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<<Erik Rasmussen, Analyst, Stifel>>

We're going to get started. So welcome to the afternoon session for the first day of the Stifel 2023 CSI Conference. We have the management of global – Spire Global here with us today, Peter Platzter is Co-Founder and CEO. We have Ben Hackman, Head of Investor Relations here as well. My name is Erik Rasmussen. I cover the new space area for Stifel. I think management, I think you're going to – Peter, you're going to give a brief presentation overview of the company, and then we can jump into Q&A. And if anybody has questions feel free to raise your hand and we can address those. Peter, thanks for joining us.

<<Peter Platzter, Chief Executive Officer, President and Director>>

Yes. It's delightful to be here. Spire is a space data and analytics company, very focused on the future of planet Earth. Our products are focused on helping humanity tackle some of the biggest challenges, in particular global security and climate change. I have to do this disclaimer that you guys are familiar with.

From a simple numbers perspective, overview of the company that I will follow like the product side afterwards and I never know which one you guys want to hear first, but the company has been around for over a decade. We have a fully deployed satellite constellation over 100 satellites. We cover every single spot on Earth at least every 15 minutes. Many spots we cover substantially more often. And then we have a globally deployed infrastructure on the ground that is bringing that data down over 70 antennas, 30 locations, 16 countries.

The customer base today is already spanning close to 800 customers that we are serving with a target annually recurring revenue. All of our business is a subscription business of over \$130 million. And from a technology experience perspective, the unique thing about leveraging space is that you have to be in space to understand how it operates. Spire has over half a millennia of experience with our technology operating and collecting data in space.

There has been a lot of increased usage and coverage of the impact of space that it has on life on Earth. Very similar to how there was a force, we called it Moore's Law, that brought back into use computers into everyday's life and every single company, the same kind of force has been happening in space.

McKinsey recently came out with a report where it stated if you are the CEO of a large corporation and you do not have a space strategy you need one. And those are exactly the same statements that have happened in the mid and late-1990s when people talked about, if you do not have an Internet, an e-commerce strategy, you need one, because the underlying force here is a similarly exponential law that is improving the capabilities of those small devices. Our satellites are literally the size of a bottle of wine that is collecting highly valuable data.

Now, if we were to talk about the transportation industry, we would be talking about ships and planes and trains, and everyone would know what they are, even though they all have engines and windows and pilots and passengers and cargo. But we do understand the differences. In space, unfortunately, we call everything a satellite, and they are just as dissimilar as ships and trains and planes.

But to think about it a little bit I may give you a framework. We call them talking, looking, and listening satellites. Now talking satellites are satellites that pick up a piece of information and transport it from one space on Earth to another space on Earth. And you can think of a company like SES or Viasat. You can think of a company like AST. You can think of a company like Starlink or Kuiper or OneWeb. Those are all transportation companies, so to speak, that transport data from one space on Earth to another. And one way, sometimes they call telecommunication satellites, I like to call them talking satellites.

The next category are looking satellites. Those are satellites that use cameras that pick up the reflection of the sunlight on the surface of Earth to capture their data. So works really well during the day, works really well in good weather. And that is the information source that looking satellites collect and then monetize. And you might have heard of companies like Maxar or BlackSky or Planet or others that fall into the category of looking satellites.

And then you have the category of listening satellites that use radio frequencies RF technologies to observe what is happening on or around Planet Earth. Now, radio waves, radio frequency RF have the advantage of being useful during the day and during the night. They obviously don't require the sun and in all weather conditions. As a matter of fact, they can give you information about the weather, be that rain, or be that the hurricane, wind speed, for example.

In that segment of listening companies, you have companies like HawkEye, Kleos and you have Spire. Now Spire happens to be the largest player in that segment. We have a fully deployed satellite constellation over 100 satellites, number of customers, revenue, pretty much any which way you want to slice and dice this segment. Spire happens to be the largest or among the very largest players.

That segment for Spire is dominated by four types of solution that we focus on, Maritime, Aviation, Weather, and Space Services. Maritime means we track all of the activities on the ocean, every single ship. And that includes things like global trade, some \$20 trillion. It includes commodities, it includes supply chain, it includes maritime insurance, includes maritime domain awareness, everything that happens on the 72% of the Earth surface area that is not land, but it is the ocean where the only way to capture data is space. And that is actually a very core ingredient of how the company has been built namely that the type of data that Spire collects is only exclusively available from space from a satellite constellation, it cannot be produced by any other means terrestrially.

Aviation, of course, is everything that has to do with the aviation industry, which overall is like a \$4 trillion industry, capturing anything from commercial planes to business jets, to cargo planes,

to airports to maintenance to airport operations insurance and everything that relates around the aviation industry. Spire tracks all of the world's aircraft be that scheduled flights or be it unscheduled flights be that Delta flight that I flew in or the flight that Elon Musk took and didn't want anyone to know about.

Weather is impacting about a third of the global economy, some \$30 trillion. And with climate change, the impact of weather has been increasing every single year. Spire collects more weather data offered a particular type called RO data than the rest of the world combined. Spire runs a global weather prediction model that is more accurate than what the United States government is producing and has available to them.

And then the last one of our services is basically Amazon AWS for space, where we give customers an API to run their capabilities in space and run their business. So we have had customers that had a particular unique business idea to serve a particular market that leveraged our fully deployed infrastructure through an API, and we're in business in six weeks.

It is exactly the same way as Amazon is capitalizing on their massive capability with regards to data centers and e-commerce that they use for their own business. We are doing the same thing with space, given the massive scale that Spire has as one of the world's largest operators of spacecraft.

Now, and Spire had its first viable constellation in 2017, and we had our first million dollars of annually recurring revenue. The pent-up demand in the market for those four segments was so strong that we were able to grow the company from \$1 million to \$100 million in ARR in five years. Very, very few companies that have been able to grow their business that quickly because you need to be able to provide a service that really hits and nerve with customers on a broad and wide basis.

And for us, when I say broad and wide, it is about 50% commercial, 50% government. Last year, it was actually a bit more commercial, and we have been able to bring it back more into a 50/50 range. So you look at the six-year time span since Spire had its constellation, our compound annual growth rate has been over 100% over that period of time. I think what sets Spire apart is that we have a fully deployed constellation that collects data once and then sells it quasi unlimited amount of time.

There is no growing the constellation investing in infrastructure, all of that kind of stuff because it is fully deployed and it's collecting all the data that it needs and it's collecting it once and then makes it available as a subscription. We then enrich it in our business model with analytics as well as fusing it with third-party data sets and making that available as a subscription.

And the next layer, we use all of that information and historical data that we have to train our machine learning AI and analytics models and create predictions about what is going to happen and make those available as subscription.

And last but certainly not least, the last stage of our product chain is full solutions, where we help customers make a decision on what best to do next in this rapidly changing world, given all

the information that we have. So there is massive amounts of operational leverage in that business model of multiple verticals of the same infrastructure, collect once, sell a million times, and a very, very high barrier to entry.

How does it show? It shows in the growth of our revenue that you have seen over this period of time, as I said, over six-year period of time, over 100% growth rate, but even more so, it shows itself in the margin expansion. I sometimes say you can take the European, I'm originally from Austria out of Europe, but you can't take Europe out of the European, and Europeans have the strange notion that companies should be making money and not just grow.

And so we talked about the path to profitability way before it was en vogue and have demonstrated that path by putting a line in the sand over a year ago now for free cash for profitability, which is now I believe cutting down to 9 months to 15 months from when we sat beforehand. That is the company being able to produce its own cash. You see that in the margin expansion at the bottom of this chart here. And the strong operational leverage of the company is reflected in that we are able to do that at a reasonably small size at \$130 million ARR, which is the guidance for this year.

Spire is still at the very, very early innings of its story operating in the market, which has 200,000 target customers and a TAM of \$100 billion. I think what really gives me a lot of optimism for the future is the diversified business model of the company, serving multiple markets that have different cycles and the global trends that we have that are if anything actually being strengthened, global security being one of them where Spire recently rolled out additional capabilities because of the software defined nature of our constellation, supporting global efforts to drive peace and stability in regions that are currently experiencing very, very stressful situations.

And the global drive to its path in climate change and reducing our carbon footprint, increasing number of companies looking for ways to measure and decrease their carbon footprint as well as regulator forcing certain companies to do so. And then last but certainly not least, the increased ability of AI and machine learning to extract value from data, data that Spire collects on a daily basis to the tune of hundreds of millions of data points that go into our data vault, data that is only available if someone happens to have a large satellite constellation.

And when we're talking about the capabilities and data that Spire is collecting, we are indeed currently the only company that we are aware of in the world that is capable of collecting this data at this scale.

With that, maybe we can talk about use cases, talk about any other questions that you think we should be tackling.

## Q&A

<Q – Erik Rasmussen>: Great. Thanks for that, Peter. I think what I find interesting is that one slide that you have where the funnel, if we can go to that, I think this is a real key point of the story. But maybe walk us through how a customer comes into the organization. Do they usually

sign initially I would think that because you were a newer company sort of innovating in this space, they didn't really know about the capabilities. Maybe walk us through sort of the sales cycle, how it initially was and how it's evolved and everything else. And then a few other questions on this.

<A – Peter Platzer>: Yeah, of course. So maybe because it's a little bit my personal history as well. When I was on Wall Street, a quantitative investment manager getting access to data was always of great interest to us. So let's picture a commodity trader, something that I used to do, very keen on understanding where is all the oil. And she might reach out and look for it and come across us and say, oh, who can help me figure out where are all the oil ships? And we say, well, we have a subscription for that. This gives you the oil ships. And she might sign up for that service. Very soon, though, she might say, well, that's great to know where all the oil ships are. I would like to get an alert when they get within 24 hours of Houston.

Like that would then be a smart product, a bit of a simple analytics, and we have a checkbox for that in the subscription, and she can sign up for that. And then very soon, she was like, oh, can I get like a bit longer prediction of when they will arrive there two, three, four days and say, yeah, that's a checkbox for our predictive service. And very soon, though, she might ask, well, now I know oil, can I get gas now as well?

And we say, yeah, we can offer the same three levels of service where the ships are, when they will get close and when they will arrive for LNG ships. And then after that supply site, so to speak, becomes obvious to her, she might ask, well, weather is a huge driver of the demand side who can help me understand weather in the future, and we could say, well, we have a service like that and you can sign up for that service.

So that is a potential journey and actually – an actual journey of some of our customers of how they go through that funnel. It is a direct sales model. Our products are at the very, very low end high five figures. But some of our products are seven and eight figure products, so they are a direct sales model. Our sales force is unusually productive, I would say, for SaaS companies. The last time we published productivity figures is attained quota of over \$2 million a head of annual contract value that salespersons on average achieve. And it also shows that upsell capability as customers once they join us, keep on buying more over time. Now we have a net retention rate of 115%, 116% historically speaking.

<Q – Erik Rasmussen>: Right. What do these – you typically structure these contracts? Give us an idea of how that looks for an initial customer onboarding and then is the upsell that you're talking about?

<A – Peter Platzer>: Yeah. So they're all annual contracts that are paid quarterly or monthly in advance. They have uplift clauses in there, for example, inflation on the renewal. We do have contracts that are multi-year as well. We want to balance how long a contract we signed, because the longer the contract is, that often means that customers are delaying decisions to buy more from you. The annual renewal is always like a good time period to talk with customers about offering them additional services.

So on average, our contracts are in the two-year range. And then we have ongoing campaigns informing our customers of new products be that webinars, be that newsletters, be that conversations with them, where we really understand and listen to like the business challenges that they are facing and offer them additional capabilities from us that allow them to solve those additional business cases from them.

So wildfire is an increasing problem. Companies sometimes start out with, okay, why don't I get temperature forecasts, but maybe they want then to get a weather forecast that includes also the rain. Maybe then they say, okay, I need to have soil moisture about their surrounding area. Maybe they want to have wind speed directions not just at ground level, but also a bit higher level so that they have a better sense of where fire could spread. That's another possibility of customers in engaging with us. And then as they use the product, ask for additional pieces of information, additional products that help them solve additional use cases.

<Q – Erik Rasmussen>: Right. And each one of these points in – points on the value chain have an additional ASP on attached to it.

<A – Peter Platzer>: That is correct.

<Q – Erik Rasmussen>: Are you noticing though, that customers are making transition through this funnel a lot quicker in terms of when you first onboarding customers early on in the company's infancy stage, where now people are utilizing this data and words getting around a little bit more that there's a lot of capabilities and the analytics they can use for this data. Are you noticing that they're sort of speeding up the process of going through that value chain?

<A – Peter Platzer>: What we actually seeing is that customers start more to the right on the value chain right off the bat. I think as the awareness of space increases both in the public sector and the private sector side. And we see more and more companies reaching out and realizing that they can leverage space that image that we have – maybe when we are young of that it's like for governments and really expensive and big and slow is actually completely outdated. They actually approach us often for things that are already a little bit to the right of that funnel. Having said that, Erik, to be honest, the – we are so early in our journey that the opportunity set in the wider path of that funnel is continues to be absolutely massive.

<Q – Erik Rasmussen>: Okay. Maybe just on the competitive landscape in, and I think that one slide that you have, which is the three satellites to talk, look and listen. I think, a lot of questions we feel is, the confusion around sort of where you fit within as well. Everyone just assumed, especially early days with the Ukraine conflict and war that everyone just assumed everything was earth observation and everything was just sort of images and pictures. But in your specific area, why do you not compete with those other sort of phenomenologies, whether it's the communications or the imagery? And then where do you find your differentiation versus others and why is RF, is there anything difficult about around that versus some of the other technologies?

<A – Peter Platzer>: Yeah. So when you are on a talking satellite, I mean, you provide transportation of bits and bytes. And you have no knowledge about what the bits and bytes are,

right? It could be a phone call, it could be an internet webpage. And so it's an entirely different use case, entirely different customer base. Many of that are B2C kind of products. They have nothing to do with understanding global trade or a GPS jammer in the middle of Ukraine.

On the imaging side, you have the power of an – of a picture that is easily understood, but you have pretty low temporal resolution. You need massive infrastructure to produce something on a global basis once a day. We do something every 15 minutes. So it's just – it's again, very, very different use cases.

Imagery is often used to explain what has happened like a change detection and less, so what is going to happen based on being able to show a trend of something. Looking at deforestation is a fantastic example of imagery. You can't measure the temperature of the atmosphere or the speed inside a hurricane for optical. So it's very, very different data sets, but there are certain instances where those data sets combined tell an even more powerful story. So I think the New York Times wrote a nice article about the stealing of grain, there were articles written about ships breaking sanctions. And there is a nice combination of our data being able to really keep custody of a vessel on a granular level where the vessel is actually going, where the vessel might be saying it is going.

And then you can combine this at kind of like an end point of a journey with an picture that says, and here is like a picture. We just don't have only the RF signature, and I say, only on the quotation marks, but you have a picture assuming that there is good weather there. So there are certainly areas where the collaboration between optics and RF data can be quite powerful.

In particular in the defense and intelligence world, less so on the commercial side and a number of optical companies are extremely focused on the defense side. But again, there could be a tipping and queuing as it's often called product that we – recently we'd be – we launched a product on geo end with BlackSky on the maritime custody of a vessel product, where the RF signal really tracks the vessels on a granular basis. And then you can tip and cue a satellite to provide a high resolution image of a vessel...

<Q>: [Question Inaudible]

<A – Peter Platzer>: Just keep on executing, really. We have put that stake in the ground to produce our own cash. So free cash flow profitability, that means operating margin profitability and EBITDA profitability happens substantially sooner. Nine to 15 months is the free cash flow profitability, and we just keep on executing, we need a little bit more top line to amortize the fixed cost of the infrastructure, the fixed cost of my G&A. That really is all, it is adding additional customers and expanding with the customers that we have just a little bit more from where we are today. Five years from now, it is a massively – that would be the goal to be a company that is massively profitable, serving a very large number of customers, helping them tackle global security and global climate change challenges.

<Q>: [Question Inaudible]

<A – Peter Platzter>: It's – I mean, it's a little bit like Boeing could decide to get into electric vehicles, right, to use the planes, right? It's just not very like, I mean, it's just very hard. The technology that we invented, right, we are fully vertically integrated company. NASA said, Peter, you'll have to break the laws of physics. It's very hard, the pieces of technology, both on the hardware and the software side that we developed and invented. Lots of data that we collect, right, I mean, every single day, a few 100 million data points go into our data vault. You can only have those data points if you have a satellite constellation. You got to have to have licenses. We have licenses to operate our ground stations and satellites in 20 jurisdictions. Some of them take years to acquire.

<Q>: [Question Inaudible]

<A – Peter Platzter>: You'll ask. Yeah, of course.

<Q>: [Question Inaudible]

<A – Peter Platzter>: So CLS is a French company. Their claim to fame was twofold. One of them was a constellation that allowed low bandwidth tracking of whales, for example, as one of their products. And they also have a service on in the maritime space. CLS was, I don't know, if they're still – I can't keep track of all the 800 customers, but they were a customer of ours, using our data. So we don't actually find government markets where we are locked out. We are actually seeing quite the opposite that the leaning in of governments, the budgets of governments is massively increasing. I mean, we recently talked about a contract from NRO using the commercially available listening to RF data as a massive augmentation to their product portfolio.

The same way as the governments have increasingly used commercial company for imagery for launch, we see the same thing on the RF spectrum side. So CLS is more likely to be a customer, for example, for the follow on constellation with our space services in the Maritime segment. And we don't see government organizations blocking us out, quite the opposite, we see more and more governments reaching out and wanting to have space capabilities.

<<Erik Rasmussen, Analyst, Stifel>>

I think we'd love to take more questions, but maybe do it offline. Thank you for all joining us today. Peter, thank you for joining us.

<<Peter Platzter, Chief Executive Officer, President and Director>>

My pleasure.

<<Erik Rasmussen, Analyst, Stifel>>

And hope this was informative for everyone.