

Spire Global
Fourth Quarter 2021 Earnings Call
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Presenters

Hillary Yaffe, Head of Communications
Peter Platzer, CEO
Tom Krywe, CFO

Q&A Participants

Jeff Meuler – Robert W. Baird
Erik Rasmussen – Stifel Institutional
Josh Sullivan – The Benchmark Company
Weston Twigg – Piper Sandler
Ric Prentiss – Raymond James

Operator

Greetings and welcome to the Spire Global Fourth Quarter 2021 Earnings Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star, zero, on your telephone keypad. Please note that this conference is being recorded.

I will now turn the conference over to our host, Hillary Yaffe, Head of Communications. Thank you. You may begin.

Hillary Yaffe

Thank you. Hello everyone, and thanks for joining us for our Fourth Quarter Fiscal 2021 Earnings Conference Call. Our press release and SEC filings can be found on our IR website at ir.spire.com. A replay of today's call will also be made available. With me on the call today is Peter Platzer, CEO, and Tom Krywe, CFO.

As a reminder, our commentary today will include non-GAAP items. Reconciliations between our GAAP and non-GAAP results, as well as our guidance can be found in our earnings press release. Some of our comments today may contain forward-looking statements that are subject to risks, uncertainties, and assumptions. In particular, our expectations around integration of our acquisition, results of operations and financial conditions are uncertain and subject to change. Should any of these fail to materialize or should our assumptions prove to be incorrect, actual company results could differ materially from these forward-looking statements. A description of these risks, uncertainties, and assumptions, and other factors that could affect our financial results is included in our SEC filings.

With that, let me hand the call over to Peter.

Peter Platzer

Thank you, Hillary. Good afternoon and thank you for joining us. As we review our 2021 results today and discuss Spire's outlook for 2022 and beyond, I want to convey how pleased I am with the exceptional momentum in the business and the rapidly expanding set of revenue opportunities in front of us. We sit in an enviable position among public space companies. We have a fully operational diversified revenue-generating business that serves nearly 600 ARR solution customers.

During 2021, we delivered strong growth in revenue, strong growth in ARR and strong growth in our customer count. For 2021, we had \$43.4 million in revenue, and we ended the year with nearly \$71 million of ARR, representing 96% year-over-year growth. Looking at our future growth, we are projecting revenue of \$87.5 million at the midpoint of our 2022 guidance, representing a 102% year-over-year growth and ARR of \$102.5 million, also at the midpoint of our 2022 guidance. This would put us among the fastest companies to go from \$1 million to over \$100 million of ARR. All of this further validates the continued exceptional growth opportunity for Spire.

Spire systems currently monitor about \$17 trillion of global trade and capture the movement of the \$2 trillion aviation industry. At least \$28 trillion of global GDP are impacted by weather, which Spire monitors and predicts globally, up to 10 days out. We have the ultimate vantage point space from which to observe, analyze and predict activity on earth day and night 24/7.

Today, about 600 ARR solution customers rely on Spire to achieve their missions and run their businesses. Examples include the aviation industry, tracking aircraft globally to optimize fuel consumption, the maritime industry optimizing ports activity, the insurance industry alerting policyholders to upcoming weather events, the financial services industry tracking commodities and monitoring wildfires to understand industrial impact of climate change, (INAUDIBLE) government identifying illegal RF transmissions in geopolitical hotspots, or the renewable energy industry using wind and sun forecast to predict power output. These are just a few among the many examples of the applications of Spire's capabilities.

We believe Spire's total addressable market will reach an annual value in excess of a \$100 billion by 2025, with about 200,000 potential customers. Clearly, we have barely scratched the surface of the markets and use cases that we can serve with our data and services. As we focus on 2022, I want to reiterate Spire's four growth pillars. These are the four core strategies that we will continue to execute against to drive our business growth over the next several years. They are number one, invest in sales, marketing, and product. Number two, expand into new geographies and use cases. Number three, expand the capabilities of our data and our analytics. And number four, executing strategic acquisitions to strengthen our market position.

Today, I will briefly touch on two of these pillars. On the pillar of expanding the capabilities of our data and analytics, I'm excited to announce that Spire has recently demonstrated our radio InComm Conferencing

signal geolocation capability in-orbit. In the aerospace and defense industry, geolocation technology is being used for a growing number of security purposes, like dark vessel detection in the maritime domain and GPS jamming over land. Spire has developed and demonstrated the capability to geolocate in multiple bands and to detect and geolocate GPS jamming sources in places like China, Syria, Ukraine, and other countries across the world.

We have over 40 geolocation capable satellites in-orbit today, giving us an edge over other providers in this space that appear to be in earlier stages of the R&D and/or deployment stage. And in Q4, we won our first significant contract leveraging this capability and multi-year, eight-figure contract with a large defense contractor for a space services solution to detect and geolocate targeted radio signals. We're also in discussion with several other defense contractors about this capability and are truly excited about participating in this multi-billion-dollar market.

The second pillar, that I would like to touch upon today is expanding use cases and geographies. We are pleased to share that in Q4, EUMETSAT upgraded their contract for Europe with us to operationally utilize our radio occultation data to enhance the weather forecasting ability. And in addition, we recently announced that NOAA has increased their purchase of Spire weather data elevenfold. Together, this use of Spire data in production now will help public agencies to better predict the weather, protecting lives and preventing the loss of property for about a billion people and about half of global GDP, and I'm extremely proud of this work as we continually strive to help humanity understand, adapt to, and mitigate the impacts of climate change with data from space.

In Q4, Spire also began working with Southern Launch, a launch service provider headquartered in Adelaide, South Australia, providing the company with hyper local weather forecasting for their rocket launch sites. This is an example of how having a point optimized forecast can help any weather-dependent industry within localized or remote areas conduct business in a safe and efficient manner, and we are excited about our continued expansion in the Asia-Pacific market. We also won a public bid for the largest port in Europe, the Port of Rotterdam, where they are expanding their relationship with us to include the purchase of AIS data in addition to vessel characteristics.

The Port has committed publicly to tracking transport emissions with the goal of moving towards carbon-neutral shipping. We're excited to be working with the Port of Rotterdam to assist with increasing Port efficiency and improving trade flows based on their strategic pillars of sustainability, digitization, and innovation. We see this as a fantastic showcase for the industry as more and more ports and indeed industries will follow their leadership of the Port of Rotterdam and move towards publicly committing to its net zero operations.

And lastly, in Q4, we also completed the acquisition of exactEarth and have been focused on the complete integration of the company into Spire's Maritime Organization. The combined Spire and former exactEarth teams have already begun cross selling our complementary

solutions. In alignment with Spire's values of being faster, collaborative, and relentless, this process is proceeding at a rapid pace and the business integration is on track to be completed within the next few weeks, roughly 120 days since the closing of the transaction on November 30th of last year.

As a reminder, this transaction hit all four of our growth pillars. We inherited a fantastic team, obtained a vast historical dataset, enhanced our solutions with real time capabilities and expanded our geographical footprint. The integrated team is excited about the growth opportunity for the combined business in 2022.

Before I turn it over to Tom, who will discuss our Q4 financial results and provide an update on our Q1 and fiscal year 2022 guidance, I want to reiterate our excitement with respect to the enormous market opportunity for space-based data and analytics in front of us. Spire is a leader in leveraging the vantage point of space to help solve challenges here on earth for corporations, countries, and communities. We remain focused on driving rapid and continued topline growth and moving the company towards its goal of being cash flow positive in the next 24 to 30 months. And with that, I'll turn it over to Tom.

Tom Krywe

Thanks, Peter. The fourth quarter was great way to close out the year for Spire. Q4 revenue increased 106% year-over-year to \$15 million, including hitting the top of our guidance at \$13.5 million on an organic basis, and adding \$1.5 million in revenue from exactEarth. The exactEarth revenue is down 300k from the preliminary results we announced on January 31st, 2022, due to a reduction from the treatment required by acquisition accounting. For the full fiscal year 2021, we recognized \$43.4 million in revenue, which represented organic revenue growth of 47% and total revenue growth of 52%.

Our go-to-market strategy delivered a strong quarter, and we exceeded our ARR guidance, ending the fourth quarter at \$52.3 million organically. With an additional \$18.5 million of ARR from the exactEarth acquisition, we ended the year at a total of \$70.8 million of ARR. This represented an increase of 96% year-over-year. We also exceeded our guidance for organic ARR solution customers at year-end with 255, a 66% increase year-over-year.

We added an additional 343 ARR solution customers from exactEarth, which gave us a total of 598 ARR solution customers, a 288% increase year-over-year. Our combined and organic Q4 ARR net retention rate was 104% and the organic last 12-months' net retention rate was 110%. As we mentioned during our last earnings call, we put a higher focus on landing new ARR solution customers then on expanding our existing customer base in the second half of the year.

With so much focus on gaining new ARR solution customers, we expect lower ARR net retention rates for the first half of fiscal year 2022, but we expect as we head into the second half of fiscal year 2022, that the ARR net retention rates will start to increase. We saw strength in the fourth

quarter from both maritime and space services solutions. Maritime had a solid organic dollar growth along with adding over 300 ARR solution customers from exactEarth.

In 2022, we'll be focusing on targeting those ARR solution customers that we added from exactEarth for an expansion with the cross selling of our weather, aviation, and space services solutions. Our space services business had a number of key wins, most notably the one Peter mentioned earlier from a large aerospace and national security contractor that resulted in an eight-figured contract to be delivered over the next four years. We believe that all four of our solutions offerings, maritime, aviation, weather and space services are still in the very early stages of penetrating their total addressable markets, and we see opportunities across all customer sizes in both commercial and government, as well as across industries and geographies.

Now turning to the income statement. I want to note that unless otherwise stated all metrics are non-GAAP. We have provided a reconciliation to GAAP--to non-GAAP financials in our earnings release that should be reviewed in conjunction with this earnings call. Our organic gross profit exceeded guidance at \$8.9 million during the fourth quarter, which represented a gross margin of 66%. This compares to a gross margin of 44% last quarter and 66% in the year ago quarter.

As we discussed on last quarter's call, we saw improved balance between the timing of revenue and our level of investment. Total gross profit included exactEarth from the post-acquisition period was \$9.4 million, representing a gross margin of 63%. Our organic operating loss for the fourth quarter was \$12.4 million or a negative 92% operating margin, which was \$1.5 million better than the midpoint of our Q4 guidance range, this compares to a negative 142% last quarter and negative 103% in the year ago quarter.

Total operating loss for the fourth quarter was \$12.9 million or a negative 86% operating margin, including exactEarth. While we continue to make investments in our future growth, we remain focused on driving efficiencies in the business to reach profitability. Total adjusted EBITDA in the fourth quarter was negative \$10.6 million and organic adjusted EBITDA was negative \$10.4 million, which was only 100k below the top of our guidance.

Turning to the balance sheet and statement of cash flow, we ended the quarter with cash, cash equivalents and restricted cash of \$109.3 million, after completing the exactEarth transaction and paying cash to cancel the warrant agreement with the European Investment Bank that was previously described in our public filings. Before getting into our guidance numbers for first quarter and full-year fiscal 2022, I want to remind everyone that all of our guidance numbers now include a full-year impact of the exactEarth acquisition. Given the speed with which we are integrating the exactEarth organization, we will not be splitting out the organic and non-organic numbers in fiscal year 2022.

For the first quarter, we expect total revenue to range between \$16.5 million and \$17.5 million. The sequential increase in our Q1 '22 revenue reflects the incremental ARR added during Q4 fiscal year 2021 and a full quarter of exactEarth, offset by approximately \$1.8 million lower non-subscription-based revenue than Q4 fiscal year 2021. We expect Q1 ending ARR to range between \$80.5 million and \$81.5 million, which at the midpoint represents a \$10.2 million or 15% quarter-over-quarter sequential growth from Q4 ARR.

We expect our ARR solution customers guidance to range between 620 and 630. We expect non-GAAP operating loss for Q1 to range between \$15.8 million to \$14.8 million. Our non-GAAP operating loss guidance reflects the timing of Q1 project-based revenue, increased hiring to support our rapid growth and additional costs related to our being a public company. We expect adjusted EBITDA to range from negative \$12.5 million to negative \$11.5 million and we expect our non-GAAP loss per share for Q1 to range from negative \$0.14 to negative \$0.13, which assumes a basic weighted average share count of approximately 139.1 million shares.

Now turning to the outlook for the full fiscal year. Our total revenue is expected to range between \$85 million and \$90 million, representing a 102% year-over-year growth at the midpoint. We expect year ending ARR to range between \$100 million and \$105 million and estimate that we will add over 120 ARR solution customers for a total to range between 720 and 740. We expect non-GAAP operating loss for the full fiscal year to range between \$48.3 million to \$43.3 million, which represents a negative 52% non-GAAP operating margin at the midpoint of guidance for both non-GAAP operating loss and revenue. This compares to a non-GAAP operating margin of negative 105% for the full fiscal year 2021.

We are seeing good progress in driving efficiencies and improving margins, while also balancing the proper investment needed to support our four growth pillars. We expect adjusted EBITDA to range from negative \$34 million to negative \$29 million. Non-GAAP loss per share for the full fiscal year is expected to range from between negative \$0.44 to negative \$0.41 and assumes a basic weighted average share count of approximately 139.4 million shares. We expect to end fiscal year 2022 with greater than \$40 million in cash, and while that should be sufficient cash to drive our four growth pillars and achieve future profitability, we are in active discussions for an expanded credit facility to add cash to our balance sheet.

In closing, we are very happy with our strong momentum exiting the fourth quarter and the strong growth trajectory that we see for the coming year. We are well positioned to achieve our 2022 targets and continue on our path towards profitability. Thanks for joining us today. And with that, I'd like to open up the call to questions.

Operator

Thank you. And at this time, we'll conduct our question-and-answer session. If you would like to ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press the star key followed by the number two if you would like to remove your question from the queue. For participants using

the speaker equipment, it may be necessary to pick up your handset before pressing the star keys. Thank you. One moment while we pull for questions.

Hillary Yaffe

Thank you. Before we go to the queue on the line, we're going to take the first question from the Say Technologies platform. Where do you see the biggest growth opportunities in the future, Peter?

Peter Platzer

Sure. We see tremendous growth in all of our data and services business, and we just shared our deployed capability for our geolocation, another multi-billion-dollar total addressable market. But there are two areas that I personally am particularly excited about. One is helping other companies, this ecosystem, that want to rapidly and reliably leverage space to solve problems on earth by being their infrastructure backbone in space.

Spire literally makes launching a business leveraging space as easy as integrating an API. We have truly unrivaled scale here. We got over 300-years of cumulative space experience, 30 launch campaigns, 10 different launch providers, 70 ground stations, antennas, tens of thousands of satellite (INAUDIBLE), terabytes of data processed and shipped to hundreds of customers every single day. So we really bring this tremendous scale to bear, and so leveraging Spire's infrastructure for space is literally just like using Amazon AWS for your cloud computing needs. It just works, reliably and with speed.

And the other area that I'm really excited about is investing more in telling our story through increased engagement with the investor community, videos, presentations, one on one meetings, social media interaction. We do tend to have an almost maniacal focus on building a business and solving our customers' problems. And we also need to do more to share our story and engage with the community about the impact that Spire Solutions have on our customers and the communities, and I'm really excited about that growth opportunity as well.

Operator

Thank you. And our first question from the phone comes from Jeff Meuler with Robert W. Baird. Please state your question.

Jeff Meuler

Yeah, thank you. Lots of nice wins. Wanted to ask about the NOAA one specifically. So is this \$8 million contract for a 10-month data feed, is there anything kind of one-time in there, or is it possible that it kind of renews at that run rate?

Peter Platzer

It is a pure data subscription. There is nothing one time in there. It is operationally using our data to improve weather prediction, which then service all of the United States community and a much broader community globally as well that can take advantage of that. It is a substantially

increased data amount. They are purchasing about 11 times the amount of data from us than they used to.

And I can't speak about what is going to happen in the future of course, but it is a classic straightforward subscription, no one-time thing. And it's really breaking open and showcasing this GPS radio quotation market wide open as we always have thought, that the public sector will do the same thing in weather data, as it has done in other space services like telecommunication, imagery, or launch, leveraging the private sector to provide the service.

Jeff Meuler

That's great. And I get the excitement for space services, but it seems to me you're also doing really well in weather. Do you view RO as, is it complementary to radar equipped satellites and is radio--or radar quipped satellites, is that an opportunity for you or a competitive threat?

Peter Platzter

It is both. The datasets are extremely complementary, and we are like really, really happy with the technologies that we have already in service, really being a leader here globally, the only one which has managed to make its data available to a global community and not just the local community. And from the radio occultation data we have already expanded into data, which is not such as temperature and pressure and moisture, but it's always a data around soil moisture, around a surface wind speeds. We are also working too with data that is rain content and we have laid out data that is microwave soundings. Now, the data that you mentioned is a very complementary data source and we look forward to having those data sources, both available to the global community, as well as in our own rapid trial.

Jeff Meuler

Excellent. Thank you, congrats.

Peter Platzter

Thank you.

Operator

Our next question comes from Erik Rasmussen with Stifel. Please state your question.

Erik Rasmussen

Yeah, thanks for taking the questions. Maybe just more relevant topical with the current geopolitical environment increased emphasis on defense and defense spending, what are you hearing from your customers and what does that mean for improved opportunities that maybe you weren't previously expecting? And this obviously might relay into, sort of, the new hire you have for defense on the sales side.

Peter Platzer

I'm going to talk a little bit about the future outlook that we see here, and Tom can maybe talk a little bit about our existing business mix. I mean, it is with data and insights from space, the truth and transparency can be shed on--you know, globally challenging situations, including a conflict, and indeed we have been witnessing this firsthand. And it has really brought to the forefront, the powerful role that commercial companies like Spire can and are playing in this new era of space being relevant for all sorts of global challenges, including defense and security-related ones.

Spire has a balanced business there, and indeed, I think the awareness that the current very tragic and tense situation brings is positive for companies that can bring very, very unique capabilities to bear. I mentioned earlier in the call, our geolocation capability, where we have demonstrated, for example, the pinpointing of GPS jamming, something that is happening and has been happening on a regular basis, by some (INAUDIBLE) more than by others. And so indeed, the opportunity space continues to expand and continues to grow. It's a bit hard to say if it grows faster than other opportunity sets, because indeed, we see growing demand in all of our (INAUDIBLE) sets.

Tom Krywe

And just to give you a little bit of numbers behind the--how the business that was split between government and commercial. We see a nice healthy mix of almost a 50-50 split, the exact numbers for 2021 revenue was 56 government, 44 commercial. But again, it does show that healthy mix, which means our four solutions, solving use cases across both platforms and areas, and then obviously that gives us a higher access to the TAM, when we're covering ground on both areas.

Erik Rasmussen

Great, thanks. And maybe just unpacking the 2022 guidance, how confident are you hitting revenue and ARR, the targets that you gave? And I guess I'm just trying to sort of reconcile the inherent risk in your business and the challenges in both the timing of customer contract signings and also possible launch delays like we saw in 2021. And then with that, do you feel like you have the sales team in place to deliver on that 2022 guidance? Thanks.

Tom Krywe

Yeah, let me start on the, one of our growth pillars is investing in sales and marketing and product, and just like our other three pillars, this one is excelling well. And at the back half of 2021, we really spent a lot of time focusing on hiring and bringing in the proper sales professionals to drive our target, and we do have the sufficient team to drive our targets and our guidance for 2022 with that sales force. Not only did we hire them in existing locations, but we also hired them in new geographic locations such as Canada, through the acquisition of exactEarth. We added sales professionals in Middle East and Central America where we didn't have coverage before, which is also another one of our growth pillars, which is expanding into new geographies.

So we did that growth and now you're also--the great news is, we're already starting to see the benefit of that already. We just talked about the NOAA deal, the seven-figure deal that we just closed in this quarter. And then also if you look at our sequential growth from a quarter-over-quarter standpoint for Q1 and from our ending Q4 2021 ARR to where we expect to be for our midpoint of our guidance, it's a \$10.2 million increase. So then you can easily see the path on how to get to a 100, 105 for ARR, and also on the same token, how do we get to our revenue targets.

You asked about also the launch and risk. Of course, there's always risks with that in there, but we've built in the proper focus and forecasting efforts around that. So we feel very, very confident in our guidance.

Erik Rasmussen

Great, thanks.

Operator

Thank you. Our next question comes from Josh Sullivan with The Benchmark Company. Please go ahead.

Josh Sullivan

Hey, good afternoon. Just as far as the radio geolocation market, the 40 satellites you have, how large do you see that constellation growing to? How much capacity or area coverage does it have right now? And then maybe what does the pipeline look like at this point?

Peter Platzer

Sure. A lot of our capabilities are software defined. As you recall, we have a software defined constellation, which allows us to upgrade the capabilities through software. And so I would expect that a meaningful portion of our overall constellation over time will be capable of geolocating signals. We have demonstrated during the process of demonstrating that in multiple bands, UHF, VHF, L band, GNSS, and demonstrating this geolocation from single satellites, dual satellites, and multiple satellite. And we expect to continue to deploy and augment and increase that capability. And we are very, very encouraged by the demand for these capabilities on a global basis.

Those 40 satellites cover the whole globe already, so we have in that sense 100% global coverage, was a question of yours. And as I said, we're very excited about participating in this market and making a meaningful and material difference, be it in the maritime sector, where we have a very large customer base and dark vessel detection and maritime domain awareness is a big thing, as well geolocating signals like GPS jamming and others that are more relevant in other areas of the defense industry, but we do not break out it as a separate market at this point in time.

Josh Sullivan

Got it. And then just as far as the comment there at the end of the prepared remarks, just options for adding cash to the balance sheet, can you just dig into that a little bit? What are those options or what are you thinking about that?

Tom Krywe

Yeah, so we did end the year at \$110 million of cash and we are in discussions in advancing credit--or expanding our credit facility to drive further cash. And then also improve upon our existing balance sheet.

Josh Sullivan

Got it. Thank you for the time.

Operator

Thank you. And our next question comes from Weston Twigg with Piper Sandler. Please state your question.

Weston Twigg

Hey, thanks for taking my question. I just wanted to follow-up on the conflict in Ukraine. You mentioned some of the government opportunities, but you also just mentioned on the geolocation side some dark vessel tracking. And I'm wondering if there's anything specifically that may come out of this conflict that would highlight more governmental needs among potential customers for your products?

Peter Platzer

You know, it is clear to me that Spire and all of our fellow space companies, and indeed everyone, is playing a vital role for humanity in this battle for freedom and democracy. And with everything, there is always going to be opportunity when there are challenges. And so I do believe that we have started already to see how beneficial the impact and the services from commercial companies can be in bringing this transparency and truth to the table.

And so I do think that as there always is the case with any kind of challenge, that there will be opportunities that will come out of it, that this is going to be no different. Spire's view from space is a unique one and we have been, and we intend to continue leveraging our technology and innovation to help humanity solve problems and challenges on earth wherever they may be and whatever form they might be.

Weston Twigg

Okay. Thank you. I also wanted to follow-up on the sales commentary. You said you've been hiring a lot of salespeople. Can you give us an idea of how many salespeople you have now versus, you did--versus whatever you had a year ago?

Tom Krywe

Yeah, we have over 30 --

Weston Twigg

(--INAUDIBLE--) expansion.

Tom Krywe

Yeah, yeah. Sorry. We have over 30 sales professionals around the globe, and we almost for the last couple of years, have been doubling that force. So we've doubled it and we do have the proper sales team in place to drive our 2022 guidance. We are, of course, are always looking for--

Weston Twigg

--just to clarify.

Tom Krywe

Yeah, go ahead.

Weston Twigg

Well, just to clarify you doubled from last year, does that include the sales folks from exactEarth?

Tom Krywe

Yes, we did pick up some folks from the exactEarth side. It wasn't a large quantity. If you remember, the whole acquisition itself, there was only 33 people that we picked up from the acquisition itself. So it was a smaller quantity of head count.

Weston Twigg

Perfect. Okay, thank you.

Operator

Thank you. And just a reminder, to ask a question, press star, one. Our next question comes from Ric Prentiss with Raymond James. Please state your question.

Ric Prentiss

Thanks. Good afternoon, good evening, everyone.

Tom Krywe

Hello?

Ric Prentiss

Hey. Yep, can you hear me okay?

Tom Krywe

Very good, thanks.

Ric Prentiss

Good. A couple of following questions. First, appreciate the annual, but also quarterly guides. That definitely helps look at pacing. Following up on some of the other questions, one of the other key topics in the markets these days is inflation. How should we think about your ability to either take advantage of inflation or be hurt by inflation, both on the revenue guidance line and on the EBITDA line?

Peter Platzer

I can talk about it from a business perspective. I would look at it more from an advantageous position, given that we have a pretty well-oiled global supply chain that allows us to take advantage of where there are certain displacements. Given the data that we have, we have a very, very unique view on the global supply chain, and so we don't see that as a material drag on our performance from that perspective.

I don't know, Tom, if you have additional points that you want to make from the EBITDA side?

Tom Krywe

No, I know the focus obviously, company in general on our efficiencies and driving our cost structure down that we have in our guidance, I know we've--you know, are relentless focus on the push to profitability. But I would say, I mean, I think we really just take advantage of our great focus that we've got on our TAM and our use cases that we can solve to really provide the value to our customers. So I think the ultimate--you know, advantage that we get is just our competitive edge and what value we provide to our customers that really drives on taking advantage of what we can do with the solutions that we sell to our customers.

Ric Prentiss

Okay. Second question from me is, you talked about your four pillars of growth, sales and marketing you guys discussed extensively here, just trying to think about what research and development budgets need to be there to support the products and the capabilities? How should we think about size and kind of your R&D budgets as you look to grow the company? And should we think of it as a dollar level or as a percent of revenue level?

Peter Platzer

I think in the near-term, it's probably a good way to think of it more from a dollar perspective. I mean over the years, we have built such an enormous mold, given the scale of our operation in the business that we're in, hundreds of years of space heritage, the world's largest RF sensing constellation, the world's largest multipurpose constellation. We are fully vertically integrated, right? This gives us--you know, very, very unique leverage and the speed of innovation at a value per dollar that is really, really quite exceptional.

That's like the beauty of all data businesses, once you have this scale, it becomes a self-reinforcing machine and it really, given that our infrastructure is like fixed in size, it doesn't really make that much sense to think of R&D as a percent of revenue. It's more a dollar figure to just keep on driving that 10x every five-year innovation capability of our infrastructure, both analytics space and ground on a continued and annual basis.

Ric Prentiss

Okay. Last one from me. You mentioned free cash or cash flow positive in 24 to 30 months. How are you defining that, is that EBITDA, less interest, less CapEx?

Tom Krywe

Yeah. Yeah, it's all the operating expenses, plus the CapEx to get to the--

Ric Prentiss

--okay. So it does include the interest expense, and if you do ramp up the credit facility, that would be, kind of, included in that thought of where the breakeven and turn point is?

Tom Krywe

Yeah, all of that would be included in that analysis, yes.

Ric Prentiss

And is there just kind of a level of CapEx, you think you'll need on an ongoing basis? I know there were some items in the (INAUDIBLE) but just trying to think, it probably hasn't changed that much. I wouldn't think (INAUDIBLE--)

Tom Krywe

--yeah. We're still focused on our--for our core infrastructure, that \$10 million to \$12 million of annual CapEx. And just to give you an idea of the numbers that we had in 2021, we did spend about, out of our total CapEx, approximately \$11 million was spent on CapEx for the parts and the launches for all four of our solutions. So that also included space services in that number. So we are staying on track when we're talking about that leverage infrastructure of 10 to 12 a year, while our revenue in ARR for all the solutions are climbing, specifically maritime aviation and whether that uses the whole satellite constellation to collect the data once and sell it as many times as possible.

Ric Prentiss

Right. Makes sense. Appreciate the--

Tom Krywe

--the only thing that's changing on CapEx is space services, and that will go with the business.

Ric Prentiss

Right. Great. Thanks everyone.

Operator

Thank you. There are no further questions at this time. I will turn the floor back to Peter Platzer for closing remarks.

Peter Platzer

In closing--you know, really thank you all for joining us today. We are immensely excited about our opportunity. With a total addressable market value in excess of a \$100 billion by 2025, more than 200,000 potential customers and all of the cash that we will need to address this as we close out this year, we have a tremendous opportunity in front of us. The team and I, we are really focused on executing against our four growth pillars, that's what we do every single day. And we continue to invest in the people and products to enhance our offerings for current and potential customers. The view from space that Spire has is truly a unique one, and we will continue to leverage our technology and innovation to help humanity, solve problems and challenges on earth, whatever they might be, and we are humbled and proud to be a contributor to facing and overcoming those challenges. Thank you.

Operator

Thank you. And with that, this concludes today's conference. All parties may disconnect. Have a good day.