization	78,913	75,626
	$ 110,610	$ 93,806

(5) Leases

The components of expense related to leases are as follows:

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Operating lease cost	$ 3,459	$ 2,810
Variable lease cost	1,144	701
Short-term lease cost	6	6
Finance lease cost:		
Amortization of assets under finance leases	67	65
Interest on finance lease liabilities	19	19
Total finance lease cost	86	84
Total lease cost	$ 4,695	$ 3,601

The components of supplemental cash flow information related to leases are as follows:

	Three Months Ended March 31,	
	2024	2023
	(In thousands, except term and rate data)	
Cash Flow Information:		
Operating cash flows from operating leases	$ 3,250	$ 2,055
Operating cash flows from finance leases	$ 19	$ 19
Financing cash flows from finance leases	$ 60	$ 59
Non-cash Activity:		
Assets acquired in exchange for lease obligations:		
Operating leases	$ —	$ —
Finance leases	$ —	$ 86
Other Information:		
Weighted-average remaining lease term:		
Operating leases (in years)	9.5	10.4
Finance leases (in years)	3.0	3.2
Weighted-average discount rates:		
Operating leases	12.1 %	12.1 %
Finance leases	13.1 %	12.7 %

The supplemental balance sheet information related to leases is as follows:

	March 31, 2024	December 31, 2023
	(In thousands)	
Operating Leases:		
Long-term right-of-use assets	$ 58,476	$ 58,526
Short-term operating lease liabilities	$ 4,538	$ 4,350
Long-term operating lease liabilities	68,900	68,864
Total operating lease liabilities	$ 73,438	$ 73,214

Right-of-use assets are included in other non-current assets, and lease liabilities are included in other current liabilities and other non-current liabilities in the accompanying condensed consolidated balance sheets.

(6) Other Current Liabilities

The components of other current liabilities are as follows:

	March 31, 2024	December 31, 2023
	(In thousands)	
Accrued compensation	$ 16,555	$ 32,179
Accrued manufacturing sub-contractor and contract labor costs	9,154	9,500
Other	20,825	13,725
	$ 46,534	$ 55,404

(7) Convertible Senior Notes

In January 2022, the Company completed an offering of $ 425 million aggregate principal amount of convertible senior notes (the "2027 Notes"). The 2027 Notes are senior unsecured obligations of the Company and bear interest at a fixed rate of 2.50 % per year. Interest is payable in cash semi-annually in arrears on February 1 and August 1 of each year. The 2027 Notes mature on February 1, 2027 unless earlier repurchased, redeemed or converted.

The net carrying value of the 2027 Notes is as follows:

	March 31, 2024	December 31, 2023
	(In thousands)	
Principal	$ 425,000	$ 425,000
Less: unamortized debt issuance costs	6,562	7,114
Net carrying amount	$ 418,438	$ 417,886

During each of the three months ended March 31, 2024 and 2023, the Company recognized $ 3.2 million of interest expense on the 2027 Notes. Interest expense included $ 0.6 million and $ 0.5 million of amortized debt issuance costs during the three months ended March 31, 2024 and 2023, respectively.

(8) Stockholders' Equity

In August 2022, the Company entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC (each, an “Agent” and collectively, the “Agents”) providing for the offer and sale of up to $ 300 million of shares of the Company's common stock from time to time through the Agents, acting as sales agents, or directly to one or more of the Agents, acting as principal(s), through an "at-the-market offering" program (the "2022 ATM Program").

During the three months ended March 31, 2023, the Company sold 5.8 million shares of common stock under the 2022 ATM Program, generating $ 32.0 million in gross proceeds, before deducting $ 0.3 million in underwriting discounts, commissions and other expenses. The Company completed the 2022 ATM Program in June 2023.

In June 2023, the Company entered into a distribution agency agreement with the Agents providing for the offer and sale of up to $ 400 million of shares of the Company's common stock from time to time through the Agents, acting as sales agents, or directly to one or more of the Agents, acting as principal(s), through an "at-the-market offering" program (the "2023 ATM Program").

During the three months ended March 31, 2024, the Company sold 5.1 million shares of common stock under the 2023 ATM Program, generating $ 7.3 million in gross proceeds, before deducting $ 0.1 million in underwriting discounts, commissions and other expenses.

As of March 31, 2024, the Company sold a total of 84.8 million shares of common stock under the 2023 ATM Program, generating $ 294.7 million in gross proceeds, before deducting $ 2.9 million in underwriting discounts, commissions and other expenses.

(9) Stock-Based Compensation

The Company maintains two equity incentive plans -- the Amended and Restated Virgin Galactic Holdings, Inc. 2019 Incentive Award Plan (the "A&R Plan") and the Virgin Galactic Holdings, Inc. 2023 Employment Inducement Incentive Award Plan (the "Inducement Plan").

Pursuant to the A&R Plan, the Company has granted time-based stock options, performance-based stock options ("PSOs"), restricted stock units ("RSUs"), and performance stock units ("PSUs"). Pursuant to the Inducement Plan, the Company has granted RSUs.

Liability-Classified Stock Awards

During the three months ended March 31, 2024, the Company granted 5.5 million RSUs under the A&R Plan that are expected be settled in cash. Changes in the fair value of these liability-classified awards are reported on a quarterly basis through their final vesting. Expense is recognized over the requisite service period of the award, with recognition of a corresponding liability recorded in other current liabilities in the accompanying condensed consolidated balance sheet as of March 31, 2024. Changes in fair value are recognized in stock-based compensation expense.

A summary of the components of stock-based compensation expense included in the condensed consolidated statements of operations and comprehensive loss is as follows:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Stock option and PSO expense:		
Spaceline operations	$ —	$ —
Research and development	—	533
Selling, general and administrative	617	1,638
Total stock option and PSO expense	617	2,171
RSU and PSU expense:		
Spaceline operations	1,168	—
Research and development	1,106	2,483
Selling, general and administrative	5,353	8,322
Total RSU and PSU expense	7,627	10,805
Total stock-based compensation expense	8,244	12,976
Less: stock-based compensation expense for liability-classified awards	199	—
Stock-based compensation expense for equity-classified awards	$ 8,045	$ 12,976

As of March 31, 2024, the Company had unrecognized stock-based compensation expense of $ 2.9 million for stock options, which is expected to be recognized over a weighted-average period of 0.7 years. There was no unrecognized stock-based compensation expense for PSOs. Unrecognized stock-based compensation expense as of March 31, 2024 for RSUs and PSUs totaled $ 48.3 million and $ 4.8 million, respectively, which are expected to be recognized over weighted-average periods of 1.2 years and 0.8 years, respectively.

(10) Special Charges

In November 2023, the Company commenced a restructuring plan designed to decrease costs and strategically realign its resources. In connection with this plan, the Company announced a workforce reduction constituting approximately 18 % of its workforce. As a result, the Company recorded $ 4.4 million in severance and related benefit costs for the involuntarily terminated employees as special charges during the fourth quarter of 2023.

During the three months ended March 31, 2024, the Company fully paid the $ 1.4 million liability balance associated with these costs that were accrued at December 31, 2023.

(11) Income Taxes

Income tax expense was $ 80,000 and $ 128,000 for the three months ended March 31, 2024 and 2023, respectively. The effective income tax rate was nil for each of the three months ended March 31, 2024 and 2023. The effective tax rate differs from the U.S. statutory rate primarily due to a full valuation allowance against net deferred tax assets where it is more likely than not that some or all of the deferred tax assets will not be realized.

(12) Earnings Per Share

The following table presents net loss per share and related information:

	Three Months Ended March 31,	
	2024	**2023**
	(In thousands, except per share amounts)	
Basic and diluted:		
Net loss	$ (102,012)	$ (159,385)
Weighted average common shares outstanding	400,387	278,450
Basic and diluted net loss per share	$ (0.25)	$ (0.57)

Basic and diluted net loss per share is computed using the weighted-average number of shares of common stock outstanding during the period. The computation of diluted net loss per share excludes the effect of all potential common shares outstanding as their impact would have been anti-dilutive.

The Company has excluded stock-based awards and shares issuable upon conversion of the 2027 Notes from the diluted loss per share calculation because their effect was anti-dilutive. The total number of shares excluded for the three months ended March 31, 2024 and 2023 were 49.1 million and 47.2 million, respectively.

(13) Fair Value Measurements

Assets and liabilities subject to fair value measurements are required to be disclosed within a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. Accordingly, assets and liabilities carried at fair value are classified within the fair value hierarchy in one of the following categories:

• Level 1 inputs — Quoted prices in active markets for identical assets or liabilities.

• Level 2 inputs — Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

• Level 3 inputs — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

The following tables present the Company's financial assets that are recorded at fair value on a recurring basis, segregated among the appropriate levels within the fair value hierarchy:

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market	$ 220,686	$ —	$ —	$ 220,686
U.S. treasuries	113,022	—	—	113,022
Corporate bonds	—	523,861	—	523,861
Total assets at fair value	$ 333,708	$ 523,861	$ —	$ 857,569

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market	$ 235,865	$ —	$ —	$ 235,865
U.S. treasuries	198,683	—	—	198,683
Corporate bonds	—	530,151	—	530,151
Total assets at fair value	$ 434,548	$ 530,151	$ —	$ 964,699

The following tables present the Company's financial liabilities that are recorded at amortized cost, segregated among the appropriate levels within the fair value hierarchy:

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Liabilities:				
2027 Notes	$ —	$ 156,685	$ —	$ 156,685
Total liabilities at fair value	$ —	$ 156,685	$ —	$ 156,685

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Liabilities:				
2027 Notes	$ —	$ 189,937	$ —	$ 189,937
Total liabilities at fair value	$ —	$ 189,937	$ —	$ 189,937

The estimated fair value of the 2027 Notes, which are classified as Level 2 financial instruments, was determined based on the estimated or actual bid prices of the 2027 Notes in an over-the-counter market on the last business day of the period.

(14) Commitments and Contingencies

Leases

Future minimum lease payments under non-cancellable operating leases and future minimum finance lease payments as of March 31, 2024 are as follows:

	Operating Leases	Finance Leases
	(In thousands)	
2024 (for the remaining period)	$ 9,793	$ 178
2025	13,240	227
2026	13,233	176
2027	12,919	61
2028	12,706	22
Thereafter	65,072	—
Total payments	126,963	664
Less: present value discount/imputed interest	53,525	108
Present value of lease liabilities	$ 73,438	$ 556

Legal Proceedings

From time to time, the Company is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. The Company applies accounting for contingencies to determine when and how much to accrue for and disclose related to legal and other contingencies. Accordingly, the Company discloses contingencies deemed to be reasonably possible and accrues loss contingencies when, in consultation with legal advisors, it is concluded that a loss is probable and reasonably estimable. Although the ultimate aggregate amount of monetary liability or financial impact with respect to these matters is subject to many uncertainties and is therefore not predictable with assurance, management believes that any monetary liability or financial impact to the Company from these matters, individually and in the aggregate, beyond that provided at March 31, 2024, would not be material to the Company's consolidated financial position, results of operations or cash flows. However, there can be no assurance with respect to such result, and monetary liability or financial impact to the Company from legal proceedings, lawsuits and other claims could differ materially from those projected.

The Boeing Company and Aurora Flight Sciences Corporation v. the Company

On March 21, 2024, The Boeing Company and Aurora Flight Sciences Corporation, a Boeing Company (collectively, "Boeing"), filed suit against the Company in the Eastern District of Virginia, captioned The Boeing Company and Aurora Flight Sciences Corporation, a Boeing Company v. Virgin Galactic Holdings, Inc., Case No. 1:21-cv-03070. In its complaint, Boeing alleges that the Company breached the parties' Master Agreement. Boeing further alleges trade secret misappropriation under the Delaware Uniform Trade Secrets Act ("DUTSA"), 6 Del C. § 2001, et. seq., and the Defend Trade Secrets Act ("DTSA"), 18 U.S.C. § 1836, et. seq., and filed a motion for preliminary injunction to destroy certain disputed documents. The complaint seeks damages in excess of $ 25 million, expenses, attorneys' fees and other equitable relief.

On April 4, 2024, the Company filed suit against Boeing in the Central District of California. In its complaint, the Company sought: (1) declaratory judgment of no misappropriation of trade secrets under either DUTSA or DTSA by the Company, (2) declaratory judgment of no breach of contract by the Company, and (3) damages related to Boeing's breach of contract for failure to adequately perform, including incomplete work on design phases of the project.

On April 12, 2024, Boeing filed a motion for an anti-suit injunction in connection with the Company's California suit. That same day, the Company filed an answer to Boeing's Virginia complaint and an opposition to Boeing's motion for preliminary injunction. A hearing on the motions for the preliminary injunction and anti-suit injunction is set for May 24, 2024. The Company intends to continue to vigorously defend against this matter.

Lavin v. the Company

On May 28, 2021, a class action complaint was filed against the Company in the Eastern District of New York captioned Lavin v. Virgin Galactic Holdings, Inc., Case No. 1:21-cv-03070. In September 2021, the Court appointed Robert Scheele and Mark Kusnier as co-lead plaintiffs for the purported class. Co-lead plaintiffs amended the complaint in December 2021, asserting violations of Sections 10(b), 20(a) and 20A of the Exchange Act of 1934 against the Company and certain of its current and former officers and directors on behalf of a putative class of investors who purchased the Company's common stock between July 10, 2019 and October 14, 2021.

The amended complaint alleges, among other things, that the Company and certain of its current and former officers and directors made false and misleading statements and failed to disclose certain information regarding the safety of the Company's ships and success of its commercial flight program. Co-lead plaintiffs seek damages, interest, costs, expenses, attorneys' fees, and other unspecified equitable relief. The defendants moved to dismiss the amended complaint and, on November 7, 2022, the court granted in part and denied in part the defendants' motion and gave the plaintiffs leave to file a further amended complaint.

Plaintiffs filed a second amended complaint on December 12, 2022. The second amended complaint contains many of the same allegations as in the first amended complaint. The defendants moved to dismiss the second amended complaint and, on August 8, 2023, the court granted in part and denied in part the defendants' motion and did not give plaintiffs leave to file a further amended complaint. Plaintiffs moved for reconsideration of the court's dismissal order and, on December 19, 2023, the court denied plaintiffs' motion. On March 27, 2024, the defendants moved for judgment on the pleadings as to the remaining Section 10(b) insider trading claim alleged against Branson. On April 2, 2024, the court stayed briefing on defendants' motion for judgment on the pleadings pending resolution of plaintiffs' anticipated motion for leave to add a new representative plaintiff. On April 11, 2024, the court set the following briefing schedule on plaintiffs' motion: plaintiffs' motion is due May 1, 2024; defendants' opposition is due May 21, 2024; and plaintiffs' reply is due May 31, 2024. The Company intends to continue to vigorously defend against this matter.

Spiteri, Grenier, Laidlaw, and St. Jean derivatively on behalf of the Company vs. Certain Current and Former Officers and Directors

On February 21, 2022, March 1, 2022, September 21, 2022, and December 13, 2022, four alleged shareholders filed separate derivative complaints purportedly on behalf of the Company against certain of the Company's current and former officers and directors in the Eastern District of New York captioned Spiteri v. Branson et al., Case No. 1:22-cv-00933 ("Spiteri Action"), Grenier v. Branson et al., Case No. 1:22-cv-01100 ("Grenier Action"), Laidlaw v. Branson et al., Case No. 1:22-cv-05634 ("Laidlaw Action"), and St. Jean v. Branson et al., Case No. 1:22-cv-7551 ("St. Jean Action"), respectively. On May 4, 2022, the Spiteri and Grenier Actions were consolidated and recaptioned In re Virgin Galactic Holdings, Inc. Derivative Litigation, Case No. 1:22-cv-00933 ("Consolidated Derivative Action"). On September 30, 2023, the Laidlaw Action was consolidated into the Consolidated Derivative Action. Collectively, the complaints assert violations of Sections 10(b), 14(a), and 21D of the Exchange Act of 1934 and claims of breach of fiduciary duty, aiding and abetting breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, contribution and indemnification, and unjust enrichment arising from substantially similar allegations as those contained in the securities class action described above. The complaints seek an unspecified sum of damages, interest, restitution, expenses, attorneys' fees and other equitable relief. The cases are at a preliminary stage.

Abughazaleh derivatively on behalf of the Company vs. Certain Current and Former Officers and Directors

On February 13, 2023, alleged shareholder Yousef Abughazaleh filed a derivative complaint purportedly on behalf of the Company against certain of the Company's current and former officers and directors in the District of Delaware captioned Abughazaleh v. Branson et al., Case No. 23-156-MN. The complaint asserts violations of Section 14(a) of the Exchange Act of 1934 and SEC Rule 14a-9, and claims of breach of fiduciary duty, contribution and indemnification, and unjust enrichment arising from substantially similar allegations as those contained in the securities class action described above.

The complaint seeks an unspecified sum of damages, interest, restitution, expenses, attorneys' fees and other equitable relief. The case is at a preliminary stage.

Molnar and Tubbs derivatively on behalf of the Company vs. Certain Current and Former Officers and Directors

On April 9, 2024, alleged shareholders Crystal Molnar and Cleveland Tubbs filed a derivative complaint purportedly on behalf of the Company against certain of the Company's current and former officers and directors in the Central District of California captioned Molnar v. Branson et al., Case No. 8:24-cv-775. The complaint asserts violations of Section 10(b) and 21D of the Exchange Act of 1934, and claims of breach of fiduciary duty and unjust enrichment arising from substantially similar allegations as those contained in the securities class action described above.

The complaint seeks an unspecified sum of damages, restitution, expenses, attorneys' fees, and other equitable relief. The case is at a preliminary stage.

(15) Related Party Transactions

The Company licenses its brand name from certain entities affiliated with Virgin Enterprises Limited ("VEL"), a company incorporated in England. VEL is an affiliate of the Company. Under the trademark license, the Company has the exclusive right to operate under the brand name "Virgin Galactic" worldwide. Royalties payable, excluding sponsorship royalties, are the greater of (a) a low single-digit percentage of gross sales and (b) (i) prior to the first spaceflight for paying astronauts, a mid-five figure amount in dollars and (ii) from the first spaceflight for paying astronauts, a low-six figure amount in dollars, which increases to a low-seven figure amount in dollars over a four-year ramp up and thereafter increases in correlation with the consumer price index. Royalties payable on sponsorships are based on a mid-double-digit percentage of the related gross sales. During the three months ended March 31, 2024 and 2023, the Company incurred royalty expenses of $ 0.3 million and less than $ 0.1 million, respectively.

(16) Supplemental Cash Flow Information

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Supplemental disclosure of cash flow information:		
Cash payments for:		
Income taxes	$ 94	$ 128
Interest	—	5,313
Supplemental disclosure of non-cash investing and financing activities:		
Unpaid purchases of property, plant and equipment	$ 7,951	$ 7,125
Issuance of common stock through RSUs vested	585	4,218

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, all references in this section to the "Company," "Virgin Galactic," "we," "us," or "our" refer to Virgin Galactic Holdings, Inc. and its subsidiaries.

You should read the following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as the audited financial statements and the related notes thereto, and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report on Form 10-K"). This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" section of our Annual Report on Form 10-K and under the "Cautionary Note Regarding Forward-Looking Statements" section and elsewhere in this Quarterly Report on Form 10-Q, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

We are an aerospace and space travel company offering access to space for private individuals, researchers and government agencies. Our missions include flying passengers to space, as well as flying scientific payloads and researchers to space in order to conduct experiments for scientific and educational purposes. Our operations include the design and development, manufacturing, ground and flight testing, spaceflight operation, and post-flight maintenance of our spaceflight system. Our current spaceflight system was developed using our proprietary technology and processes and is focused on providing space experiences for private astronauts, researcher flights and professional astronaut training. We have also leveraged our knowledge and expertise in manufacturing spaceships to occasionally perform engineering services for third parties.

Recent Developments

In November 2023, we announced our plan to pause Unity spaceflights in mid-2024 and that we expect to re-commence flying with test flights for our Delta Class spaceships in 2025, in advance of revenue service expected to begin in 2026.

In January 2024, we completed our sixth commercial spaceflight, *'Galactic 06.'*

Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in Part 1, Item 1A. of our Annual Report on Form 10-K titled *"Risk Factors."*

Customer Demand

We have already received significant interest from potential astronauts. Going forward, we expect the size of our backlog and the number of astronauts that have flown to space on our spaceflight system to be an important indicator of our future performance. As of March 31, 2024, we have reservations for spaceflights for more than 700 future astronauts, which represent approximately $198 million in expected future spaceflight revenue upon completion of the spaceflights.

Available Capacity and Annual Flight Rate

We commenced our commercial operations with VSS Unity and VMS Eve, which together comprise our current spaceflight system. As a result, our annual flight rate will be constrained by the availability and capacity of this spaceflight system. To reduce the capacity constraint associated with having only one spaceflight system, we are currently developing our next generation spaceflight vehicles. These next generation spaceflight vehicles, which include our Delta Class spaceships and our next generation motherships, will allow us to increase our annual flight rate. We are dedicating significant engineering resources to the work that precedes production of the future fleet. In 2023, we demonstrated the flight consistency of Unity and Eve by safely bringing our customers to space. In 2024, we expect to pause flights starting mid-year to focus our resources on the development of the Delta Class spaceship fleet.

We expect the design phase for our Delta Class spaceships to conclude in summer 2024. This will enable us to redeploy some of our engineers from the Delta program to the design of our next-generation mothership, which we now expect to enter service in 2028. This sequencing of programs will assist us in managing our spending levels in the near term. Our Delta Class spaceships, which are expected to commence revenue service in 2026, will initially be supported by our existing mothership, VMS Eve. We have recently validated that VMS Eve will have the ability to fly up to three times per week, an improvement from the earlier projection of two times per week.

Safety Performance of Our Spaceflight Systems

Our spaceflight systems are highly specialized with sophisticated and complex technology. We have built operational processes to ensure that the design, manufacture, performance and servicing of our spaceflight systems meet rigorous quality standards. However, our spaceflight systems are still subject to operational and process risks, such as manufacturing and design issues, human errors, or cyber-attacks. Any actual or perceived safety issues may result in significant reputational harm to our business and our ability to generate spaceflight revenue.

Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparisons of financial results are not necessarily indicative of future results.

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(In thousands)	
Revenue	$ 1,985	$ 392
Operating expenses:		
Spaceline operations	22,591	318
Research and development	58,969	109,870
Selling, general and administrative	27,884	50,365
Depreciation and amortization	3,699	3,245
Total operating expenses	113,143	163,798
Operating loss	(111,158)	(163,406)
Interest income	12,308	7,330
Interest expense	(3,227)	(3,211)
Other income, net	145	30
Loss before income taxes	(101,932)	(159,257)
Income tax expense	80	128
Net loss	$ (102,012)	$ (159,385)

For the Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 2023

Revenue

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	$ Change	% Change
	(In thousands, except %)			
Revenue	$ 1,985	$ 392	$ 1,593	406 %

Revenue for the three months ended March 31, 2024 was primarily attributable to revenue generated from our commercial spaceflight and membership fees related to our Future Astronaut community.

Revenue for the three months ended March 31, 2023 was primarily attributable to membership fees related to our Future Astronaut community.

Spaceline Operations

	Three Months Ended March 31,		$	%
	2024	2023	Change	Change
	(In thousands, except %)			
Spaceline operations	$ 22,591	$ 318	$ 22,273	n.m.

Spaceline operations expense includes costs to maintain and operate our spaceflight system; non-capitalizable costs to build our new vehicles and manufacture items required to support the making of our vehicles, such as rocket motors and spare parts; the consumption of rocket motors, fuel and other consumables; costs to maintain and support our Future Astronaut community; and costs to provide payload cargo and engineering services.

Following the launch of commercial service and achievement of technological feasibility in July 2023, we began presenting the operating expenses supporting our commercial spaceline activities as spaceline operations expense in the accompanying condensed consolidated statements of operations and comprehensive loss. Prior to achievement of technological feasibility, spaceline operations expense included costs to support our Future Astronaut community and costs related to payload cargo and engineering services, which were previously presented as customer experience expense.

Spaceline operations expense for the three months ended March 31, 2024 was primarily attributable to costs to maintain and operate our spaceflight system; non-capitalizable costs to build our new vehicles and manufacture items required to support the making of our vehicles; and costs to maintain and support our Future Astronaut community.

Spaceline operations expense for the three months ended March 31, 2023 was primarily attributable to costs related to our Future Astronaut community.

Research and Development

	Three Months Ended March 31,		$	%
	2024	2023	Change	Change
	(In thousands, except %)			
Research and development	$ 58,969	$ 109,870	$ (50,901)	(46) %

Research and development expenses represent costs incurred to support activities that advance our future fleet towards commercialization, including basic research, applied research, concept formulation studies, design, development, and related testing activities. Research and development costs will consist primarily of equipment, material, and labor costs (including from third-party contractors) for designing the spaceflight system's structure, spaceflight propulsion system, and flight profiles for our next generation spaceships and motherships, as well as allocated facilities and other supporting overhead costs.

Research and development expenses decreased from $109.9 million for the three months ended March 31, 2023 to $59.0 million for the three months ended March 31, 2024. The decrease was primarily driven by a $26.1 million decrease in materials, consulting, and other costs primarily due to the completion of modifications in 2023 of our spaceship (VSS Unity) and mothership carrier aircraft (VMS Eve), a $22.1 million decrease in cash compensation and other employee benefit costs primarily due to the completion of the modifications in 2023 of VSS Unity and VMS Eve and a reduction in headcount, a $8.3 million decrease in other operational costs primarily due to a technology license fee expensed in 2023, and a $1.9 million decrease in stock-based compensation. These decreases were partially offset by a $9.8 million increase in sub-contractor and contract labor costs associated with the development of our next generation spaceflight vehicles.

Selling, General and Administrative

	Three Months Ended March 31, 2024	2023	$ Change	% Change
	(In thousands, except %)			
Selling, general and administrative	$ 27,884	$ 50,365	$ (22,481)	(45) %

Selling, general and administrative expenses consist primarily of compensation and other employee benefit costs for employees involved in general corporate functions, including executive management and administration, accounting, finance, legal, information technology, sales and marketing, and human resources. Non-compensation components of selling, general and administrative expenses include accounting, legal and other professional fees, facilities expenses, and other corporate expenses.

Selling, general and administrative expenses decreased from $50.4 million for the three months ended March 31, 2023 to $27.9 million for the three months ended March 31, 2024. The decrease was primarily driven by a $11.1 million decrease in cash compensation and other employee benefit costs primarily due to a reduction in headcount, a $4.8 million decrease in consulting and other professional fees, and a $4.0 million decrease in stock-based compensation.

Depreciation and Amortization

	Three Months Ended March 31, 2024	2023	$ Change	% Change
	(In thousands, except %)			
Depreciation and amortization	$ 3,699	$ 3,245	$ 454	14 %

Depreciation and amortization expense increased from $3.2 million for the three months ended March 31, 2023 to $3.7 million for the three months ended March 31, 2024. This increase is primarily due to the acquisition of property, plant and equipment.

Interest Income

	Three Months Ended March 31, 2024	2023	$ Change	% Change
	(In thousands, except %)			
Interest income	$ 12,308	$ 7,330	$ 4,978	68 %

Interest income increased from $7.3 million for the three months ended March 31, 2023 to $12.3 million for the three months ended March 31, 2024. This increase was primarily driven by higher investment returns on marketable securities and higher interest rates on deposits in interest-bearing accounts.

Interest Expense

	Three Months Ended March 31, 2024	2023	$ Change	% Change
	(In thousands, except %)			
Interest expense	$ 3,227	$ 3,211	$ 16	— %

Interest expense was $3.2 million for each of the three months ended March 31, 2024 and 2023. Interest expense consists of interest expense and amortization of debt issuance costs related to our convertible senior notes.

Income Tax Expense

Income tax expense was immaterial for the three months ended March 31, 2024 and 2023. We have accumulated net operating losses at the U.S. federal and state levels. We maintain a full valuation allowance against our net U.S. federal and state deferred tax assets. The income tax expense is primarily related to corporate income taxes for our operations in the United Kingdom, which operates on a cost-plus arrangement.

Liquidity and Capital Resources

As of March 31, 2024, we had total cash, cash equivalents and restricted cash of $230.4 million and total marketable securities of $636.9 million. Our principal sources of liquidity have come from sales of our common stock and offering of convertible senior notes ("2027 Notes").

Historical Cash Flows

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ (113,229)	$ (136,069)
Investing activities	83,097	219,737
Financing activities	6,891	29,795
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (23,241)	$ 113,463

Operating Activities

Net cash used in operating activities was $113.2 million for the three months ended March 31, 2024, and consisted primarily of $102.0 million of net losses, adjusted for non-cash items, which primarily included stock-based compensation expense of $8.2 million and depreciation and amortization expense of $3.7 million, partially offset by $5.3 million of other non-cash items and $18.4 million of cash used from changes in operating assets and liabilities.

Net cash used in operating activities was $136.1 million for the three months ended March 31, 2023, and consisted primarily of $159.4 million of net losses, adjusted for non-cash items, which primarily included stock-based compensation expense of $13.0 million and depreciation and amortization expense of $3.2 million, as well as $6.8 million of cash provided from changes in operating assets and liabilities.

Investing Activities

Net cash provided by investing activities was $83.1 million for the three months ended March 31, 2024, and consisted primarily of $257.4 million in proceeds from maturities and calls of marketable securities, partially offset by $161.8 million in purchases of marketable securities and $13.1 million in capital expenditures.

Net cash provided by investing activities was $219.7 million for the three months ended March 31, 2023, and consisted of $305.8 million in proceeds from maturities and calls of marketable securities, partially offset by $83.3 million in purchases of marketable securities and $2.8 million in capital expenditures.

Financing Activities

Net cash provided by financing activities was $6.9 million for the three months ended March 31, 2024, and consisted primarily of net cash proceeds from the sale and issuance of common stock of $7.2 million, partially offset by tax withholdings paid for net settled stock-based awards of $0.3 million.

Net cash provided by financing activities was $29.8 million for the three months ended March 31, 2023, and consisted primarily of net cash proceeds from the sale and issuance of common stock of $31.7 million, partially offset by tax withholdings paid for net settled stock-based awards of $1.9 million.

Funding Requirements

We expect our expenditures to fluctuate in connection with our ongoing activities, particularly as we continue to advance the development of our next generation spaceflight system and leverage investments in capital expenditures.

As our fleet of spaceships expands, we expect our expenditures to increase as we scale our commercial operations. Specifically, our long-term expenditures will increase as we:

- scale up our manufacturing processes and capabilities to support expanding our fleet with additional spaceships, carrier aircraft and rocket motors in connection with commercialization;
- hire additional personnel in manufacturing operations, testing programs, maintenance operations and guest services as we increase the volume of our spaceflights;
- scale up required operational facilities, such as hangars and warehouses; and

- establish our astronaut campus in New Mexico.

We expect our arrangements with third-party providers to manufacture key subassemblies for our next generation spaceships and for the design and manufacture of our next generation carrier aircraft will require significant capital expenditures. Certain estimated amounts in connection with third-party arrangements are subject to future negotiations and cannot be estimated with reasonable certainty.

We believe that our current capital is adequate to sustain our operations for at least the next twelve months. Changing circumstances may cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. While we have completed our initial commercial launch with a single spaceship, we are currently developing our next generation spaceflight vehicles. We anticipate the costs to manufacture additional vehicles will begin to decrease as we continue to scale up our manufacturing processes and capabilities.

Issuances of Common Stock

In August 2022, we entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC (each, an “Agent” and collectively, the “Agents”) providing for the offer and sale of up to $300 million of shares of our common stock from time to time through the Agents, acting as sales agents, or directly to one or more of the Agents, acting as principal(s), through an "at-the-market offering" program (the "2022 ATM Program").

During the three months ended March 31, 2023, we sold 5.8 million shares of common stock under the 2022 ATM Program, generating $32.0 million in gross proceeds, before deducting $0.3 million in underwriting discounts, commissions and other expenses. We completed the 2022 ATM Program in June 2023.

In June 2023, we entered into a distribution agency agreement with the Agents providing for the offer and sale of up to $400 million of shares of our common stock from time to time through the Agents, acting as sales agents, or directly to one or more of the Agents, acting as principal(s), through an "at-the-market offering" program (the "2023 ATM Program").

During the three months ended March 31, 2024, we sold 5.1 million shares of common stock under the 2023 ATM Program, generating $7.3 million in gross proceeds, before deducting $0.1 million in underwriting discounts, commissions and other expenses.

As of March 31, 2024, we sold a total of 84.8 million shares of common stock under the 2023 ATM Program, generating $294.7 million in gross proceeds, before deducting $2.9 million in underwriting discounts, commissions and other expenses.

Liquidity Outlook

For at least the next twelve months, we expect our principal demand for funds will be for our ongoing activities described above. We expect to meet our short-term liquidity requirements primarily through our cash, cash equivalents and marketable securities on hand. We believe we will have sufficient liquidity available to fund our business needs, commitments and contractual obligations for the next twelve months.

Beyond the next twelve months, our principal demand for funds will be to sustain our operations, including the construction of additional spaceships and motherships, expansion of our footprint at Spaceport America in New Mexico, construction of our astronaut campus and payment of the principal amount of our convertible senior notes as they become due. We expect to generate revenue from our spaceflight program, which commenced with our first commercial spaceflight, *'Galactic 01,'* in June 2023. To the extent this source of capital as well as the sources of capital described above are insufficient to meet our needs, we may need to seek additional debt or equity financing.

The commercial launch of our spaceflight program and the anticipated expansion of our fleet have unpredictable costs and are subject to significant risks, uncertainties and contingencies, many of which are beyond our control, that may affect the timing and magnitude of these anticipated expenditures. Some of these risk and uncertainties are described in more detail in our Annual Report on Form 10-K under the heading Item 1A. “*Risk Factors—Risks Related to Our Business* .”

Contractual Obligations and Commitments

Except as set forth in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, there have been no material changes outside the ordinary course of business to our contractual obligations and commitments as described in Part II, Item 7. *“Management’s Discussion and Analysis of Financial Condition and Results of Operations”* in our Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our condensed consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We believe that the estimates, assumptions and judgments involved in the accounting policies referred to below have the greatest potential impact on our financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions.

During the fiscal quarter ended March 31, 2024, there were no significant changes to our critical accounting policies and estimates compared to those previously disclosed in *"Critical Accounting Policies and Estimates"* included in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2023 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

During the fiscal quarter ended March 31, 2024, there were no significant changes to our market risks compared to those previously disclosed in Part II, Item 7A. *"Quantitative and Qualitative Disclosures About Market Risk"* included in our 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended March 31, 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

We are from time to time subject to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. However, we do not consider any such claims, lawsuits or proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our future operating results, financial condition or cash flows. See Note 14 in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

Item 1A. Risk Factors

Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described as risk factors, any one or more of which could, directly or indirectly, cause our actual operating results and financial condition to vary materially from past, or anticipated future, operating results and financial condition. For a discussion of our potential risks and uncertainties, see the risk factors previously disclosed in Part I, Item 1. *"Business,"* Part I, Item 1A. *"Risk Factors,"* and Part II, Item 7. *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* in our Annual Report on Form 10-K and in Part I, Item 2. *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* in this Quarterly Report on Form 10-Q. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K, other than the addition of the Risk Factors below.

We are seeking stockholder approval to effect a reverse stock split of our common stock at a ratio ranging from any whole number between 1-for-2 and 1-for-20, which if implemented may have adverse effects on our common stock.

We have submitted a proposal to our stockholders to consider at our 2024 Annual Meeting of Stockholders scheduled for June 12, 2024 to approve an amendment to our certificate of incorporation to effect a reverse stock split of our issued and outstanding common stock at a ratio from any whole number between 1-for-2 and 1-for-20, with the exact ratio within such range, and the implementation and timing of the reverse stock split, to be determined in the discretion of our board of directors.

Our board of directors is seeking authority to effect the reverse stock split with the intent of improving the perception of our common stock as an investment security, resetting our stock price to more normalized trading levels, decreasing price volatility, facilitating our ability to raise additional equity capital, increasing our number of authorized shares of common stock available for future issuance and increasing the per-share price of our common stock to meet the price criteria for continued listing of our common stock on the New York Stock Exchange ("NYSE").

Although we expect that the reverse stock split will result in an increase in the market price of our common stock, we cannot assure you that the reverse stock split, if effected, will increase the market price of our common stock in proportion to the reduction in the number of shares of our common stock outstanding or result in a permanent increase in the market price. The effect that the reverse stock split may have upon the market price of our common stock cannot be predicted with any certainty, and the history of similar reverse stock splits for companies in similar circumstances to ours is varied. The market price of our common stock is dependent on many factors, including our business and financial performance, general market conditions, prospects for future growth and other factors detailed from time to time in the reports we file, or have filed, with the SEC, including this Quarterly Report on Form 10-Q. Accordingly, the total market capitalization of our common stock after the proposed reverse stock split may be lower than the total market capitalization before the proposed reverse stock split and, in the future, the market price of our common stock following the reverse stock split may not exceed or remain higher than the market price prior to the proposed reverse stock split.

The NYSE may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

The NYSE has established certain standards for the continued listing of a security on the NYSE. There can be no assurance that we will meet these standards in the future to maintain the listing of our common stock on the NYSE. Factors that could impact our ability to maintain the listing of our common stock on the NYSE include the status of the market for, and trading price of, our common stock, our reported results of operations in future periods, and general economic, market and industry conditions.

If we receive a notice from the NYSE stating that our common stock may be subject to delisting, we may take action to avoid such delisting, such as effecting a reverse stock split. Any such actions intended to avoid delisting may not be successful and could have a material adverse effect on our business, results of operations and financial condition.

If our common stock is delisted from the NYSE, we may seek to list on another stock exchange or quotation service. If we obtain a substitute listing for our common stock, it will likely be on a securities exchange with less liquidity and more volatility, and stockholders may not be able to sell their common stock in the quantities, at the times, or at the prices potentially available on a more liquid trading market. As a result of these factors, the price of our common stock is likely to decline under this scenario. If we are not able to obtain a substitute listing for our common stock, stockholders may encounter difficulty or be unable to sell their common stock. A delisting of our common stock from the NYSE could also adversely affect our ability to obtain financing and/or result in a loss of confidence by our customers, business partners, stockholders or employees.

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

During the three months ended March 31, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non Rule 10b5-1 trading arrangement," except as described in the table below:

Name	Title	Action	Applicable Date	Duration of Trading Arrangement	Rule 10b5-1 Trading Arrangement (Y/N)	Aggregated Number of Securities Subject to Trading Arrangement[3]
Aparna Chitale	Chief People Officer	Terminated	3/15/2024	3/16/2023-3/18/2024	N[1]	56,996
Aparna Chitale	Chief People Officer	Adopted	3/15/2024	3/15/2024-3/14/2025	Y[2]	80,802

[1] Complied with the then-applicable requirements of Rule 10b5-1(c) when adopted in 2023.

[2] Denotes whether the trading arrangement is intended to satisfy the affirmative defense Rule 10b5-1(c).

[3] This number represents the maximum number of shares of our common stock that may be sold pursuant to the trading arrangement. The number of shares actually sold will depend on the satisfaction of certain conditions set forth in the trading arrangement.

Item 6. Exhibits

The following documents are filed as part of this report:

(1) Exhibits. The following exhibits are filed, furnished or incorporated by reference as part of this Quarterly Report on Form 10-Q.

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Certificate of Incorporation of the Registrant	8-K	001-38202	3.1	10/29/2019	
3.2	Amended and Restated By-Laws of the Registrant	8-K	001-38202	3.1	03/14/2024	

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.1	Second Amended and Restated Non-Employee Director Compensation Program					*
10.2	Amendment Number 1 to Master Agreement, dated as of June 13, 2023, by and between Virgin Galactic, LLC and Qarbon Aerospace (Foundation), LLC(1)					*
10.3	Amendment Number 2 to Master Agreement, dated as of July 11, 2023, by and between Virgin Galactic, LLC and Qarbon Aerospace (Foundation), LLC(1)					*
10.4	Amendment Number 1 to the Master Agreement, dated as of July 1, 2023, by and between Virgin Galactic, LLC and Bell Textron Inc. (1)					*
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), 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 – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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 Labels Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

(1) Certain portions of this exhibit (indicated by “[***]”) have been omitted pursuant to Regulation S-K, Item (601)(b)(10). Additionally, certain schedules and exhibits have been omitted pursuant to Regulation S-K, Item 601(a)(5). The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

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.

	Virgin Galactic Holdings, Inc.	
Date: May 7, 2024		/s/ Michael Colglazier
	Name:	Michael Colglazier
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: May 7, 2024		/s/ Douglas Ahrens
	Name:	Douglas Ahrens
	Title:	Chief Financial Officer (Principal Financial and Accounting Officer)

VIRGIN GALACTIC HOLDINGS, INC.

SECOND AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

(EFFECTIVE JANUARY 1, 2024)

Eligible Directors (as defined below) on the board of directors (the "***Board***") of Virgin Galactic Holdings, Inc. (the "***Company***") shall be eligible to receive cash and equity compensation as set forth in this Amended and Restated Non-Employee Director Compensation Program (this "***Program***"). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically as set forth herein and without further action of the Board, to each member of the Board who is not an employee of the Company or any of its parents, affiliates or subsidiaries, unless otherwise determined by the Board (each participant, an "***Eligible Director***") or unless such Eligible Director declines the receipt of such cash or equity compensation by written notice to the Company. The Eligible Directors as of the date set forth above (the "***Effective Date***") are set forth on Schedule A attached hereto, as may be amended from time to time.

This Program shall become effective upon the Effective Date, and shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. No Eligible Director shall have any rights hereunder, except with respect to equity awards granted pursuant to Section 2 of this Program.

1. Cash Compensation.

a. Annual Retainers. Each Eligible Director shall be eligible to receive an annual cash retainer of $125,000 for service on the Board.

b. Additional Annual Retainers. An Eligible Director shall be eligible to receive the following additional annual retainers, as applicable:

(i) Chairperson of the Board. An Eligible Director serving as Chairperson of the Board shall be eligible to receive an additional annual retainer of $60,000 for such service.

(ii) Lead Director. An Eligible Director serving as Lead Director shall be eligible to receive an additional annual retainer of $25,000 for such service.

(iii) Audit Committee. An Eligible Director serving as Chairperson of the Audit Committee shall be eligible to receive an additional annual retainer of $25,000 for such service. An Eligible Director serving as a member of the Audit Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $10,000 for such service.

(iv) Compensation Committee. An Eligible Director serving as Chairperson of the Compensation Committee shall be eligible to receive an additional annual retainer of $15,000 for such service. An Eligible Director serving as a member of the Compensation Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $7,500 for such service.

(v) Nominating and Corporate Governance Committee. An Eligible Director serving as Chairperson of the Nominating and Corporate Governance Committee shall be eligible to receive an additional annual retainer of $15,000 for such service. An Eligible Director serving as a member of the

Nominating and Corporate Governance Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $7,500 for such service.

(vi) Safety Committee. An Eligible Director serving as Chairperson of the Safety Committee shall be eligible to receive an additional annual retainer of $15,000 for such service. An Eligible Director serving as a member of the Safety Committee (other than the Chairperson) shall be eligible to receive an additional annual retainer of $7,500 for such service.

c. Payment of Retainers. The annual cash retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than 30 days following the end of each calendar quarter. Annual cash retainers will be pro-rated for any partial calendar quarter of service.

2. Equity Compensation.

a. General. Eligible Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's Amended and Restated 2019 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended from time to time, the "***Equity Plan***") and may be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms approved by the Board prior to or in connection with such grants. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of equity awards hereby are subject in all respects to the terms of the Equity Plan. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Equity Plan.

b. Initial Awards. Each Eligible Director who is initially elected or appointed to serve on the Board automatically shall be granted a Restricted Stock Unit award with a value of $150,000 (the "***Initial Award***"). The Initial RSU Award shall be granted on the date on which such Eligible Director is initially elected or appointed to serve on the Board (the "***Election Date***"). The Initial Award may be pro-rated to reflect any partial year of service, as determined by the Board in its sole discretion prior to the grant date. The Initial Award shall cover a number of Restricted Stock Units equal to $150,000 divided by the closing price of the Company's common stock on the grant date, and shall vest with respect to one-third of the Restricted Stock Units subject to the Initial Award on each of the first three anniversaries of the applicable grant date, subject to continued service through the applicable vesting date.

c. Annual Awards. An Eligible Director who is serving on the Board as of the date of the annual meeting of the Company's stockholders ("***Annual Meeting***") each calendar year shall be granted a Restricted Stock Unit Award (the "***Annual Award***") with a value of $125,000 (or, for the Eligible Director serving as Chairperson of the Board as of the date of such Annual Meeting, $145,000) (the "***Annual Award Value***"). Each Annual Award shall be granted on the date of the applicable Annual Meeting, shall cover a number of Restricted Stock Units equal to the Annual Award Value divided by the closing price of the Company's common stock on the grant date, and shall vest in full on the earlier to occur of (i) the one-year anniversary of the applicable grant date and (ii) the date of the next Annual Meeting following the grant date, subject to continued service through the applicable vesting date.

d. Accelerated Vesting Events. Notwithstanding the foregoing, an Eligible Director's Initial Award and Annual Award(s) shall vest in full immediately prior to the occurrence of a Change in Control, in each case, to the extent outstanding and unvested at such time. In addition, unless otherwise determined by the Board in its sole discretion, if an Eligible Director resigns from the Board, then such Eligible Director's outstanding Annual Award granted after the Effective Date shall vest on a pro-rated basis with respect to a portion of such award based on dividing (i) the number of days such Eligible Director remained in service from (and including) the award's grant date by (ii) 365.

3. Compensation Limits. Notwithstanding anything to the contrary in this Program, all compensation payable under this Program will be subject to any limits on the maximum amount of non-employee Director compensation set forth in the Equity Plan, as in effect from time to time.

SCHEDULE A

ELIGIBLE DIRECTORS

Craig Kreeger

Tina Jonas

Wanda Sigur

W. Gilbert West

Raymond E. Mabus, Jr.

Diana S. Strandberg

Henio Arcangeli, Jr.

Luigi Brambilla*

* Eligible only for cash compensation under Section 1.

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit 10.2

AMENDMENT NUMBER 1
TO
THE MASTER AGREEMENT

This Amendment Number 1 to the Master Agreement ("Amendment 1") entered into as of October 28, 2022 ("Effective Date"), between Qarbon Aerospace (Foundation), LLC, a Delaware limited liability company having a place of business at 300 S. Austin Blvd, Red Oak, Texas, 75154 and Virgin Galactic, LLC, a Delaware limited liability company, having a place of business at 166 N. Roadrunner Parkway, Suite 1C, Las Cruces, NM 8801, (such agreement is referred to therein as the "Agreement", and such parties to the Agreement are collectively referred to herein as the "Parties" and individually as "Party") is made effective as of June 13, 2023 (the "Amendment 1 Effective Date") and applies only to Task Order 2 and subsequent Task Orders.

WHEREAS, the Parties originally entered into the Agreement under which Buyer would purchase, and Supplier would sell goods and services in support of Buyer's "Delta" class spaceships (the "Program"); and

WHEREAS, the Parties desire to incorporate additional exhibits previously withheld from the Agreement; and

WHEREAS, the Parties desire to amend certain terms and conditions of the Agreement.

NOW THEREFORE, in consideration of mutual covenants and agreements herein contained and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1.1 INTERPRETATION

1.2 Capitalized terms used, but not defined, in this Amendment 1 have the meaning set forth in the Agreement.

2.1 AMENDMENTS TO THE AGREEMENT

2.2 **Amendment to Exhibits.** The Parties hereby desire to amend the Agreement to incorporate the documentation for the following exhibits which are attached to this Amendment 1:

- **Exhibit C: Governance**
- **Exhibit C-1: Governing Documents**
- **Exhibit D: Responsibility Assignment Matrix**
- **Exhibit G: Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling**

2.3 **Amendment to Suppliers and Subcontractors.** Section 12 ("Suppliers and Contractors") clause (C) is hereby deleted in its entirety and replaced with the following language:

C. SUPPLIERS AND CONTRACTORS

Supplier will provide written notification in advance of engaging any Subcontractor to perform work under this Agreement. Supplier must obtain written approval to enter into any Subcontract other than a tooling (e.g., raw materials, metallic parts, composite parts) Subcontract with an aggregate value, inclusive of work under all Task Orders, exceeding [***]. Separate advance notification and approval is not required for each Task Order. That is, once Buyer has been notified and, if required, approved, a Subcontractor may be used on any Task Order. For tooling Subcontract, Supplier must obtain written approval to enter into any Subcontract or purchase order with a line item for the purchase of a tool that exceeds [***]. Buyer shall provide written approval within [***] business days from written request from Supplier. If Buyer does not provide approval within [***] business days, it is deemed approved.

2.4 Amendment to On-Site and Remote Support. Section 9 ("On-Site and Remote Support") clause (A) is hereby deleted in its entirety and replaced with the following language:

A. ON-SITE AND REMOTE SUPPORT

During the Term, Supplier shall provide the following for a reasonable number [***] of Buyer personnel designated by Buyer to perform work at Supplier facilities, as well as Buyer personnel temporarily visiting Supplier facilities from time to time:

2.5 Amendment to Authorized Representatives. Section 22 ("Authorized Representatives") is hereby deleted in its entirety and replaced with the following language:

22. AUTHORIZED REPRESENTATIVES

A. Authorized Contractual Representatives (authorized to commit their respective companies contractually). See below:

Buyer
[***]

Buyer
[***]

Supplier
[***]
Supplier
[***]

B. Authorized Technical Representatives (not authorized to commit their companies contractually.) None.

2.6 Amendment to Order of Precedence. Section 30 ("Order of Precedence") is hereby deleted in its entirety and replaced with the following language:

30. <u>ORDER OF PRECEDENCE</u>

A. All documents and provisions in this Agreement shall be read so as to be consistent to the fullest extent possible. In the event of a conflict or inconsistency between the documents or provisions as incorporated into or attached to the Agreement, the documents or provisions shall prevail in the order listed below, with the first document or provision listed having the highest precedence:

a. Master Agreement
b. Master Agreement Exhibits in the following order:
   i. Exhibit A (Definitions)
   ii. Master Agreement Exhibit B (Program Overview)
   iii. Exhibit C (Governance)
   iv. Exhibit D (Responsibility Matrix)
   v. Exhibit E (Background IP Schedule)
   vi. Exhibit F (Property Management System Plan)
   vii. Exhibit H (Subcontract Management Plan)
   viii. Exhibit C-1 (Governing Documents)
   ix. Exhibit G (Inventory of Buyer-Furnished Property, Consumable Material and Tooling)
   x. Exhibit I (List of Subcontractors)
   xi. Exhibit J (Task Order Form)
c. Task Orders, in reverse chronological order, including Attachments other than the SOWs
d. Task Order SOWs
e. Purchase order

2.7 Amendment to Insurance Language. Section 14 (“Insurance”) clauses (A)-(D) are hereby deleted in their entirety and replaced with the following language:

14. INSURANCE

A. “Without limiting Supplier’s duty to hold harmless and indemnify hereunder, Supplier agrees to secure and to carry, as a minimum, the following insurance with respect to all work to be performed under this Agreement for the duration of the Agreement: (i) workers' compensation insurance in an amount sufficient by virtue of the laws of the United States, any U.S. state, or any foreign country in which the work or any portion of the work is performed and employer's liability insurance in the minimum amount of [***] for any one occurrence; (ii) commercial general liability insurance including premises liability and contractual liability, in which the limit of liability for property damage and bodily injuries, including accidental death, shall be at a minimum, a combined single limit of [***] for any one occurrence and [***] in the aggregate annually; (iii) if Supplier vehicles are used on Buyer’s premises and/or used to accomplish work under the Agreement or otherwise on behalf of Buyer, automobile liability insurance in which the limit of liability for property damage and bodily injuries, including accidental death, shall be a combined single limit of [***] for any one occurrence; (iv) if Supplier or its subcontractors have Buyer’s materials or equipment in its care, custody or control, Supplier shall have and maintain all-risk property insurance in an amount sufficient to meet or exceed the value of such material.

B. Supplier shall maintain aircraft product liability, completed operations liability and hangar keepers liability insurance coverage in a minimum amount of combined single limit of [***] for any one occurrence. In the event Supplier carries higher limits of liability, the higher limits of liability must be certified to Buyer. Such insurance shall remain in effect for [***] years after the expiration or termination of the Agreement. Supplier agrees to add Buyer as additional insured to the aircraft product liability and hangar keepers insurance policy.

C. Both Parties agree to add the other Party as additional insured "as their interests may appear" to the insurance policy.

D. If required by the Federal Aviation Administration (“FAA”) by virtue of the Regulations, Buyer agrees to secure and to carry liability insurance in an amount required. Buyer agrees to add Supplier involved in licensed activities as named insureds to this coverage herein.

2.8 Amendment to Section 4 Payment. Section 4 ("Payment") is hereby deleted in its entirety and replaced with the following language:

A. <u>FOR TIME AND MATERIAL TASK ORDERS ONLY:</u>

1. **For Task Order 1 Design for Manufacturing & Assembly ("DFMA").** Supplier shall submit invoices monthly in arrears in alignment with the monthly reporting denoted in Exhibit C, Section 1.4.6.2.1 Time and Material (T&M) Task Order only, no later than the 15th of each month. Payment terms for Task Order 1 shall be [***] calendar days to be measured from the date that Supplier submits an invoice.

2. **For Task Order 2 (Material Invoicing Detail).** All actual invoices from Supplier's Subcontractors that Supplier receives, together with Supplier's invoice(s) will be provided by Supplier to Buyer on a weekly basis. Invoice(s) detail for Task Order 2 shall include:

   i. Supplier invoice(s) will include the value of Supplier's Subcontractors' invoices and actual invoice(s);
   ii. Supplier's agreed to burden costs [***]
   iii. Supplier's fee of [***];
   iv. Invoices will provide the level of visibility by populating Buyer invoice template, provided in Exhibit C ("Governance"), as requested by Buyer, to the extent reasonably available in Supplier's systems in alignment with cost reporting detailed in Exhibit C Governance; and,
   v. Upon request by Buyer, Supplier will provide further detail to the extent reasonably available in its systems on an individual invoice or on an ongoing basis on future invoices to permit Buyer to monitor actual Charges relative to plan.

3. **For Task Order 2 (Buyer Payment Time for Supplier Invoices).** Buyer will issue payments to Supplier for Supplier's material invoices no less than [***] prior to the date that the payment is due to Supplier's Subcontractors per Subcontractors' invoice due date.

4. **For Task Order 2 (Labor Calculations).** For labor, Supplier shall be compensated by Buyer on an hourly-rate basis for the actual labor hours incurred by Supplier for its performance of a Task Order. Supplier will provide a report of its actual hours incurred and invoice, inclusive of Supplier's [***] fee, for the preceding two-week period on the following Thursday after close of each pay period, and continuing every other Thursday thereafter through the term of the Task Order (herein "Pay

Period Actuals") along with Supplier's invoice for the actual labor hours expended. The amount of such invoice will be calculated by multiplying the Pay Period Actual hours by the hourly rates specified in the applicable Task Order. Labor hours will not be made available by individual or at a level of detail where the hours of a specific individual are discernible.

5. **For Task Order 2 (Buyer Payment Time for Labor Invoices).** Buyer will make every reasonable effort to release ACH payment to Supplier within [***] working days from receipt of Supplier's invoice dependent on timely invoicing and accuracy of the detailed data substantiating the labor hours invoiced.

6. **For Task Order 2 (Rejection of Deliverable; "Rework" Redo with No Mark Up).** Deliverables that are rejected must be communicated, in writing, within [***] business days by the Buyer. Supplier will rework the Deliverable at the agreed to labor rates. Supplier, when submitting the labor invoice, shall not include, nor be paid, the [***] mark up as a penalty for the rejection. A "rework" estimate must be provided, within [***] business days of receipt of rejection, by the Supplier. Within [***] business days of receipt of "rework" estimate from the Supplier, Buyer will either provide an acceptance of this "rework" estimate, or, ask for further clarification prior to commencing the "rework."

7. **For Task Order 2 (Supplier Schedule Delays. No Overtime or Expedited Fees Shall Be Paid to Supplier).** If any schedule delays are demonstrated to be solely the fault of the Supplier, and, Buyer has met all of its dependent deliverables per the integrated master schedule ("IMS") any additional costs resulting from overtime or expediting to achieve the IMS delivery, or to mitigate schedule delays, will be absorbed by Supplier. For avoidance of doubt, Buyer shall not pay Supplier for overtime or expediting if delay is due to Supplier.

8. **For Task Order 2 [***].** Supplier's labor estimates included in the [***], shall be updated monthly as part of the cost reporting outlined in Exhibit C Governance. Buyer and Supplier will review the current actual labor hours on the Program and the projected labor hours in the Expenditure Profile forecast together with the progress achieved on the Program by both Parties to determine, whether the labor hour projections for the next [***] days should be adjusted up or down. Based upon this review, Supplier will adjust its labor plan accordingly to ensure onboarding is in step with the progress that is being accomplished on all phases of the program. All changes to the forecast must be documented in writing to confirm acceptance of the changes.

9. **For Task Order 2 [***].** Supplier will also provide an update to the Expenditure Profile forecast that makes

adjustments if any, to the forecasted costs of Supplier's performance based upon the actual incurred costs and any other new and additional information, including but not limited to such information as, final design data released engineering, revisions to subcontractor quotes, impacts from deliverables provided by Buyer, and changes to [***].

B. <u>FOR FIXED PRICE TASK ORDERS ONLY:</u>

1. Supplier shall submit invoices upon completion of milestones set forth in the "Payment Milestone Schedules" of any applicable Task Orders. Net payment terms for Fixed Price Task Orders shall be set forth in such Task Order as mutually agreed by the Parties. These Payment Milestone Schedules will identify the planned completion date, amount, completion criteria which may be based upon Acceptance of Deliverables or other objective basis of work accomplished, and the amount to be paid.

2. Post completion of the Buyer's Critical Design Review ("CDR") event and Supplier's receipt of Buyer's CDR design data releases, the Parties will negotiate a fixed priced for the completion of [***] and will establish payment milestone schedules for Task Orders that will enable Supplier to invoice and be paid for work as it progresses during Task Order performance.

C. <u>FOR ALL TASK ORDERS:</u>

1. Invoices will be sent electronically to: [***].

2. All payments shall be in United States Dollars, electronic, and routed to:

   [***]

2.9 Amendment to Section 5 Incentives; Liquidated Damages; Continuous Improvement (CI); Cost Reduction Initiatives (CRI). Section 5 ("Incentives; Liquidated Damages; Continuous Improvement (CI); Cost Reduction Initiatives (CRI)") clause (B)(2) ("Liquidated Damages") is hereby deleted in its entirety and replaced with the following language:

2. <u>LIQUIDATED DAMAGES.</u> Except as otherwise modified or limited by agreement of the Parties in a Task Order, which agreement shall take

precedence with respect to the assessment of liquidated damages under the relevant Task Order over the language of this Subsection 5(B)(2), if Supplier fails to deliver the Deliverables [***].

[***]

2.10 Amendment to Section 18 Termination. Amendment to Section 18 ("Termination") clause (B) ("Termination for Convenience") is hereby deleted in its entirety and replaced with the following language:

B. <u>TERMINATION FOR CONVENIENCE</u>

1. Buyer may terminate part or all of this Agreement, which, for the avoidance of doubt, includes any Task Order, for its convenience by giving a [***] written notice of termination to Supplier.

2. Upon termination, in accordance with Buyer's written direction, Supplier will immediately: (i) cease work and place no further subcontracts or

orders for materials, services, or facilities, except as necessary to complete the continued portion of any Task Orders not terminated; (ii) prepare and submit to Buyer an itemization of all completed and partially completed Deliverables; (iii) deliver to Buyer any and all Deliverables completed up to the date of termination at the pre-termination price; and (iv) if requested by Buyer, deliver any work-in- process.

3. In the event Buyer terminates for its convenience after performance has commenced, Buyer will compensate Supplier for the actual, allowable, and reasonable costs and expenses incurred by Supplier and a reasonable profit for work in process up to and including the date of termination, provided that Supplier uses reasonable efforts to mitigate Buyer's liability for such expenses and provides reasonable documentation of such expenses to Buyer upon Buyer's request.

4. Buyer shall not be liable to Supplier for costs or damages other than as described above, and in no event for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the price allocated to the portion of the Agreement terminated. Supplier's termination claim shall be submitted to Buyer within [***] days from the effective date of the termination.

5. If Buyer terminates only part of the Task Order, Supplier shall continue all work not terminated.

6. Notwithstanding the provisions of this Section 18(B) clauses (1)-(5) above, if a partial termination of TO 2 is made by Buyer terminating the build of Delta 3 from the SOW, Buyer shall compensate Supplier for such termination in accordance with the below chart:

[***]

By way of example, if Buyer terminates [***], Buyer shall be liable for termination damages of [***]. For the avoidance of doubt, if this Section 6 takes effect, Section 18(B) clauses (1)-(5) do not apply.

3.0 Amendment to Section 6 [***]. Section 6 [***] clause (D) ("Warranties; Inspection and Acceptance") is hereby deleted in its entirety and replaced with the following language:

[***]

3.1 GENERAL MATTERS

3.2 Unless otherwise set out herein, all amendments to the Agreement set out in this Amendment 1 will be made effective as of the Amendment 1 Effective Date.

3.3 Except as amended hereby all other terms and conditions of the Agreement, as previously amended, remain unchanged and in full force and effect.

3.4 Where there is a conflict between the terms of this Amendment 1 and the terms of the Agreement, the terms of this Amendment 1 will prevail but only to the extent of resolving such conflict.

3.5 This Amendment 1 may be executed in several counterparts, all of which taken together will constitute a single agreement between the Parties.

IN WITNESS WHEREOF the Parties have executed this Amendment 1 to be effective as of the Amendment 1 Effective Date.

Virgin Galactic, LLC	**Qarbon Aerospace (Foundation), LLC**
By: /s/ Michael Colglazier	By: /s/ Pete Wick
Name: Michael Colglazier	Name: Pete Wick
Title: CEO	Title:
Date: 6/15/2023	Date:

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit C
Governance

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

EXHIBIT D
Responsibility Assignment Matrix (RAM)

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit G

Inventory Of Buyer-Furnished Equipment, Non-Consumable Material And Tooling

Exhibit 10.3

AMENDMENT NUMBER 2
TO
THE MASTER AGREEMENT

This Amendment Number 2 to the Master Agreement ("Amendment 2") entered into as of October 28, 2022 ("Effective Date"), between Qarbon Aerospace (Foundation), LLC, a Delaware limited liability company having a place of business at 300 S. Austin Blvd, Red Oak, Texas, 75154 and Virgin Galactic, LLC, a Delaware limited liability company, having a place of business at 166 N. Roadrunner Parkway, Suite 1C, Las Cruces, NM 8801, (such agreement is referred to therein as the "Agreement", and such parties to the Agreement are collectively referred to herein as the "Parties" and individually as "Party") is made effective as of July 11, 2023 (the "Amendment 2 Effective Date").

WHEREAS, the Parties originally entered into the Agreement under which Buyer would purchase, and Supplier would sell goods and services in support of Buyer's "Delta" class spaceships (the "Program"); and

WHEREAS, the Parties inadvertently removed Section 22(c) of the Agreement; and

WHEREAS, the Parties desire to amend and reinsert the Agreement's original Section 22(c) by way of this Amendment 2.

NOW THEREFORE, in consideration of mutual covenants and agreements herein contained and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1.1 INTERPRETATION

1.2 Capitalized terms used, but not defined, in this Amendment 2 have the meaning set forth in the Agreement.

2.1 AMENDMENT TO THE AGREEMENT AND AMENDMENT 1

2.2 Amendment to Authorized Representatives. Section 22 ("Authorized Representatives") is hereby deleted in its entirety from both the Agreement and Amendment 1 and replaced with the following language:

22. AUTHORIZED REPRESENTATIVES

A. Authorized Contractual Representatives (authorized to commit their respective companies contractually). See below:

Buyer
[***]

Buyer
[***]

Supplier
[***]

Supplier
[***]

B. Authorized Technical Representatives (not authorized to commit their companies contractually.) None.

C. Either Party may add or replace Authorized Representatives by providing written notification from one of its designated Authorized Contractual Representatives to a designated Authorized Contractual Representative of the other Party.

3.1 <u>GENERAL MATTERS</u>

3.2 Unless otherwise set out herein, all amendments to the Agreement set out in this Amendment 2 will be made effective as of the Amendment 1 Effective Date.

3.3 Except as amended hereby all other terms and conditions of the Agreement, as previously amended, remain unchanged and in full force and effect.

3.4 Where there is a conflict between the terms of this Amendment 1 and the terms of the Agreement, the terms of this Amendment 2 will prevail but only to the extent of resolving such conflict.

3.5 This Amendment 2 may be executed in several counterparts, all of which taken together will constitute a single agreement between the Parties.

IN WITNESS WHEREOF the Parties have executed this Amendment 2 to be effective as of the Amendment 2 Effective Date.

Virgin Galactic, LLC	**Qarbon Aerospace (Foundation), LLC**
By: /s/ Lisa Morris	By: /s/ Pete Wick
Name: Lisa Morris	Name: Pete Wick
Title: Vice President, Supply Chain	Title: CEO
Date: 7/13/2023	Date: 7/13/2023

Exhibit 10.4

AMENDMENT NUMBER 1
TO THE MASTER AGREEMENT

This Amendment Number 1 to the Master Agreement ("Amendment 1") entered into as of July 1, 2023 ("Amendment 1 Effective Date"), between Bell Textron Inc., having a place of business at 3255 Bell Flight Blvd., Fort Worth, TX 76118, and Virgin Galactic, LLC, a Delaware limited liability company, having a place of business at 166 N. Roadrunner Parkway, Suite 1C, Las Cruces, NM 8801, amends the November 1, 2022 Master Agreement ("Effective Date") (such agreement is referred to therein as the "Agreement", and such parties to the Agreement are collectively referred to herein as the "Parties" and individually as "Party") .

WHEREAS, the Parties originally entered into the Agreement for the design and manufacture of "Delta" class spaceships (the "Program"); and,

WHEREAS, the Parties desire to incorporate additional exhibits previously withheld from the Agreement; and,

WHEREAS, the Parties desire to amend certain terms and conditions of the Agreement.

NOW THEREFORE, in consideration of mutual covenants and agreements herein contained and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1.1 INTERPRETATION

1.2 Capitalized terms used, but not defined, in this Amendment 1 have the meaning set forth in the Agreement.

2.1 AMENDMENTS TO THE AGREEMENT

2.2 **Addition of Exhibits.** The Parties hereby desire to amend the Agreement to incorporate the documentation for the following exhibits:

- **Exhibit B: Program Overview**
- **Exhibit C: Governance**
- **Exhibit C-1: Governing Documents**
- **Exhibit D: Responsibility Matrix**
- **Exhibit E: Background Intellectual Property Schedule (Template)**
- **Exhibit F: Property Management System Plan**
- **Exhibit G: Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling**
- **Exhibit H: Subcontract Management Plan**
- **Exhibit I: List of Subcontractors**
- **Exhibit J: Task Order Form**

2.3 **Amendment to Section 4 ("Payment").** Section 4(A)(4) is hereby deleted in its entirety and replaced with the following:

(A)(4) Invoices will provide the level of visibility requested by Buyer to manage the Task Order as set forth in the sample charts immediately below. Labor hours will be provided by labor category at the Work Breakdown Structure level appropriate for the size and complexity of the Task Order such that Buyer may monitor actual hours expended relative to plan. Labor hours will not be made available by individual or at a level of detail where the hours of a specific individual are discernible. Material charges will be broken down into the following items: Subcontractors, material, purchased services, rentals, and travel. Upon request by Buyer, Supplier will provide further detail on an individual invoice or on an ongoing basis on future invoices to permit Buyer to monitor actual Charges relative to plan. Supplier will provide actual vendor invoices for all unique material items procured in support of the Delta program. For items procured by Supplier in bulk in support of multiple Supplier contracts, Supplier shall provide a report from Supplier's accounting software showing columns: [***]

2.4 Amendment to Section 4 ("Payment"). Section 4(A)(4) is hereby deleted in its entirety and replaced with the following:

(C)(1) For All Task Orders

1. Invoices will be sent electronically to: [***] including copies to Buyer's Points of Contacts listed in the respective Task Orders.

2.5 Amendment to Section 6 ("Warranties; Inspection and Acceptance"). [***].

2.6 Amendment to Section 6 ("Warranties; Inspection and Acceptance). [***].

2.7 Amendment to Section 6 ("Warranties; Inspection and Acceptance"). [***].

2.8 Amendment to Section 6 ("Warranties; Inspection and Acceptance"). [***].

2.9 Amendment to Section 14 ("Insurance"). [***].

2.10 Amendment to Section 30 ("Order of Precedence"). Section 30 ("Order of Precedence") is hereby deleted in its entirety and replaced with the following language:

1. ORDER OF PRECEDENCE

A. All documents and provisions in this Agreement shall be read so as to be consistent to the fullest extent possible. In the event of a conflict or inconsistency between the documents or provisions as incorporated into or attached to the Agreement, the documents or provisions shall prevail in the order listed below, with the first document or provision listed having the highest precedence:

a. Task Orders, in reverse chronological order, including Attachments

b. Master Agreement

c. Master Agreement Exhibits in the following order:

I.	Exhibit A:	(Definitions)
II.	Exhibit C:	(Governance)
III.	Exhibit D:	(Responsibility Matrix)
IV.	Exhibit E:	(Reserved)
V.	Exhibit F:	(Property Management System Plan)
VI.	Exhibit H:	(Subcontract Management Plan)
VII.	Exhibit C-1:	(Governing Documents)
VIII.	Exhibit G:	(Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling)
IX.	Exhibit J:	(Task Order Form)

d. Master Agreement Exhibit B (Program Overview)

e. Purchase order

2.11 Amendment to Section 21 ("Notices") Clause (A): The notice recipient for the Supplier is updated as follows:

(A) **FROM:** If to Supplier, to:
[***]

TO: If to Supplier, to:
[***]

2.12 Amendment to Section 22 ("Authorized Representatives") Clause (A): The Authorized Contractual Representative for the Supplier is updated as follows:

(A) **FROM:** Bell Textron Inc.
[***]

TO: Bell Textron Inc.
[***]

3.1 <u>General Matters</u>

3.2 Unless otherwise set out herein, all amendments to the Agreement set out in this Amendment 1 will be made effective as of the Amendment 1 Effective Date.

3.3 Except as amended hereby all other terms and conditions of the Agreement, as previously amended, remain unchanged and in full force and effect.

3.4 Where there is a conflict between the terms of this Amendment 1 and the terms of the Agreement, the terms of this Amendment 1 will prevail but only to the extent of resolving such conflict.

3.5 This Amendment 1 may be executed in several counterparts, all of which taken together will constitute a single agreement between the Parties.

IN WITNESS WHEREOF the Parties have executed this Amendment 1 to be effective as of the Amendment 1 Effective Date.

Virgin Galactic, LLC	**Bell Textron Inc.**
By: /s/ Michael Colglazier	By: /s/ Sharon Moore
Name: Michael Colglazier	Name: Sharon Moore
Title: Chief Executive Officer	Title: Director Contracts
Date: 6/30/2023	Date: 6/29/2023

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit B
Program Overview

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

Exhibit C

Governance

Exhibit D

Responsibility Matrix

Exhibit E
Background Intellectual Property Schedule (Template)

Exhibit F
Property Management System Plan

Exhibit G
Inventory Of Buyer-Furnished Property, Non-Consumable Material and Tooling

Exhibit H

Subcontractor Management Plan

Exhibit I
List Of Subcontractors

Exhibit 31.1

CERTIFICATION PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Colglazier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Virgin Galactic Holdings, 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 15d-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.

May 7, 2024	/s/ Michael Colglazier
	Michael Colglazier
	Chief Executive Officer
	(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas Ahrens, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Virgin Galactic Holdings, 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 15d-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.

May 7, 2024	/s/ Douglas Ahrens
	Douglas Ahrens
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Virgin Galactic Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Colglazier, Chief Executive Officer (Principal Executive Officer), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. 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 as of and for the period covered by the Report.

May 7, 2024

/s/ Michael Colglazier
Michael Colglazier
Chief Executive Officer
(Principal Executive Officer)

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Virgin Galactic Holdings, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Douglas Ahrens, Chief Financial Officer (Principal Financial Officer), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. 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 as of and for the period covered by the Report.

May 7, 2024	/s/ Douglas Ahrens
	Douglas Ahrens
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.