

**Spire Global
Business Update
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Presenters

Peter Platzer, CEO

Leo Basola, CFO

Ben Hackman, Head of IR

Q&A Participants

Ric Prentiss – Raymond James

Austin Moeller – Canaccord

Jeff Meuler – Baird

Erik Rasmussen – Stifel

Brian Kinstlinger – Alliance Global Partners

Jeff Van Rhee – Craig-Hallum

Chris Quilty – Quilty Space

Operator

Greetings and welcome to the Spire Global Business Update Conference 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, please press star, zero, on your telephone keypad. As a reminder, this conference is being recorded.

At this time, I would like to turn the call over to Ben Hackman, head of IR. Please go ahead, Ben.

Ben Hackman

Thank you. Hello, everyone, and thank you for joining us for our business update regarding the sale of our maritime business. 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 Leo Basola, CFO. Some of our comments today contain forward-looking statements that are subject to risks, uncertainties and assumptions. Should any of these expectations 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, Ben. Good morning and thank you for joining us today. We are excited to share some business updates and developments before taking your questions. This morning, we

announced we have agreed to sell our maritime business for approximately \$241 million. This figure consists of a \$233.5 million purchase price and a \$7.5 million for services over a 12 month period, commencing at closing. We will retain all of our satellite network technology and infrastructure and will continue to serve weather, radio frequency geolocation, aviation and space services customers, in addition to our current US government portion of our maritime customer portfolio.

We intend to use the proceeds from the sale to, first, pay off all of our outstanding loans. After paying off our loans, we intend to invest in the continuing innovation of data analytics and RF geolocation offerings, along with other significant near-term opportunities.

The world continues to be presented with increasingly severe and costly weather events and growing global conflict. We believe our portfolio is now more than ever aligned to help tackle these challenges. At the same time, this sale presents exciting opportunities for the maritime business to continue to thrive and grow under Kpler's ownership, with a focus on the digitalization of the maritime industry.

The demand we are seeing to help tackle the challenges related to climate change and global security is actively converting into contract awards. We previously announced we have won a US Air Force contract to develop and deploy a cluster of satellites to detect and track moving objects. We received a UK space agency grant to develop and demonstrate hyperspectral microwave sensing technology, and we were awarded a contract to help demonstrate AI on orbit. All in, we captured a record \$40 million annual contract value in new bookings in the third quarter. Beyond these awarded contracts, we are excited about the increasing opportunities we see in our pipeline within the government sector in North America and Europe, for example, for a range of solutions.

Between our cash on hand and funds from the sale, we believe we will be very well-positioned to make attractive investments in both near and long-term growth opportunities. Simply put, this move further focuses Spire on our core missions, helping humanity tackle climate change and global security challenges, two of the macro trends driving the space economy, which is forecast to reach almost \$2 trillion in the next 11 years. We are now even better equipped with the resources, technology and experience to serve governments and commercial clients to fulfill their missions, whether through our advanced data solutions or empowering them with our sophisticated space services offering.

And with that, I'd like to turn it over to Leo.

Leo Basola

Thank you, Peter. I wanted to quickly share a few additional details about the financials and logic of the transaction before moving into Q&A. The trailing 12-month revenue for the maritime business we're selling is approximately \$40 million. The purchase price values this portion of our business at approximately 5.8 times the revenue and provides a solid indicator of

the current market value of our business potential. We expect the sale to close by the first quarter of 2025, subject to satisfying customary closing conditions.

We intend to pay off our loan after the sale closes, and this includes the loans for Blue Torch, which currently has a principal balance of approximately \$95 million and approximately \$10 million in deferred interest and loan closing costs, and the strategic innovation fund loan, which has a balance of approximately \$5 million. After these actions, we will be debt free and eliminate roughly \$16 million of annual interest payments. After the transaction, the company is expected to have added over \$110 million in cash and cash equivalents to our balance sheet.

As Peter mentioned, there are several near term opportunities that could generate long-term value for the company. Some of these opportunities center around enhancing the offerings we already have in the market, such as our radio frequency geolocation solutions. Other opportunities may require a level of localization. And given the size of the deals, some companies may also expect a stronger financial position to avoid counterparty financial risk. We expect the recapitalization and deleveraging provided by this transaction to improve Spire's financial position.

So in summary, by capitalizing the business in a non-dilutive manner and eliminating interest payments and other operational restrictions, we are transforming our cost structure and operating model. This approach mitigates risk by removing the most significant external financial pressures while also providing us with capital to invest in core opportunities that we expect will generate long-term value.

Now I would like to open the call for questions.

Operator

Thank you. We'll now be conducting a 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 your line is in the question queue. You may press star, two, if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Thank you. Our first question is from Ric Prentiss with Raymond James. Please proceed with your question.

Ric Prentiss

Thanks. Good morning, everybody. A couple of questions.

Peter Platzer

Good morning.

Leo Basola

Good morning.

Ric Prentiss

Hey. Obviously, de-risking the story, so getting a non-dilutive way to take the debt out, how should we think about what happens? I would assume this is fairly high margin business. Is that a correct assumption? And are you helping us understand what might be the EBITDA impact of selling this segment? And is it possible that EBITDA could go negative then, until you achieve more scale in the other sectors?

Leo Basola

Yeah. So let me first address the question with the fact that we're still in the process of finalizing our restatement of the financials, so I can't really answer in full, your question. But just to give you a sense, the margin of this business unit is relatively similar to the margin of the other business units that we have, right? So if you think about aviation and weather and space services, all of them in the restatement financials commanded a similar level of margin, so it will be a proportional reduction, if you want, in EBITDA to the overall portfolio.

Ric Prentiss

OK. So then it would not necessarily create a negative EBITDA situation, knowing that you have to go through the restatements?

Peter Platzer

Just to keep Leo out of trouble here, Ric, I mean, as he said, he has to finish the restatement, and let's not try to make him say something that he can't really say at this point in time.

Ric Prentiss

I appreciate that. It's kind of our job to try. But no, I appreciate that. The timeline, maybe for the restatement, I think, was that be done by February 19th, or something like that, what I remember, just kind of as a ballpark timeline, or was that (inaudible)?

Peter Platzer

That's right. So we have basically six months from the time that we filed our 12b-25 to refile.

Ric Prentiss

And last one for me is, if you think about the growth rates that are in the different segments, the aviation, the weather, government versus maritime, how would you frame what the growth rate you had been seeing in maritime was versus the growth rates of what you've seen in the segments that will remain?

Peter Platzer

So they do vary a little bit also based on the size. I mean, as you know, space services, weather and maritime were larger than the aviation segment, and so I would say the aviation segment

had a very high growth rate. We do see that the global trends that the company has been focused on since day one, tackling climate change and global security threats, are accelerating. So the businesses that are directly geared towards that, be that whether, be that space services, they really benefit from that. And I think we indicated that they are starting to translate into contracts. So without getting into, myself, into any difficulty, we are quite excited about the growth rate that the business will have going forward.

Ric Prentiss

OK. Thanks, everybody.

Peter Platzer

Thanks, Ric.

Operator

Thank you. Our next question is from Austin Moeller with Canaccord. Please proceed with your question.

Austin Moeller

Hi, Peter. Great news today. Great to see that we're able to eliminate the interest expense.

Peter Platzer

Thanks, Austin.

Austin Moeller

Do you think that having this capital buffer and this, this cash on the balance sheet, does that enable you to go after other things you were looking at, like the ADS-B constellation you're planning to build with Thales and the ESSP. I know Thales was partially funding that, but there was some component of it that was expected to be shared.

Peter Platzer

So Austin, you know I come from larger corporations in my past, right? So working with GE and Danaher, I can tell you that large companies have their sourcing department look at the counterparty financial risk when you engage in long-term arrangements like the one that we're discussing with Thales and other customers, right? The larger the arrangement, the longer the term, the more significant this deal for us, but also the more significant that the counterparty risk assessment becomes. So I think this will be an instrumental vehicle for us to beef up our financials and limit that counterparty risk and make it more likely that without any further actions, we could be considered for these large deals, right? So in short answer, yes, I think it helps.

Austin Moeller

That's fantastic. I'll pass it back there. Thanks.

Peter Platzer

Thanks a lot, Austin.

Operator

Thank you. Our next question is from Jeff Meuler with Baird. Please proceed with your question.

Jeff Meuler

Yeah. Thank you. Good morning. Congrats on the deal, seems great.

Peter Platzer

Good morning.

Jeff Meuler

I guess, just I'm struggling a little to understand how the separation works and what infrastructure you'll be selling as a part of it. Just given my understanding of the model of leveraging a lot of common infrastructure and having satellites that can support multiple different end markets, I think you said something about retaining all satellite network infrastructure. So if you could just go into more detail on how that works and what infrastructure you'll be divesting.

Peter Platzer

So great question, Jeff. We're not divesting any of our infrastructure, and we are retaining all of our satellites, all of our satellite network, ground station and all of that related capabilities in IP. What we're passing on is software components, or software IP that is exclusively for the maritime business, the contractual relationship, the people and all of their experience, but from an infrastructure perspective, all of that is going to be retained. And you also know, we have access to two constellations for maritime data. One is for the L3 Harris contract, and the other one is from the Spire contract. And the access to the L3 Harris data contract is the one that is passing on. So it's not really our infrastructure, it's a contractual relationship, but that is also something that is passed on through Kpler in this sale.

Jeff Meuler

So then there's no ongoing partnership where you'll be providing satellite capabilities or data capabilities or anything like that to the buyer?

Peter Platzer

No, there is. So there a first full year for like everything. And then, as I said, we are retaining the servicing of the United States government, in particular, and that's where the two companies will collaborate and grow together going forward.

Jeff Meuler

Got it. And then just trying to understand how you think about investing going forward. I know you've long talked, Peter, about the importance to you of being a profitable, cash generative company, but I would also think that the balance sheet was somewhat of a constraint on how you were thinking about investment. So just if you could talk about how you're thinking about kind of balancing continued margin progress versus investment.

Peter Platzer

100%. Everything you said is perfectly correct. I think the first thing that I want to mention is what Leo just talked about beforehand. If you go back way to our first date, one of the reasons why we became a public company is to create more visibility for larger and larger contracts. And that strategy certainly has played out. And I think this transaction is yet another milestone in that trajectory of enabling larger, longer term contracts by having the financial stability that we can demonstrate by the public visibility of our now even stronger balance sheet. So that, I think, is number one.

Number two, we do see a quite rapid increase in in global security challenges, and the demand for data to tackle those can be very, very short-term and very, very lucrative. And so we think that there could be quite interesting opportunities for us to investing in creating capacity for RF geolocation capabilities on orbit to serve those surge short-term demands from customers. Similarly, I would say, on the weather side, building more products and expanding our capability set on AI, which allows us to create customized solutions at a much, much lower price and much, much higher value proposition to customers is that is probably another opportunity that we see, we will looking very, very actively into.

Jeff Meuler

Got it. Thank you. Congrats.

Peter Platzer

Thanks a lot.

Operator

Thank you. Our next question is from Erik Rasmussen with Stifel. Please proceed with your question.

Erik Rasmussen

Yeah. Thanks for taking the questions.

Peter Platzer

Of course, Erik.

Erik Rasmussen

Thanks. Can you maybe talk about how the deal came about? Were you actively looking to sell the business? Was it a competitive process? And maybe, how did you arrive at the multiple paid?

Peter Platzer

No. No, we were not looking to sell the business, God knows, but we did receive an unsolicited bid, and that, of course, created the proper process, establishing of the committee at the board, a banker, checking of prices in the market, creating a competitive process that was then run over the last few weeks, or couple of months, with the Kpler coming out of that process a winner by the overall multiple that they offered. So it was started off by an unsolicited offer that kicked off a highly competitive process that resulted in a, I think, a very fair outcome for both Kpler and Spire that both sides are quite excited about.

Erik Rasmussen

Great. Thanks for the details there. And then maybe it looks like there's a 12-month services agreement for about \$7.5 million (inaudible) the acquisition price. What does this entail? And it sounds like it's just for maritime satellite data but help me understand then what happens after the one year agreement expires. Is there something there for you guys to sort of re-up?

Peter Platzer

So the simple answer is we will find out. It has not been part of the of the negotiations of the current contract. Where we have agreed already in the current negotiations, that the two companies will work actively together to serve the United States government, with Spire being a reseller of Kpler's capabilities and data, combining it with Spire's capabilities and data to serve the needs of the United States government be that directly or indirectly. So we certainly believe that there is long-term opportunities for the two companies to enhance their respective growth. And we look at this at the start of a potentially long-term, very prosperous relationship for both sides.

Erik Rasmussen

OK. Great. And then maybe just following up on what was asked earlier, sort of the investments going forward, and it looks like you see increased global security, this weather, build more products, but what does that mean? Does that mean more satellites in space? Does it mean maybe satellites are a little bit larger so they can accommodate different types of payloads? Just trying to understand sort of what that investment cycle could look like and what those investments could mean.

Peter Platzer

So I would say, generally for RF geolocation, it means that having assets that, let's say, in the past might have been more geared in the duty cycle to its maritime data production might be geared in the duty cycle to its RF geolocation production. It could mean that some of those spacecraft will be, instead of single spacecraft, the cluster of spacecraft to having even more precise geolocation. It does not necessarily mean larger spacecraft. I mean, as you know, we

have certain customers that come to us for larger than our standard wine bottle size spacecraft. But from the perspective of investment in weather and global security, what I mentioned, I would not necessarily foresee that, meaning larger spacecrafts.

Erik Rasmussen

Great. Thanks and congrats on the deal.

Peter Platzer

Thanks a lot, Erik.

Operator

Thank you. Our next question is from Brian Kinstlinger with Alliance Global Partners. Please proceed with your question.

Brian Kinstlinger

Great. Thanks so much for taking my questions and congrats on the transaction. Just one question related--

Peter Platzer

Hey, Brian.

Brian Kinstlinger

So one question on the costs. If you're not getting rid of any satellites, I assume there's still a level of fixed costs on lower volume. So while the businesses have similar margins when they were under one umbrella, you do have a fixed cost structure with less volume. Is that right? Is that the way to think about it?

Leo Basola

No. I think, Brian, you have to go back to the essence of our design, right? So we call them LEMURs for a reason. They are multipurpose receivers, and most of our assets have more capabilities that are more than just dedicated assets for one single use. And I think, as we describe, this as an important piece. When you think about the asset utilization, there are multiple payloads in most of our satellites, so you will have this satellite dedicated to other potential uses, and not the AIS signal per se, right? And we are continuing to utilize our satellites for other sales on the weather, Aviation and Space services offerings, and that requires the ground stations. I think that there isn't really a significant amount of cost that you should be concerned about in terms of the absorption of cost for the infrastructure that we have.

Brian Kinstlinger

OK. That's helpful. And then recently you announced quarterly record TCv. Can you comment on how much of that was maritime versus the other pieces of your business?

Leo Basola

We don't disclose really the split of our bookings or revenues by segment. You can see this now because we're selling it, but generally speaking, we don't--we haven't done that before.

Peter Platzer

And just to clarify, I believe it was ACV, annual contract value, and not total contract value. We only talk about annual contract value in that announcement, but you were correct. It was a record \$40 million annual contract value.

Brian Kinstlinger

Thanks for that clarification. You're right. So you didn't file in October, the restatement, but now you have this deal in hand. Do you think you'll be required to make an additional payment to Blue Torch, or is that unknown at this point, now that they know that they're getting their money back?

Leo Basola

I'm not understanding the question. (Inaudible).

Brian Kinstlinger

When you first were unable to file, you had to make a penalty payment to them. Will you be able to avoid that penalty payment now that the plan is to be paying them back, or is that still part of a negotiation?

Leo Basola

Yeah. So two things. I think you will see in our filing, that Blue Torch has given us a forbearance on their right to cure given that we haven't filed timely, etc., as part of this also, so there's a good relationship going on with Blue Torch as we finalize the repayment of their loan. I think they're happy that we have gone through this transaction, because they have line of sight now to when this close getting their loan fully repaid. So that hopefully summarizes the situation with Blue Torch.

Brian Kinstlinger

Yeah. If I could ask one question, I'm not sure if you can answer or not, unrelated to this. One of the biggest opportunities your company is facing is that initial contract for the sales and European satellite service provider. It's been a while since you've talked to the market. Can you provide any update on what's going on with that contract?

Leo Basola

I don't think I can, man, because--and this is nothing against the idea of I would really want to. But unfortunately, we're in the situation where until we refile, we really cannot talk much more about what we're discussing, which I think is the purpose of this call, is this transaction, and that's about it.

Peter Platzter

Good try.

Brian Kinstlinger

No, it's important. We'll talk about it when you do come back and are able to. Great. Thank you.

Peter Platzter

100%. And we are excited about it, but appreciate you being here and asking questions.

Operator

Our next question is from Jeff Van Rhee with Craig-Hallam. Please proceed with your question.

Jeff Van Rhee

Great. Thank you, and I'll add my congrats here. Most of mine have been asked. Just have one. As you talked, Peter, about the significant, I think, was some emphasis on significant opportunities, can you expand just a bit on that? And maybe, I don't doubt you'd be willing to go into the specific names of what you're looking at, but segments and trends? I'm just kind of mostly interested in where those deals reside, and any sense of magnitude. Did seem like you put a little more emphasis on significant than maybe in the past. Thank you.

Peter Platzter

Of course. Thanks for being here. I think it boils down to the statement that Leo made earlier as well, and bringing into a collection that the purpose of Spire becoming more transparent by being a public company is to go after larger, longer term deals with more established and larger customers. And for example, the Thales aviation deals that just was mentioned is one of those indications. But we have a pipeline that we are quite excited about, that is kind of like in similar vein as this contract, and I think this transaction will allow us to actually be an even stronger competitor for those opportunities going forward.

Jeff Van Rhee

Great. Thank you.

Peter Platzter

Of course.

Operator

Thank you. Our next question is from Chris Quilty with Quilty Space. Please proceed with your question.

Chris Quilty

Thanks, guys. I was late to the call, so if you've already answered this question, then just refer me to the transcript. But I just wanted to understand because you had basically two AIS services. There was the Iridium secondary payload, exactEarth, and that is what is being sold to

Kpler. Also, you have an AIS payload on the LEMUR satellite. Is it fair to assume that the \$7.5 million of services in the announcement here is a proxy for what the AIS revenue sales are back to Kpler, if they want to continue buying that service, or do they just want to use the Iridium based service with their tower network?

Peter Platzer

Thanks for being here, Chris. I'm not sure that I understand your question but let me answer what I thought it was. And then you can try again. So indeed, there were two constellations, as we have said. One was the L3 Harris, which is real time, and the other was the LEMUR constellation, which is providing near real term. We are maintaining all of our infrastructure, our LEMUR constellation, we're passing on the L3 Harris contract and the right to access this data to Kpler. Indeed, the \$7.5 million have like transition services mostly related to data that we provide to Kpler for the next 12 months, and then we'll see how that portion of the relationships develops afterwards. In parallel to that, we have the business where we serve customers direct and indirectly, for the US government, where we partner with them, be a retailer for their data, combining it with our data and our analytics to serve the United States government.

Chris Quilty

Gotcha. And I guess, just with selling off the maritime business, and that's what AIS data is primarily used for, other than the government customers, do you still have a sales channel to sell that data to customers other than Kpler, or did your sales force go over to Kpler, and there's no other way to sell that data? And if so does, it becomes a stranded instrument, because you don't have a sales channel, if Kpler isn't a buyer after year one?

Peter Platzer

OK. So all of the Spire maritime team, sales, marketing, product, engineering, that was servicing exclusively the maritime business is joining Kpler. We continue to serve the United States government. We will not serve commercial customers for AIS related product. That is a business that we are passing on to Kpler and supporting in the first year with the contract that we have just talked about. I'm not sure that I understand the stranded constellation, as Leo had indicated earlier, LEMUR stands for low earth multiuse, so every single one of our spacecraft has multiple payloads then run to the extent allowed by power in parallel. But what it means is that if, for whatever reason, we decide to produce less AIS data going forward, because maybe we don't need as much for the government business, then the same spacecraft, the same design, will produce with that available power other types of data, like weather data, aviation data, RF geolocation data. So I'm not sure what you mean by stranded. That's not entirely clear to me.

Chris Quilty

OK. I'll maybe make it clearer. Let's say you've got three payloads, right? You've got a weather an AIS and an ADS-B, right? Those are the three that were built and launched onto the satellite. The AIS is used for maritime and since most your maritime business, except for the

government, went away and you're a non-real time for the government, let's say the revenues there dropped down to like sub \$5 million or sub \$2 million, or something like that. Does it make sense to use a third of your future payloads for AIS or, I think what I heard you said is we may choose in the future to swap out the AIS payload because it's not a viable business, and choose to put in another sensor?

Peter Platzer

It's the latter. That's the whole design of our spacecraft, to be multiuse, software-defined, so that we can, you know, maybe have multiple payloads, but they can't run all at 100% duty cycle anyway, and so we just use wherever we have the greatest economic benefit from. And instead of running maritime, we're just going to run aviation and RFGL, for example, it could also mean that going forward, we might not equip as many with an AIS payload, because it is not providing as much benefit from it.

Chris Quilty

Got it. OK. That was my point. I asked it inartfully, but you got it in the end.

Peter Platzer

You are too kind, Chris. Thank you so much.

Operator

Thank you. There are no further questions at this time. This does conclude today's conference call. Thank you for your participation. You may now disconnect.