extending to space—at industry-leading pace and cost efficiency. Our infrastructure supports training and inference for Grok, which has emerged as one of the world's most advanced frontier models. Grok is designed as a truth-seeking AI model, built on our founder Elon Musk's mission to enable humanity to understand the universe. We believe that accomplishing this mission requires a truth-seeking approach to AI. We define truth seeking as the active, relentless pursuit of what is objectively true about reality, and grounded in evidence, logic, empirical data, and first principles thinking. Our goal is to understand and explain what the universe appears to be doing, as accurately as current knowledge allows. Within two years of its initial model release, Grok achieved frontier-level performance in scientific reasoning, as measured by its GPQA Diamond score, an industry benchmark that evaluates AI models on a standardized set of questions written and validated by experts, on a faster timeline than reported by other leading model providers. Grok also benefits from integration with X, our real-time information, entertainment, and free speech platform, which serves as a foundational distribution and data engine for our AI ecosystem and further enhances Grok's truth-seeking objective.

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We believe that space represents the largest economic frontier in human history. Connectivity infrastructure in space is designed to help everyone on Earth have access to education, healthcare, entertainment, and communications, and to enable people to overcome many traditional limits, such as physical and political borders. We believe AI infrastructure in space can utilize the virtually limitless power of the Sun and thereby enable the use of AI as a transformative force for understanding the universe and improving the daily lives of all humans. We believe the convergence of these areas will enable an unprecedented expansion in the global economy, leading to an age of abundance. Our innovations and technological advancements are redefining industries on Earth, while we aim to create new ones on the Moon, Mars, and beyond. We are truly building the infrastructure of the future.

- **Space.** SpaceX is the only company that has cracked the code on accessing space at scale, revolutionizing an industry characterized by decades of stagnation, risk aversion, and economically perverse cost structures. SpaceX upended this paradigm through the application of first-principles thinking, which rejects industry assumptions and builds solutions based on the fundamental laws of physics. Our intense, mission-driven, engineering-first culture and focus on extreme vertical integration have propelled us to achieve what many deemed impossible. We pioneered high-cadence, reliable, and affordable access to space with our Falcon family of rockets. In 2015, we established at least a 10-year lead over the industry by successfully landing our first Falcon 9 booster back from space before anyone else. Space flight that historically cost billions per launch now costs in the tens of millions, fundamentally reducing the cost of space access and providing the opportunity to build new enterprises in space.

- **Connectivity.** Since activating service for customers in 2020, Starlink has rapidly expanded global access to high-speed internet, prioritizing underserved rural and remote communities worldwide. While building terrestrial networks in such communities can be prohibitively expensive, Starlink is capable of delivering broadband connectivity anywhere on Earth with just a Starlink Kit. As of March 31, 2026, we had approximately 9,600 Starlink broadband and mobile satellites in Low-Earth Orbit, operating the world's most advanced broadband constellation providing internet connectivity to approximately 10.3 million Starlink Subscribers across 164 countries, territories, and other markets. In January 2024, we also began deploying our Starlink Mobile constellation that utilizes separate Starlink satellites with satellite-to-mobile capabilities, substantially reducing mobile "dead zones" around the world. As of March 31, 2026, our dedicated satellite-to-mobile constellation of approximately 650 V1 Mobile satellites provides satellite-to-mobile data, over-the-top voice, and messaging services to approximately 7.4 million monthly unique devices across approximately 30 countries.

- **AI.** We were the first company to deploy a coherent gigawatt-scale AI training cluster. For complex reasoning and agentic workloads, compute is directly correlated with the quality of intelligence and task completion speed. In under two years, we have established a dual advantage in both cost efficiency and deployment speed at scale. By owning the compute infrastructure and vertically integrating across the full AI stack, we can train and iterate our frontier models at lower cost and higher velocity and accelerate development cycles. This eliminates external bottlenecks and drives rapid, continuous improvements in model performance. We believe this combination of our state-of-the-art AI compute infrastructure, our truth-seeking frontier model, and our access to real-time data on X creates a significant strategic advantage. Our integrated AI platforms across Grok and X have over 1.3 billion supported accounts active in the last twelve months ended March 31, 2026, including approximately 550 million MAUs and generating approximately 350 million daily posts. Of our MAUs, we had approximately 117 million MAUs that used Grok's AI features as of March 31, 2026. Grok's deep integration with X enables freshness, relevance, and contextual awareness that we believe is a competitive differentiator. This direct, real-time access to the information and human discourse on X enhances Grok's truth-seeking capabilities by grounding outputs in up-to-date knowledge and diverse viewpoints. As a result, we believe Grok can deliver the most objective and relevant insights and best serve high-frequency, high-value use cases across consumer and enterprise AI applications.

We have created distinct new markets across the space, connectivity, and AI industries by building the integrated hardware and software infrastructure of the future and by combining our broad range of capabilities. For example, SpaceX's recent acquisition of xAI unites SpaceX's launch capabilities and global connectivity network with xAI's AI development capabilities. Specifically, we believe SpaceX's reusable rockets, scaled satellite manufacturing, and operational expertise can enable the cost-effective and rapid deployment of massive AI compute satellite

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Our Space, Connectivity, and AI segments are also subject to the following challenges and uncertainties, among others:

- **Space:** Our growth strategy depends on our ability to increase our launch cadence and payload capacity, which is dependent on the successful development of Starship at scale. Unexpected design modifications, supply chain disruptions, anomalies, environmental issues, and other unforeseen technical challenges could result in delays or failures to deploy Starship on our anticipated schedule, which would delay or impede our ability to achieve our other business objectives, such as the deployment of our next-generation satellites, the expansion of our satellite-to-mobile connectivity services, and deployment of in-orbit AI compute infrastructure.
- **Connectivity:** Our satellite connectivity, including our global satellite-to-mobile connectivity services under Starlink Mobile, depend on access to radio frequency spectrum and authorizations from the Federal Communications Commission (the "FCC") in the United States and telecommunications regulators in other countries. Acquiring the necessary authorizations can be a complex and time-consuming process. Without these licenses and approvals, we cannot generally offer connectivity services in a given market. Spectrum access itself is limited and highly regulated. Additionally, the growth of our connectivity services depends on our ability to increase market awareness and acceptance of connectivity through Starlink across numerous international markets, each with its unique challenges.
- **AI:** Our AI business is in a relatively early stage, it is being integrated into our organization, its business strategy is still developing, and it will require significant capital expenditures to fund compute, infrastructure and power generation, model training, and product development. Additionally, our AI business is subject to challenges inherent in a nascent, highly competitive, capital intensive and rapidly changing industry. These include the potential for disruptive technological change, evolving industry and regulatory standards, the emergence of new and well-funded competitors, frequent new product and service introductions, and changing customer demands.

Any number of these challenges, and others that may be currently unknown to us, could have a negative impact on our business, financial condition, and results of operations. For a discussion of the challenges, risks, and limitations that could harm our future prospects, please refer to "Cautionary Note Regarding Forward-Looking Statements," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

Recent Developments

Collaboration with Cursor

In April 2026, we entered into a compute and option agreement with Anysphere, Inc., doing business as Cursor, a San Francisco-based private software company ("Cursor"), which we view as a compelling extension of our strategy to vertically integrate compute infrastructure, models, and applications. Under the compute agreement, we will provide Cursor with certain GPU cluster compute capacity and collaborate to improve existing models, including Grok, and potentially to jointly develop AI models and related model-specific deliverables or products. With the option agreement, we have the right, but not obligation, to acquire Cursor at a predetermined price or pay a fee. We

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consider software development as a strategically important use case for AI given its combination of high-quality structured data, rapid feedback cycles and frequent, mission-critical usage. AI-assisted coding workflows generate context-rich, verifiable data that can enhance model training and performance, while also driving sustained inference demand. The depth of Cursor's integration with a high-frequency coding workflow generates valuable developer interaction data, including coding generation prompts, iteration cycles, and software architecture decisions. We expect that access to this data will enhance our model training and inference, including with respect to Grok. Meanwhile, by providing access to our large-scale compute infrastructure, we believe we can help Cursor deliver faster and higher quality user experiences. The collaboration with Cursor may also accelerate our AI strategy by integrating our AI models more directly into developer workflows and expanding the distribution of our AI capabilities through high-engagement software interfaces.

The consideration for the acquisition of Cursor, if any, after the closing of this offering would consist of shares of our Class A common stock based on an implied equity value of Cursor of $60.0 billion, and the price of our Class A common stock that equals the volume-weighted average closing price thereof over the seven consecutive trading days immediately preceding the closing of the acquisition. If either (i) we decide to terminate the option agreement or (ii) Cursor is eligible to and decides to terminate due to our material breach of the option agreement (subject to notice and cure provisions), Cursor is entitled to a $1.5 billion termination fee under the option agreement and an $8.5 billion deferred services fee under the compute agreement. These fees are payable in cash (or Class A common stock, if this offering has not been consummated at the time the fees become payable). For more information about our arrangement with Cursor, including our option to acquire the company, please refer to "Business—Collaboration with Cursor" included elsewhere in this prospectus.

Compute Services Agreements with Third Parties

We believe our compute infrastructure and related strategy provides us with substantial flexibility in how we allocate and monetize capacity. We have the ability to use compute resources to support our proprietary AI applications (such as Grok 5, which is currently being trained at COLOSSUS II), while also providing access to select compute capacity to third-party customers. For example, in May 2026, we entered into Cloud Services Agreements with Anthropic PBC ("Anthropic"), an AI research and development public benefit corporation, with respect to access to compute capacity across COLOSSUS and COLOSSUS II. Pursuant to these agreements, the customer has agreed to pay us $1.25 billion per month through May 2029, with capacity ramping in May and June 2026 at a reduced fee. The agreements may be terminated by either party upon 90 days' notice. The customer will retain ownership and intellectual property rights in its content, AI models, and related data. This structure allows us to monetize unused compute capacity in our infrastructure, while still permitting reallocation of the capacity for our own internal initiatives if needed in the future. We have sufficient capacity to provide compute for our own AI

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Balance Sheet Data:

(in millions)	March 31, 2026 (unaudited)	December 31, 2025	December 31, 2024
Cash and cash equivalents	$ 15,852	$ 24,747	$ 11,385
Total current assets	29,732	30,952	16,108
Property, plant, and equipment, net	53,879	42,602	21,147
Total assets	102,094	92,079	57,062
Debt and finance leases, current	1,538	928	372
Total current liabilities	24,436	21,400	11,791
Total liabilities	60,512	50,754	31,258
Redeemable convertible preferred stock	7,049	38,752	20,941
Total shareholders' equity	34,533	2,573	4,863

Segment Operating and Financial Data (unaudited)

Space:

	Three Months Ended March 31,		Year Ended December 31,		
	2026	2025	2025	2024	2023
Mass to Orbit (in metric tons) [1]	556	450	2,213	1,699	1,210
Launches (number) [1]	40	38	170	138	98
Segment income (loss) from operations (in millions)	$ (662)	$ (70)	$ (657)	$ 21	$ (1)
Segment Adjusted EBITDA (in millions) [2]	$ (351)	$ 224	$ 653	$ 1,154	$ 997

Connectivity:

	Three Months Ended March 31,		Year Ended December 31,		
	2026	2025	2025	2024	2023
Starlink Subscribers (in millions) [1]	10.3	5.0	8.9	4.4	2.3
Starlink ARPU (dollars per month) [1]	$ 66	$ 86	$ 81	$ 91	$ 99
Segment income from operations (in millions)	$ 1,188	$ 1,033	$ 4,423	$ 2,006	$ 469
Segment Adjusted EBITDA (in millions) [2]	$ 2,087	$ 1,618	$ 7,168	$ 3,849	$ 1,602

AI:

	Three Months Ended March 31,		Year Ended December 31,		
	2026	2025	2025	2024	2023
Nameplate compute draw (in gigawatts) [1]	1	0.3	0.8	0.3	0
Segment loss from operations (in millions)	$ (2,469)	$ (936)	$ (6,355)	$ (1,561)	$ (3,973)
Segment Adjusted EBITDA (in millions) [2]	$ (609)	$ (112)	$ (1,237)	$ 347	$ 1,222

(1) Please refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation—Key Business Metrics" for additional information on our key business metrics.

(2) Segment Adjusted EBITDA is a non-GAAP measure. Please refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operation—Non-GAAP Financial Measures" for additional information on our non-GAAP financial measures, including reconciliations of Segment Adjusted EBITDA to segment income (loss) from operations, the most directly comparable GAAP measure.

Philippines for linking remote islands, schools, and public institutions, the Government of Jamaica for improving digital access in remote and maritime areas, and the Government of Ecuador for supporting education and healthcare connectivity in isolated communities. Separately with Starshield, we have leveraged our commercial LEO satellite constellation engineering learnings and operational experiences to develop a secure, dedicated satellite network designed specifically for United States Government customers and national security applications.

- **Starlink Mobile.** We provide satellite-to-mobile connectivity, supplementing terrestrial networks and substantially reducing mobile "dead zones" across approximately 30 countries. We partner with MNOs including major wireless carriers like T-Mobile in the United States, and other international operators including One NZ, Optus, Telstra, Rogers, KDDI, Salt, Entel, Kyivstar, and VMO2. Through these partnerships, we enable consumers, businesses, and public-sector customers to use their existing phones in more places, support critical connectivity during disasters and power outages, and open new applications for low-bandwidth mobile and IoT devices. Our current capabilities under our "V1" constellation (consisting of approximately 650 V1 Mobile satellites in orbit) include light data, text messaging (SMS), and over-the-top voice services (e.g., WhatsApp and FaceTime). We are developing more comprehensive satellite-to-mobile services, including broadband data and IoT connectivity, which are expected to deliver resilient, infrastructure-independent connectivity worldwide and enable 5G connectivity. We have partnerships with approximately 30 MNOs on six continents, covering an area that is home to approximately 1.9 billion people. We charge MNOs either a fixed fee or a per-mobile user fee-based amount, which is typically passed through to the customer via the carrier as an "add-on" feature.

We generate revenue in our Connectivity segment primarily through subscription fees from consumer subscribers. We drive consumer revenue through monthly subscription fees based on geographic market and download speed, recognizing revenue ratably over the service period, plus typically a one-time sale of a kit. In addition, we generate revenue from enterprises through contracts structured as a combination of subscriptions, data consumption, and capacity, or on a percentage-of-completion basis, depending on each customer's particular needs. We generate government revenue via long term contracts for Starshield, a secure satellite network designed specifically for government customers and national security applications. We also earn Starlink Mobile revenue through revenue-sharing arrangements with MNO partners, based on connectivity services included in their plans.

In 2025, revenue from consumer subscribers represented over 60% of Connectivity segment revenue. We expect revenue from consumer subscribers, as well as enterprise and government customers, to be the primary driver of Connectivity segment growth, and that Starlink Mobile will become a significant new contributor of Connectivity segment revenue.

AI. We operate a highly vertically integrated AI platform spanning gigawatt-scale AI compute infrastructure, our truth-seeking frontier AI model, Grok, AI solutions for consumer and enterprise customers, and X, our real-time information, entertainment, and free speech platform. We believe AI is rapidly converging toward AGI, where

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human cognitive capabilities can be replicated and scaled at machine speeds, profoundly augmenting human productivity. Once an AGI system exists, its true value derives from the ability to create limitless duplicates of human-like intelligence, necessitating vast computational resources and cost-efficient deployment to achieve meaningful scale. Without large-scale, power-efficient infrastructure, AGI cannot be deployed broadly or economically—making such infrastructure a critical strategic differentiator.

COLOSSUS II Facility in Memphis, Tennessee

- **AI Compute Infrastructure.** xAI has established a leading position in building and scaling terrestrial AI compute infrastructure, becoming the first company to deploy a coherent gigawatt-scale AI training cluster. Our AI compute facilities, COLOSSUS and COLOSSUS II, collectively provide approximately 1.0 gigawatt of compute power, with additional power capacity available for data center operations. Our first-principles thinking enables us to build coherent compute at scale and at rapid speed with lower costs than most other companies in the industry. We brought the first cluster of COLOSSUS online in 122 days, repurposing the shell

development of the Starship vehicle, as well as launch facilities to support future Starship launches, partially offset by an increase in NASA Cargo Resupply Services (CRS) for additional missions to the International Space Station, along with increased revenue from a U.S. Department of War contract. Our Space Segment Adjusted EBITDA is also driven by the reusability and efficiency of our rockets, which boosts cadence and reliability and supports a diversified base of commercial and government customers. These efforts have created a strong foundation for our Space Segment Adjusted EBITDA, and we believe position us to unlock further high-value opportunities in the expanding space economy.

Connectivity Segment Adjusted EBITDA

Connectivity Segment Adjusted EBITDA for the three months ended March 31, 2026 increased by $469 million to $2,087 million compared to $1,618 million for the three months ended March 31, 2025, primarily driven by higher revenue from growth in consumer and enterprise revenue. Consumer revenue was composed of 104.7% growth in Starlink Subscribers, offset by a 22.9% decline in Starlink Subscriber ARPU, primarily due to international expansion and the addition of lower priced service plans. Enterprise and government revenue had an increase primarily driven by the growth in our aviation, maritime, mobility, and other enterprise business, partially offset by a decrease in our government business. These increases in revenue were offset by higher operating expenses for international expansion, and higher research and development costs.

Connectivity Segment Adjusted EBITDA for 2025 increased by $3,319 million to $7,168 million compared to $3,849 million in 2024 while Connectivity Segment Adjusted EBITDA for 2024 increased by $2,247 million to $3,849 million compared to $1,602 million in 2023. The year-over-year increase in 2025 was primarily driven by

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higher revenue from growth in our consumer and enterprise customers, partially offset by higher marketing and international expansion costs to grow our subscribers, as well as higher research and development costs for our next-generation product development. We have driven our strong sequential Connectivity Segment Adjusted EBITDA growth by expanding the scale and efficiency of our LEO satellite constellations and our highly verticalized supply chain, which has delivered major cost reductions in user terminal production.

AI Segment Adjusted EBITDA

AI Segment Adjusted EBITDA for the three months ended March 31, 2026 decreased by $497 million to $(609) million compared to $(112) million for the three months ended March 31, 2025, primarily driven by higher cloud compute and data center infrastructure and operating costs, and employee compensation expenses, partially offset by higher revenue.

AI Segment Adjusted EBITDA for 2025 decreased by $1,584 million to $(1,237) million compared to $347 million in 2024 while AI Segment Adjusted EBITDA for 2024 decreased by $875 million to $347 million, compared to $1,222 million in 2023. The decrease in 2025 was primarily driven by higher cloud computing costs, facilities-related costs and employee expenses, partially offset by higher revenue. AI Segment Adjusted EBITDA is primarily driven by our strategy to rapidly and cost-effectively scale compute infrastructure. We expect to continue to expand our terrestrial data centers, and to launch orbital data centers, and we expect a multi-year investment horizon before these deployments translate into sustained positive Segment Adjusted EBITDA for our AI segment.

Segment Adjusted EBITDA is a non-GAAP measure. Please refer to the section titled "—Non-GAAP Financial Measures" for additional information on our non-GAAP financial measures, including reconciliations of Segment Adjusted EBITDA to segment income (loss) from operations, the most directly comparable GAAP measure.

Capital Expenditures

The following table presents our capital expenditures by segment:

	Three Months Ended March 31,		Year Ended December 31,		
(in millions)	**2026**	**2025**	**2025**	**2024**	**2023**
Space	$ 1,052	$ 759	$ 3,832	$ 2,032	$ 1,497
Connectivity	1,332	814	4,178	3,498	2,455
AI	7,723	2,567	12,727	5,633	463
Total Capital Expenditures	$ 10,107	$ 4,140	$ 20,737	$ 11,163	$ 4,415

Space Capital Expenditures

Space capital expenditures for the three months ended March 31, 2026 increased $293 million to $1,052 million compared to $759 million for the three months ended March 31, 2025. The increase was primarily driven by increased investment in our launch site infrastructure for Starship.

Space capital expenditures for 2025 increased $1,800 million to $3,832 million compared to $2,032 million in 2024, while Space capital expenditures for 2024 increased $535 million to $2,032 million compared to $1,497 million in 2023. The increase in each year-over-year period was primarily driven by increased investment in our launch site infrastructure for Starship.

Connectivity Capital Expenditures

Connectivity capital expenditures for the three months ended March 31, 2026 increased $518 million to $1,332 million compared to $814 million for the three months ended March 31, 2025. The increase was primarily driven by higher satellite and ground equipment costs as we continue to increase our number of satellites and grow our satellite network.

Connectivity capital expenditures for 2025 increased $680 million to $4,178 million compared to $3,498 million in

performance to date. The Company measures progress on these contracts using the cost-to-cost input method, which the Company believes represents the most appropriate measure towards satisfaction of its performance obligation.

For launches of our Starlink satellites, the Company does not recognize any inter-segment revenue, rather those launch costs are capitalized in satellites in Property, plant, and equipment, net. We allocate a significant amount of launch capacity to our Connectivity segment, and expect to allocate a significant amount to our AI segment in the future. Our Space segment revenue only reflects our customer launches and customer activities.

Revenue from Launch Services recognized at point in time and revenue from Launch and Development recognized over time as a percentage of total Space segment revenue are as follows:

	Three Months Ended March 31,		Year Ended December 31,		
	2026	2025	2025	2024	2023
Launch Services	53.3 %	65.4 %	63.0 %	68.2 %	55.2 %
Launch & Development	46.7 %	34.6 %	37.0 %	31.8 %	44.8 %
Space	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

We expect Space revenue growth to continue to be lower than total company revenue growth as our internal business continues to absorb most of the growth in our launch capacity. In addition, we expect Launch and Development to represent a larger portion of our Space revenue as we continue to serve our long-term contracts for our government customers. From period to period, Space revenue will vary based on the mix of launches used for customers and our own businesses.

Expenses - Space

Cost of Revenue

The Company's Falcon 9 and Falcon Heavy are composed of boosters (also known as first stages), second stages, Merlin engines, and fairings. Boosters, fairings, and Merlin engines are reusable and are classified as property, plant, and equipment and are depreciated to cost of revenue. The second stages are not reusable and are recorded to cost of revenue when they are launched for Launch Services revenue transactions or assigned for Launch and Development revenue transactions. Dragon is comprised of a fully reusable capsule that is classified as Property, plant, and equipment, net and is depreciated to cost of revenue. Starship is comprised of a booster, ship, and Raptor engines and is currently in the development stage. A majority of Starship costs are currently expensed to Research and development as incurred. Raptor engines are expensed when used in test flights.

Space segment's cost of revenue includes second stages flown related to the Company's Falcon 9 and Falcon Heavy launches, launch operations and overhead, depreciation (inclusive of booster, Merlin engine, and fairing depreciation), employee compensation costs (including salaries, benefits, and share-based compensation) for our operations teams, launch testing and overhead, engineering costs, inventory excess and obsolescence, shared costs incurred in the production of launch hardware, and ongoing product support.

We expect Space cost of revenue to increase both in absolute dollars and as a percentage of revenue based on our expected mix of Launch Services and Launch and Development. From period to period, Space segment cost of revenue will vary based on the mix of customer and internal launches.

Research and Development

Space segment's research and development ("R&D") expenses mainly relate to the development, build, and testing of Starship. Starship costs consist of test flight hardware, Raptor engines, employee compensation costs (including

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salaries, benefits, and share-based compensation), tooling and equipment expenses, depreciation for R&D equipment, and allocated overhead. R&D also includes certain expenses related to the development of features and modules created through engineering services for the Company's Falcon vehicles, where the Company retains the associated intellectual property.

We expect Space research and development to increase both in absolute dollars and as a percentage of revenue in 2026, as we invest in the development and commercialization of Starship, and to moderate both in absolute dollars and as a percentage of revenue once Starship is commercialized by delivering payload to orbit. At commercialization, Starship costs generally will be capitalized and then depreciated in cost of revenue of the segment associated with the payload delivered.

Selling, General, and Administrative

Space segment's selling, general, and administrative ("SG&A") expenses include allocated employee compensation costs (including salaries, benefits, and share-based compensation) for our sales, facilities, legal, finance, information technology, human resources, and other administrative employees, depreciation, and corporate aircraft costs.

We expect Space segment's SG&A to increase in absolute dollars to support growth of our business, and to decrease as a percentage of revenue as we continue to work to reduce operating costs as a percentage of revenue.

Impairment

Space impairment includes impairment losses on fixed assets due to anomalies on the Company's flight vehicles and launch sites, which occur outside our normal business operations.

Connectivity

Revenue - Connectivity

Cost of Revenue

Cost of revenue for the year ended December 31, 2025 decreased by $189 million, or 12.2%, compared to the prior year ended December 31, 2024. This decrease was primarily due increased reusability of our Falcon launch vehicles resulting in lower deprecation of $240 million, lowering the cost of each launch, and lower overhead costs of $11 million. The decrease is also due to the relative increase in Starlink satellite launches from 89 launches in 2024 to 122 launches in 2025, resulting in relatively more of our launch operations and overhead costs capitalized in our Connectivity segment of $14 million. This decrease was partially offset by an increase in inventory excess and obsolescence reserves of $51 million mainly due to less demand on rocket vehicle and spacecraft parts as reusability has increased.

Research and Development

Research and development for the year ended December 31, 2025 increased by $1,169 million, or 63.7%, compared to the prior year ended December 31, 2024. This increase was primarily driven by higher production costs of $779 million, higher launch costs of $218 million, and higher engineering costs of $185 million, due to the accelerated investment in development of the Starship vehicle and continued development of production and launch facilities to support future Starship launches.

Selling, General, and Administrative

Selling, general, and administrative for the year ended December 31, 2025 decreased by $26 million, or 6.9%, compared to the prior year ended December 31, 2024. This decrease was primarily due to lower allocated general and administrative overhead of $52 million, partially offset by higher employee compensation expenses (including salaries, benefits, and share-based compensation) of $16 million.

Impairment

Impairment for the year ended December 31, 2025 increased by $14 million, or 61.5%, compared to the prior year ended December 31, 2024. This increase was primarily due to a non-recurring impairment loss on a Falcon 9 booster due to a post-landing anomaly during the year.

Income (Loss) from Operations

Space income from operations for the year ended December 31, 2025 decreased by $678 million compared to the prior year ended December 31, 2024 driven by the factors described above.

Connectivity

	Year Ended December 31,		2025 vs. 2024 Change	
(in millions)	2025	2024	$ Change	% Change
Revenue	$ 11,387	$ 7,599	$ 3,788	49.8 %
Costs and expenses				
Cost of revenue	5,921	4,768	1,153	24.2 %
Research and development	575	453	122	27.1 %
Selling, general, and administrative	468	333	135	40.4 %
Impairment	—	39	(39)	NM
Total costs and expenses	$ 6,964	$ 5,593	$ 1,371	24.5 %
Income from operations	$ 4,423	$ 2,006	$ 2,417	120.4 %

NM — Absolute percentage comparisons from positive to negative values or to zero values are considered not meaningful.

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Revenue

Revenue for the year ended December 31, 2025 increased by $3,788 million, or 49.8%, compared to the prior year ended December 31, 2024. This increase was primarily driven by an increase of $2,377 million in revenue from our consumer subscribers, composed of 99.9% growth in Starlink Subscribers, offset by an 11.2% decline in Starlink Subscriber ARPU, primarily due to international expansion and the addition of lower priced service plans. In addition, Connectivity revenue had an increase of $1,411 million from our enterprise and government customers, primarily driven by the growth in our enterprise connectivity business of $1,218 million inclusive of growth in our mobile connectivity business of $632 million, and growth in our government connectivity business of $193 million.

Cost of Revenue

Cost of revenue for the year ended December 31, 2025 increased by $1,153 million, or 24.2%, compared to the prior year ended December 31, 2024. This increase was primarily due to higher depreciation of $827 million from capitalized launch and satellite costs, higher operating expenses of $283 million mainly driven by ground operating costs of $134 million, payment processor fees of $45 million, international expansion of $44 million, warranty costs of $38 million, and employee compensation expenses (including salaries, benefits, and share-based compensation) of $12 million, and higher freight costs of $72 million.

Research and Development

	Year Ended December 31,		2024 vs. 2023 Change	
Income (loss) from operations	$ 21	$ (1)	$ 22	NM

NM — Absolute percentage comparisons from positive to negative values or to zero values are considered not meaningful.

Revenue

Revenue for the year ended December 31, 2024 increased by $239 million, or 6.7%, compared to the prior year ended December 31, 2023. Launch Services revenue increased by $620 million as total Falcon launches increased by 38 from 96 in 2023 to 134 in 2024, with Launch Services missions increasing by 8. This increase was partially offset by a decrease of $381 million for Launch and Development revenue due to decreased activity in our International Space Station contracts and lower revenue from a U.S. Department of War contract.

Cost of Revenue

Cost of revenue for the year ended December 31, 2024 decreased by $128 million, or 7.6%, compared to the prior year ended December 31, 2023. This decrease was primarily due to increased reusability of our Falcon launch vehicles resulting in lower depreciation of $80 million, lowering the cost of each launch. The decrease was also due to the relative increase in Starlink satellite launches from 63 launches in 2023 to 89 launches in 2024, resulting in relatively more of our launch operations and overhead costs capitalized in our Connectivity segment of $99 million. This decrease was offset by an increase in launch overhead costs of $77 million due to the increase in Falcon launches.

Research and Development

Research and development for the year ended December 31, 2024 increased by $297 million, or 19.3%, compared to the prior year ended December 31, 2023. This increase was primarily due to higher production costs of $159 million, higher launch costs of $67 million, and higher engineering costs of $56 million due to the increased investment in the development of the Starship vehicle and related launch facilities.

Selling, General, and Administrative

Selling, general, and administrative for the year ended December 31, 2024 increased by $24 million, or 7.0%, compared to the prior year ended December 31, 2023. This increase was primarily due to higher employee compensation expenses (including salaries, benefits, and share-based compensation) and professional fees of $25 million.

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Impairment

Impairment for the year ended December 31, 2024 increased by $24 million compared to the prior year ended December 31, 2023. This increase was primarily due to non-recurring impairment losses resulting from one-time launch anomalies experienced during the year.

Income (Loss) from Operations

Income (loss) from operations for the year ended December 31, 2024 increased by $22 million compared to the prior year ended December 31, 2023 driven by the factors described above.

Connectivity

(in millions)	Year Ended December 31, 2024	2023	2024 vs. 2023 Change $ Change	% Change
Revenue	$ 7,599	$ 3,869	$ 3,730	96.4 %
Costs and expenses				
Cost of revenue	4,768	2,786	1,982	71.1 %
Research and development	453	381	72	18.8 %
Selling, general, and administrative	333	233	100	43.0 %
Impairment	39	—	39	NM
Total costs and expenses	$ 5,593	$ 3,400	$ 2,193	64.5 %
Income from operations	$ 2,006	$ 469	$ 1,537	327.4 %

NM — Absolute percentage comparisons from positive to negative values or to zero values are considered not meaningful.

Revenue

Revenue for the year ended December 31, 2024 increased by $3,730 million, or 96.4%, compared to the prior year ended December 31, 2023. This increase was primarily driven by an increase of $2,013 million in revenue from our consumer subscribers, composed of 96.5% growth in Starlink Subscribers offset by a 8.1% decline in Starlink Subscriber ARPU primarily due to international expansion. In addition, Connectivity revenue had an increase of $1,717 million from our enterprise and government customers, primarily driven by the growth in our enterprise connectivity business of $466 million and growth in our government connectivity business of $1,250 million.

Cost of Revenue

Cost of revenue for the year ended December 31, 2024 increased by $1,982 million, or 71.1%, compared to the prior year ended December 31, 2023. This increase was primarily due to higher volume spend on Starlink Kits of $907

	Three Months Ended March 31,		Year Ended December 31,		
Provision for (benefit from) income taxes	6	11	716	(549)	(363)
Adjusted EBITDA	$ 1,127	$ 1,730	$ 6,584	$ 5,350	$ 3,821

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The following table sets forth a reconciliation of Income (loss) from operations for each segment, the most directly comparable GAAP measure, to Segment Adjusted EBITDA:

	Three Months Ended March 31, 2026			
(in millions)	Space	Connectivity	AI	Total Reportable Segments
Income (loss) from operations	$ (662)	$ 1,188	$ (2,469)	$ (1,943)
Add:				
Depreciation and amortization	166	783	1,493	2,442
Share-based compensation	145	116	378	639
Restructuring charges	—	—	(11)	(11)
Segment Adjusted EBITDA	$ (351)	$ 2,087	$ (609)	$ 1,127

	Three Months Ended March 31, 2025			
(in millions)	Space	Connectivity	AI	Total Reportable Segments
Income (loss) from operations	$ (70)	$ 1,033	$ (936)	$ 27
Add:				
Depreciation and amortization	162	510	771	1,443
Share-based compensation	108	75	49	232
Restructuring charges	—	—	4	4
Impairment	24	—	—	24
Segment Adjusted EBITDA	$ 224	$ 1,618	$ (112)	$ 1,730

	2025			
(in millions)	Space	Connectivity	AI	Total Reportable Segments
Income (loss) from operations	$ (657)	$ 4,423	$ (6,355)	$ (2,589)
Add:				
Depreciation and amortization	757	2,376	3,568	6,701
Share-based compensation	515	369	1,063	1,947

Restructuring charges	—	—	487	487
Impairment	38	—	—	38
Segment Adjusted EBITDA	$ 653	$ 7,168	$ (1,237)	$ 6,584

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	Year Ended December 31, 2024			
(in millions)	Space	Connectivity	AI	Total Reportable Segments
Income (loss) from operations	$ 21	$ 2,006	$ (1,561)	$ 466
Add:				
Depreciation and amortization	637	1,508	1,679	3,824
Share-based compensation	472	296	16	784
Restructuring charges	—	—	213	213
Impairment	24	39	—	63
Segment Adjusted EBITDA	$ 1,154	$ 3,849	$ 347	$ 5,350

	Year Ended December 31, 2023			
(in millions)	Space	Connectivity	AI	Total Reportable Segments
Income (loss) from operations	$ (1)	$ 469	$ (3,973)	$ (3,505)
Add:				
Depreciation and amortization	571	884	1,180	2,635
Share-based compensation	427	249	3	679
Restructuring charges	—	—	237	237
Impairment	—	—	3,775	3,775
Segment Adjusted EBITDA	$ 997	$ 1,602	$ 1,222	$ 3,821

Liquidity and Capital Resources

Our primary sources of liquidity are cash flows generated from operations, our total cash and cash equivalents of $15,852 million as of March 31, 2026, short-term marketable securities of $7,823 million as of March 31, 2026, and borrowings under our credit facilities. As of March 31, 2026, we have $1,500 million available to borrow under the SpaceX Credit Facility. The cash we generate from our core operations also enables us to fund our research and development projects including our Starship rocket and next-generation satellites, the construction of future data centers, and the continued expansion of our AI-enabled products.

In addition, because we expect a significant portion of our future expenditures to fund growth initiatives, we retain flexibility to adjust spending across segments. For example, if our near-term data center needs decrease in scale or ramp more slowly than expected, including due to global economic, tax, trade or business conditions, we may reduce future capital expenditures in this segment and reallocate those expenditures to other segments based on business priorities and growth opportunities. In addition, we continually evaluate our cash needs and may decide it is best to raise additional capital or seek alternative financing sources to fund the rapid growth of our business, including through drawdowns on existing or new debt facilities. We may seek to refinance the SpaceX Bridge Loan, including with the proceeds from notes offerings, bank borrowings, or other financial arrangements. We may also from time to time determine that it is in our best interests to voluntarily repay certain indebtedness early.

Accordingly, we believe we have sufficient sources of funding to meet our business requirements for at least the next twelve months from the issuance of the consolidated financial statements.

Debt Agreements

SpaceX Credit Facility

In February 2025, SpaceX entered into a five-year senior unsecured revolving credit agreement with a syndicate of banks, under which the Company may borrow up to $1,500 million (“SpaceX Credit Facility”). The SpaceX Credit Facility is subject to certain customary representations, warranties, covenants, and events of default, including a

the relevant aforementioned assumptions; (iii) the consistent application of accounting policies; and (iv) the timely identification of circumstances which may require a modification to a previous estimate.

/s/PricewaterhouseCoopers LLP

Los Angeles, California

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

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

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

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

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

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

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

	Year Ended December 31,		
	2025	2024	2023
Revenue	$ 18,674	$ 14,015	$ 10,387
Costs and expenses			
Cost of revenue	9,451	7,996	6,110
Research and development	8,643	3,464	2,105
Selling, general, and administrative	2,644	1,813	1,665
Restructuring charges	487	213	237
Impairment	38	63	3,775
Total costs and expenses	21,263	13,549	13,892
Income (loss) from operations	(2,589)	466	(3,505)
Interest expense (related party of $66, $-, and $- for December 31, 2025, 2024, and 2023, respectively)	(1,945)	(1,580)	(1,693)
Interest income	492	371	249
Other income (expense), net	(177)	985	(42)
Income (loss) before income taxes	(4,219)	242	(4,991)
Provision for (benefit from) income taxes	718	(549)	(363)
Net income (loss)	$ (4,937)	$ 791	$ (4,628)
Net income (loss) attributable to shareholders - basic	$ (4,937)	$ 18	$ (4,628)
Net income (loss) attributable to shareholders - diluted	$ (4,937)	$ 21	$ (4,628)
Net income (loss) per share of common stock attributable to common shareholders			
Basic	$ (1.69)	$ 0.01	$ (1.68)
Diluted	$ (1.69)	$ 0.00	$ (1.68)
Weighted average shares used in computing net income (loss) per share of common stock			
Basic	2,926	2,848	2,759
Diluted	2,926	9,956	2,759

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

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

	2025	2024	2023

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

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

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

	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balances at December 31, 2022	136	$ 7,239	2,742	$ 3	$ 35,275	$ (28,757)	$ 1,262	$ 7,783
Share-based compensation	—	3	—	—	784	—	—	784
Issuance of redeemable convertible preferred stock	750	750	—	—	—	—	—	—
Common stock issued, net of tax withholding	—	—	249	0	(41)	—	—	(41)
Repurchase of common stock	—	—	(11)	0	(170)	—	—	(170)
Net loss	—	—	—	—	—	(4,628)	—	(4,628)
Other comprehensive income (loss)	—	—	—	—	—	—	223	223
Balances at December 31, 2023	886	$ 7,992	2,980	$ 3	$ 35,848	$ (33,385)	$ 1,485	$ 3,951
Adjustment for prior periods from adoption of ASU 2023-08	—	—	—	—	—	496	—	496
Share-based compensation	—	—	—	—	914	—	—	914
Issuance of redeemable convertible preferred stock	862	13,001	—	—	—	—	—	—
Common stock issued, net of tax withholding	—	—	75	0	72	—	—	72
Repurchase of common and redeemable convertible preferred stock	0	(21)	(46)	0	(1,000)	—	—	(1,000)
Conversion of redeemable convertible preferred stock to common stock	0	(31)	14	0	31	—	—	31
Net income	—	—	—	—	—	791	—	791
Other comprehensive income (loss)	—	—	—	—	—	—	(392)	(392)

	Redeemable Convertible Preferred Stock		Common Stock					
Balances at December 31, 2024	1,748	$ 20,941	3,023	$ 3	$ 35,865	$ (32,098)	$ 1,093	$ 4,863
Share-based compensation	—	—	—	—	2,087	—	—	2,087
Issuance of redeemable convertible preferred stock	299	17,898	—	—	—	—	—	—
Common stock issued, net of tax withholding	—	—	97	1	740	—	—	741
Repurchase of common stock	—	—	(69)	0	(1,125)	—	—	(1,125)
Conversion of redeemable convertible preferred stock to common stock	(1)	(87)	28	0	87	—	—	87
Transfer of equity in business combination	—	—	0	0	52	—	—	52
Net loss	—	—	—	—	—	(4,937)	—	(4,937)
Other comprehensive income (loss)	—	—	—	—	—	—	805	805
Balances at December 31, 2025	2,046	$ 38,752	3,079	$ 4	$ 37,706	$ (37,035)	$ 1,898	$ 2,573

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

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

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities			
Net income (loss)	$ (4,937)	$ 791	$ (4,628)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	6,701	3,824	2,635
Share-based compensation	1,947	784	679
Intangible asset impairment	—	—	3,775
Deferred income taxes	626	(675)	(409)
Unrealized (gain) loss on digital assets	112	(955)	—
Impairment and loss on disposal of fixed assets, net	88	135	36
Amortization of debt discount and issuance costs	93	84	212
Other	66	115	214
Changes in operating assets and liabilities			
Accounts receivable	(543)	(347)	345
Inventory	(413)	(309)	(72)
Prepaid expenses and other assets	(673)	(328)	41
Accounts payable	709	472	220
Deferred revenue	1,929	1,876	1,695
Operating lease liabilities, net	(56)	(37)	(15)
Other liabilities	1,136	346	(208)
Net cash provided by operating activities	$ 6,785	$ 5,776	$ 4,520
Cash flows from investing activities			
Purchases of property, plant, and equipment (related party of $666, $171, and $11 for December 31, 2025, 2024, and 2023, respectively)	(20,737)	(11,163)	(4,415)
Capitalized interest	(169)	—	—
Proceeds from product rebates	118	—	—
Purchases of marketable securities	(611)	(3,542)	(3,535)
Maturities of marketable securities	548	3,712	2,731
Proceeds from sales of marketable securities	1,457	193	333
Investments in unconsolidated affiliates	(86)	—	—
Other investing activities, net	(95)	4	19
Net cash used in investing activities	$ (19,575)	$ (10,796)	$ (4,867)
Cash flows from financing activities			
Principal repayments on finance leases	(295)	(154)	—
Proceeds from debt and other financing obligations	16,055	—	—
Payment of debt issuance costs	(66)	—	—
Repayments on debt and other financing obligations	(6,858)	(77)	(112)
Proceeds from issuance of capital stock, net of issuance costs	18,807	13,101	774
Proceeds from employee equity award plans	328	224	141

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

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

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SPACE EXPLORATION TECHNOLOGIES CORP.

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

Note 1 - Nature of Business

Description of Business

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

SpaceX is advancing the boundaries of space technology and human spaceflight through its Falcon launch vehicles

All of products revenue is attributable to the Connectivity segment.

Revenue disaggregated by type and segment is as follows:

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

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

Deferred revenue

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

Backlog

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

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Concentration of risk

Consolidated revenue from a significant customer is as follows:

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

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

Note 4 - Inventory

Inventory consists of the following:

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

Note 5 - Property, Plant, and Equipment, Net

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

	2025	2024
Servers and networking equipment	$ 22,694	$ 6,892
Satellites	11,949	7,591
Machinery and equipment	6,343	5,343

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

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

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

Other Financings

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

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

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

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

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

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

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

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

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Note 11 - Leases

The balances of the Company's operating and finance leases, included in Other assets, Accrued expenses and other current liabilities, and Other liabilities for operating leases, and Finance lease right-of-use assets, Debt and finance

leases, current, and Debt and finance leases, net of current for finance leases, in the consolidated balance sheets, are as follows:

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

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

	Year Ended December 31, 2025	2024	2023
Operating lease expense:			
Operating lease expense	$ 475	$ 311	$ 295
Short-term lease cost	267	101	25
Variable lease cost	106	83	75
Total operating lease expense	848	495	395
Finance lease expense:			
Amortization of leased assets	330	—	—
Interest on lease liabilities	317	—	—
Total finance lease expense	647	—	—
Total lease expense	$ 1,495	$ 495	$ 395

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Other information related to leases is as follows:

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

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

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

	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			

	Year Ended December 31,		
Operating cash outflows from operating leases	$ 533	$ 372	$ 303
Operating cash outflows from finance leases	$ 317	$ —	$ —
Financing cash outflows from finance leases	$ 295	$ 154	$ —
Leased assets obtained in exchange for operating lease liabilities	$ 288	$ 564	$ 168
Leased assets obtained in exchange for finance lease liabilities	$ —	$ 1,686	$ —

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

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

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

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Note 12 - Balance Sheet Components

Certain financial statement details are as follows:

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

Note 13 - Redeemable Convertible Preferred Stock and Shareholders' Equity

SpaceX Preferred and Common Stock

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

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

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

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The following table is a reconciliation of taxes at the U.S. federal statutory income tax rate to the Company's benefit from income taxes for the years ended December 31, 2024 and 2023 in accordance with the guidance prior to the Company's adoption of ASU 2023-09:

	Year Ended December 31,	
	2024	2023
Federal statutory income tax rate	$ 51	$ (1,048)
State and local income taxes, net of federal income tax effect	(213)	(276)
Share-based compensation	(90)	(73)
Foreign tax effects	(3)	84
Research and development tax credits	(689)	(489)
Change in valuation allowance	137	1,209
Change in unrecognized tax benefits	299	206
Other adjustments	(41)	24
Provision for (benefit from) income taxes	$ (549)	$ (363)

Upon adoption of ASU 2023-09, cash paid for income taxes, net of refunds, during the year ended December 31, 2025 is as follows:

	Year Ended December 31,
	2025
Federal	$ 70
State and Local	17
Foreign	
Ireland	20
Mexico	9
Other	38
Total cash paid for income taxes, net of refunds	$ 154

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The significant components of the deferred tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	$ 2,275	$ 572
Research and development and other credits	3,627	2,988
Intangible assets	812	568
Operating lease liability	1,613	313
Capitalized research and development costs	4,077	3,215
Share-based compensation	366	254
Deferred revenue	757	664
Disallowed interest expense	762	785
Other	233	206

details. The related asset is recorded within Property, plant, and equipment, net in the Company's consolidated balance sheets.

In 2025, Elon Musk, through his trust, purchased $1,421 million of common stock from current and former employees.

Other transactions with Tesla and other related parties during the years ended December 31, 2025, 2024, and 2023 were immaterial.

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Note 19 - Segments

Following the Mergers, the Company evaluated how to view and measure performance of the combined company and potential realignment of individual entity's historical segment structure. Following this evaluation, the Company determined that as a combined company, effective in Q1 2026, the Company's Chief Executive Officer, as the Chief Operating Decision Maker ("CODM"), organizes the Company, manages resource allocations, and measures performance among three operating and reportable segments: (i) Space, (ii) Connectivity, and (iii) AI. Prior period presentations for segments conform to the current segment reporting structure.

The Company's CODM assesses performance and allocates resources to operating segments based on segment income (loss) from operations by comparing actual income (loss) from operations to historical results and previously forecasted financial information. The Company's CODM does not evaluate operating and reportable segments using asset or liability information.

The following tables present information as to revenues, significant segment expenses, and income (loss) from operations by the Company's reportable segments:

	Year Ended December 31, 2025			
	Space	Connectivity	AI	Total Reportable Segments
Revenue	$ 4,086	$ 11,387	$ 3,201	$ 18,674
Costs and expenses				
Cost of revenue	1,352	5,921	2,178	9,451
Research and development	3,004	575	5,064	8,643
Selling, general, and administrative	349	468	1,827	2,644
Restructuring charges	—	—	487	487
Impairment	38	—	—	38
Total costs and expenses	4,743	6,964	9,556	21,263
Income (loss) from operations	(657)	4,423	(6,355)	(2,589)
Interest expense				(1,945)
Interest income				492
Other income (expense), net				(177)
Income (loss) before income taxes				$ (4,219)
Supplemental segment information				
Depreciation and amortization	$ 757	$ 2,376	$ 3,568	$ 6,701
Share-based compensation	$ 515	$ 369	$ 1,063	$ 1,947
Impairment	$ 38	$ —	$ —	$ 38
Capital expenditures	$ 3,832	$ 4,178	$ 12,727	$ 20,737

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	Year Ended December 31, 2024			
	Space	Connectivity	AI	Total Reportable Segments
Revenue	$ 3,796	$ 7,599	$ 2,620	$ 14,015
Costs and expenses				
Cost of revenue	1,541	4,768	1,687	7,996
Research and development	1,835	453	1,176	3,464
Selling, general, and administrative	375	333	1,105	1,813
Restructuring charges	—	—	213	213
Impairment	24	39	—	63
Total costs and expenses	3,775	5,593	4,181	13,549
Income (loss) from operations	21	2,006	(1,561)	466
Interest expense				(1,580)
Interest income				371
Other income (expense), net				985
Income (loss) before income taxes				$ 242
Supplemental segment information				
Depreciation and amortization	$ 637	$ 1,508	$ 1,679	$ 3,824
Share-based compensation	$ 472	$ 296	$ 16	$ 784
Impairment	$ 24	$ 39	$ —	$ 63
Capital expenditures	$ 2,032	$ 3,498	$ 5,633	$ 11,163

	Year Ended December 31, 2023			
	Space	Connectivity	AI	Total Reportable Segments
Revenue	$ 3,557	$ 3,869	$ 2,961	$ 10,387
Costs and expenses				
Cost of revenue	1,669	2,786	1,655	6,110
Research and development	1,538	381	186	2,105
Selling, general, and administrative	351	233	1,081	1,665
Restructuring charges	—	—	237	237
Impairment	—	—	3,775	3,775
Total costs and expenses	3,558	3,400	6,934	13,892
Income (loss) from operations	(1)	469	(3,973)	(3,505)
Interest expense				(1,693)
Interest income				249
Other income (expense), net				(42)
Income (loss) before income taxes				$ (4,991)
Supplemental segment information				
Depreciation and amortization	$ 571	$ 884	$ 1,180	$ 2,635
Share-based compensation	$ 427	$ 249	$ 3	$ 679
Impairment	$ —	$ —	$ 3,775	$ 3,775
Capital expenditures	$ 1,497	$ 2,455	$ 463	$ 4,415

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The following tables provide revenue by geography based on the country of domicile in which the transaction originated:

	2025	2024	2023
USA	$ 12,966	$ 10,008	$ 7,473
Ireland	1,827	1,371	1,047
Canada	764	582	447
All Other	3,117	2,054	1,420
Total Revenues	$ 18,674	$ 14,015	$ 10,387

	March 31, 2026		
	Principal	Unamortized Deferred Financing Costs	Net
SpaceX Bridge Loan	20,000	21	19,979
X 2027 and X 2030 Notes	27	—	27
Other financings [1]	9,105	—	9,105
Total debt	29,132	21	29,111
Finance lease liability	1,154	—	1,154
Total debt and finance leases	30,286	21	30,265
Less: Short-term portion	1,538	—	1,538
Total debt and finance leases, net of current	$ 28,748	$ 21	$ 28,727

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

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

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SpaceX Bridge Loan

General. In March 2026, SpaceX entered into a new bridge loan credit agreement (the "SpaceX Bridge Loan") with a syndicate of lenders, providing for an unsecured bridge term loan facility in an aggregate principal amount of $20,000 million. The SpaceX Bridge Loan matures on September 2, 2027, with two three-month extensions at the Company's option, subject to the absence of a continuing default and the payment of an extension fee of 0.25% of the aggregate outstanding principal per extension, resulting in a final extended maturity date in March 2028.

Proceeds. The proceeds of the SpaceX Bridge Loan were used to repay the X B-1 Term Loan, the X B-3 Term Loan, the xAI Fixed Rate Loan, the xAI Floating Rate Loan, and the xAI 12.5% Senior Secured Notes (as defined and described below). The remaining proceeds were used for general corporate purposes.

Interest Rates. The SpaceX Bridge Loan bears interest, at the Company's election, at a rate per annum equal to (i) Term SOFR plus an applicable margin ranging from 0.75%-1.75% (depending on the Company's debt rating), or (ii) a base rate equal to the highest of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate, (c) Term SOFR plus 1.00% and (d) 1.00%, plus an applicable margin ranging from 0.00% to 0.75% (depending on the Company's debt rating). In addition, the Company is obligated to pay duration fees equal to 0.125% of outstanding principal on the first anniversary of closing and 0.25% of outstanding principal on the fifteen-month anniversary of closing. The effective interest rate on outstanding borrowings under the SpaceX Bridge Loan was 4.58% as of March 31, 2026.

Principal Repayments. The SpaceX Bridge Loan may be prepaid at any time, in whole or in part, without premium or penalty. The Company is required to use the net proceeds of certain debt financings to repay amounts outstanding under the SpaceX Bridge Loan and to apply the net proceeds of a qualified initial public offering ("IPO") to repay such amounts within six months following receipt.

Guarantors and Collateral. The obligations of the Company under the SpaceX Bridge Loan are guaranteed on a joint and several basis by X Corp., X.AI LLC, and CTC Property LLC (each a subsidiary of the Company).

Covenants. The SpaceX Bridge Loan contains customary events of default and affirmative and negative covenants, including restrictions on liens, subsidiary indebtedness, fundamental changes (including a prohibition on the disposition of Starlink assets and other material businesses outside the consolidated group), and changes in the nature of the Company's business. The sole financial maintenance covenant requires the Company to maintain a Consolidated Leverage Ratio — defined as consolidated funded indebtedness (net of 85% of unrestricted cash) to Consolidated EBITDA (as defined in the SpaceX Bridge Loan) — of no greater than 3.75 to 1.0 as of the end of each fiscal quarter, with a temporary step-up to 4.25 to 1.0 for four fiscal quarters following a qualifying acquisition of at least $1.0 billion. The Company was in compliance with the covenants as of March 31, 2026.

Accounting Treatment. The Company accounted for the repayment of the X B-1 Term Loan, the X B-3 Term Loan, the xAI Fixed Rate Loan, the xAI Floating Rate Loan and the xAI 12.5% Senior Secured Notes as an

extinguishment of debt, resulting in a loss on extinguishment of $1,526 million, recorded in Other expense, net.

SpaceX Credit Facility

General. In February 2025, the Company entered into a five-year senior unsecured revolving credit agreement ("SpaceX Credit Facility") with a syndicate of banks, under which the Company may draw up to $1,500 million, subject to a customary financial covenant and other reporting requirements. The SpaceX Credit Facility terminates, and all outstanding loans become due and payable, on February 7, 2030, unless the parties agree to an extension. No amounts were borrowed under the SpaceX Credit Facility during the three months ended March 31, 2026 and 2025.

Amendment. In March 2026, the Company entered into a First Amendment to Credit Agreement and Waiver (the "First Amendment") with its lenders, in connection with the Company's entry into the SpaceX Bridge Loan (as defined above). The First Amendment, among other things, (i) waived certain specified defaults and (ii) amended

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certain definitions and covenants under the SpaceX Credit Facility to conform to the terms of the SpaceX Bridge Loan.

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

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

X 2027 and 2030 Notes

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

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

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

Covenants. The Company was in compliance with the covenants as of March 31, 2026.

X First Lien Senior Credit Facilities

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

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

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

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

Principal Repayments. On March 2, 2026, the Company repaid the full outstanding principal balance and accrued interest, including a prepayment penalty of $425 million, resulting in the extinguishment of the X B-1 Term Loan and X B-3 Term Loan. The X B-1 Term Loan was repayable at any time, in whole or in part, without premium or penalty, subject to mandatory quarterly prepayments of principal beginning on the last day of the fiscal quarter ended March 31, 2023, in amounts equal to 0.25% of the original principal amount of borrowings thereunder, with the unpaid balance being payable on the final maturity date thereof. The X B-1 Term Loan was also subject to additional customary mandatory prepayment provisions from the proceeds of certain debt issuances and asset sales, as well as sweeps of a portion of excess cash flow, subject to certain leverage-based step-downs and exceptions. The X B-3 Term Loan had prepayment penalties of 107.13% of the outstanding principal before October 27, 2026, 104.75% of the outstanding principal before October 27, 2027, and 102.38% of the outstanding principal before October 27, 2028.

Guarantors and Collateral. Obligations under the First Lien Senior Credit Facilities were guaranteed by X, and were collateralized by a first priority lien on substantially all of the assets of X and its subsidiaries (subject to customary exceptions).

xAI First Lien Credit Agreement

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

Interest Rates. The xAI Fixed Rate Term Loan had a fixed interest rate of 12.50% per annum and the xAI Floating Rate Term Loan had a floating interest rate per annum of Term SOFR plus 7.25% or ABR plus 6.25%. Interest on the xAI Fixed Rate Term Loan was payable bi-annually on January 31 and July 31, commencing on January 31, 2026. Interest on the xAI Floating Rate Term loan was payable monthly, quarterly, or bi-annually at the option of the Company.

Principal Repayments. On March 2, 2026, the Company repaid the full outstanding principal balance and accrued interest, including a prepayment penalty of $221 million, resulting in the extinguishment of the xAI Fixed Rate Term Loan and xAI Floating Rate Term Loan. The xAI Fixed Rate Term Loan and the xAI Floating Rate Term Loan had prepayment penalties of 103% on the principal outstanding balance prior to June 30, 2027 and 101% on the principal outstanding balance prior to June 30, 2028.

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

xAI 12.5% Secured Senior Notes

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

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

Principal Repayments. On March 5, 2026, the Company repaid the full outstanding principal balance and accrued interest, including a prepayment penalty of $518 million, resulting in the extinguishment of the xAI 12.5% Senior Secured Notes. The xAI 12.5% Senior Secured Notes had prepayment penalties of 106.25% on the principal outstanding balance prior to July 15, 2027 and 103.13% on the principal outstanding balance prior to July 15, 2028.

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

xAI Revolving Line of Credit

General. In April 2024 and amended through March 2026, a subsidiary of xAI, an indirect subsidiary of the

Company, entered into a revolving line of credit up to borrowing capacity of $250 million. The Company had no borrowings under the line of credit during the three months ended March 31, 2026 and 2025.

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

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

Other Financings

The Company has entered into various other financing arrangements, generally collateralized by specific machinery and equipment. These arrangements have an average fixed interest rate of 4.4% and 5.5% per annum as of March 31, 2026 and December 31, 2025, respectively, with principal and interest payments due monthly, and in certain instances, a lump sum payment at the end of term.

In addition, in November 2025 and January 2026, CTC completed sale-leaseback transactions for its AI infrastructure assets which would have been deemed finance leases resulting in failed sale-leaseback transactions. As a result, the Company recorded the related debt of $1,121 million and $7,920 million within Debt and finance leases, current and Debt and finance leases, net of current, respectively, in the Company's consolidated balance sheets as of March 31, 2026 for these two failed sale-leaseback transactions. Refer to Note 17, Related Party Transactions for additional details.

The future scheduled principal maturities of debt as of March 31, 2026 are as follows:

2026 (remaining nine months)	$ 801
2027	21,540
2028	1,938
2029	2,393
2030	2,460
Thereafter	—
Total	$ 29,132

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Note 10 - Leases

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

	Three Months Ended March 31,	
	2026	2025
Operating lease expense:		
Operating lease expense	$ 107	$ 120
Short-term lease cost	113	29
Variable lease cost	31	23
Total operating lease expense	251	172
Finance lease expense:		
Amortization of leased assets	$ 79	$ 84
Interest on lease liabilities	68	85
Total finance lease expense	147	169
Total lease expense	$ 398	$ 341

During the three months ended March 31, 2026, there has been no material changes in the Company's lease portfolio since December 31, 2025.

Note 11 - Balance Sheet Components

Certain financial statement details are as follows:

Prepaid expenses and other current assets		
Tax related assets	$ 690	$ 618
Unbilled receivables	275	223
Rebates and credits	109	597
Restricted cash and deposits	67	182