NextNav/NestWave
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Corporate Speakers

- Gary Parsons; NextNav; Chairman
- Ganesh Pattabiraman, NextNav CEO

PRESENTATION

Operator:

Welcome to the NextNav Conference Call to discuss the Company's acquisition of Nestwave, SAS, a privately held company in France.

Before we begin, please note that during today's presentation, the company may make forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "forecast," "intend," "seek," "target," "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements, which involve risks and uncertainties, relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable and may also relate to NextNav's future prospects, developments and business strategies. In particular, such forward-looking statements include statements about NextNav's position to drive growth in its 3D geolocation business and expansion of its next generation GPS platform, the business plans, objectives, expectations and intentions of NextNav, NextNav's partnerships and the potential success thereof and NextNav's estimated and future business strategies, competitive position, industry environment and potential growth opportunities. These statements are based on NextNav's management's current expectations and beliefs, as well as a number of assumptions concerning future events.

Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside NextNav's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks, uncertainties, assumptions and other important factors include, but are not limited to: (1) the ability of NextNav to continue to gain traction in key markets and with notable platforms and partners, both within the U.S. and internationally; (2) the ability of NextNav to grow and manage growth profitably, maintain relationships with partners, customers and suppliers, including with respect to NextNav's Pinnacle 911 solution and its TerraPoiNT network, and the ability to retain its management and key employees; (3) the ability of NextNav to maintain balance sheet flexibility and generate and effectively deploy capital in line with its business strategies; (4) the possibility that NextNav may be adversely affected by other economic, business and/or competitive factors (including the impacts of the ongoing COVID-19 coronavirus pandemic); and (5) other risks and uncertainties indicated from time to time in other documents filed with the Securities and Exchange Commission by NextNav. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made, and NextNav undertakes no commitment to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

I will now turn things over to Gary Parsons, Chairman of NextNav. Please go ahead sir.

Gary Parsons:

- Good morning, everyone and thank you for joining us. We are extremely excited to share that earlier today we announced the closing of the acquisition of Nestwave, SAS, a global leader in low power geolocation.

- This transaction brings several compelling strategic opportunities to our business, including the ability to optimize further the use of our underlying spectrum asset and help to dramatically reduce the CAPEX required to bring a nationwide resilient Position Navigation and Timing or PNT capability to market.

- While Ganesh will get into more specifics on the technology and how this transaction enhances our TerraPoiNT build, let me first introduce Nestwave and detail why this is such an attractive opportunity.

- Run by former Qualcomm and Sequans executives, Nestwave is based just outside of Paris, France. Its technology and initial product suite enable the proliferation of IoT geolocation by providing the smallest, most power efficient, lowest component count solutions without the use of GPS. Nestwave's patented, hybrid-signal technology significantly improves localization accuracy in critical indoor and dense urban environments while greatly reducing power consumption and network compared to existing solutions on the market.

- Nestwave's unique technology is an excellent complement to our current offering. Notably, their IP and software algorithms will significantly contribute to the optimization of our spectrum bandwidth for both existing and new services. Today, NextNav owns an 8-megahertz contiguous low band spectrum asset, covering two and a half billion megahertz pops and 93% of the U.S. population, including almost all major urban centers. We've previously communicated our desire to leverage this asset in additional ways and I believe this transaction is an excellent starting point. By leveraging Nestwave's technology, NextNav can transition from its current GPS-like TerraPoiNT signal to an LTE/5G waveform, gaining significant spectral efficiency and potentially delivering additional capacity or release of spectrum for additional data-oriented services.

- In addition, this acquisition will help to dramatically reduce CAPEX deployment costs relating to our TerraPoiNT system as well as increase the speed at which we will be able to bring it to market, both domestically and globally. As Ganesh will cover in more detail, by combining existing LTE and 5G signal information with our highly synchronized TerraPoiNT signals, we expect a significant reduction in the number of beacons required while maintaining our best-in-class system performance.

- While we were already on solid footing for our near-term capital needs prior to Nestwave, with the close of the deal, we now considerably improve our longer-term capital position. The acquisition of Nestwave's technology and experienced engineers and technicians, alongside our ability to utilize existing LTE/5G carrier signals, will accelerate access to the LTE/5G handset and device ecosystem, enabling broader penetration of our applications and technology across all of our products and target markets.

- And finally, because Nestwave is headquartered in France, we will be able to establish a strong foothold in the critical European market, which along with our existing Metcom relationship in Japan, should allow us to scale more broadly outside of the U.S. Ganesh will touch on this more in a moment as well.

- In all, Nestwave is truly an ideal candidate for NextNav. We are thrilled to have the Nestwave team join us and look forward to the opportunities it will bring the business.

- We hope you will join us in celebrating this exciting milestone. With that, let me turn things over to Ganesh for a deeper dive into the Nestwave's technology and our go-forward plan.

- Ganesh?

Ganesh Pattabiraman:

- Thank you, Gary and thank you everyone for joining us. We are thrilled to welcome Nestwave into the NextNav family. We believe they bring a complementary technology that will afford our business several key benefits.

- As most of you know, NextNav goes to market today through two world class technologies, Pinnacle and TerraPoiNT. Our Pinnacle service provides altitude with current GPS-based technologies, while our TerraPoiNT service is a 3D GPS-equivalent solution to provide a resilient layer for the services GPS enables - positioning, navigation and timing, or PNT. Our TerraPoiNT service is designed to use a terrestrial network of wireless transmitters, with signals 100,000x stronger than those of GPS, and with encryption, resistant to jamming and spoofing.

- The network's ability to cover urban canyons facilitates use of TerraPoiNT as a 3D location solution for drones, urban air mobility and autonomous vehicle use cases to name a few. The network's inbuilding penetration facilitates usage in applications such as indoor position tracking for IOT devices and in navigation applications.

- We believe by combining our TerraPoiNT technology with Nestwave's ability to leverage existing cellular network signals, we will vastly reduce our CAPEX and network OPEX needs to provide a nationwide resilient PNT capability.

- While LTE and 5G systems are pervasive as carriers have already built them out, they are not optimized for location as communications systems, nor do they include a precise clock. The combined NextNav and Nestwave technology set, however, is able to leverage existing cellular signals and complement them with TerraPoiNT's highly synchronized network to create a highly accurate and highly synchronized timing network, utilizing full TerraPoiNT transmitters only in locations with the greatest need. This is best illustrated on slide 5 of the investor presentation posted on our IR site. On the left, is an illustrative example of our TerraPoiNT deployment in the San Francisco Bay Area without Nestwave technology, and on the right is an example of what a potential deployment of TerraPoiNT could look like in the same area by leveraging Nestwave technology.

- Combining our systems will provide NextNav enormous flexibility in our future deployments. By leveraging appropriate elements of NextNav's technology, some services, including basic timing, may be achieved even without a separate TerraPoiNT signal, thus accelerating global service initiatives ahead of new spectrum allocations. We believe that a full, resilient Position, Navigation and Timing service will now be achievable across the United States with a fraction of the initial CapEx deployment costs, a reduction of approximately 75% or in excess of $250 million from prior estimates, and a commensurate reduction in associated network OpEx costs. This obviously accelerates the original deployment timelines for TerraPoiNT domestically, while facilitating global expansion as well. Furthermore, it enables NextNav to serve the crucial markets of timing for critical infrastructure, aviation, automotive and other mass market applications sooner.

- We were already in a solid capital position prior to this acquisition and with the close, we further improve our long-term capital standing. More importantly, the transaction will not materially increase our operational cash burn. We had closely managed our cash burn, hiring and use of consultants and contractors related to the planned roll out of TerraPoiNT in anticipation of a deal such as this, and therefore expect no significant difference compared to our previously planned burn.

- Another major benefit is the compatibility of the new technology with LTE/5G systems, thus lowering the barrier to adoption by various devices, handsets and LTE/5G systems moving forward.

- The acquisition also increases the spectral efficiency of our underlying spectrum asset. By deploying TerraPoiNT transmitters only in places that are critical to meet PNT resiliency requirements, there are more locations that become available where the NextNav spectrum could be leveraged for additional use.

- These efforts will allow us to bring a resilient PNT system to market faster, which we believe is essential to what we see as a rapidly emerging opportunity for the TerraPoiNT system in the marketplace. As we indicated on our Q2 earnings call, we are seeing the US government taking concrete actions toward the implementation of Executive Order 13905, which will require all federal contracts to include language on PNT resilience. We believe the government is continuing to make progress in that direction and this acquisition offers us the opportunity to meet this growing need faster and more efficiently.

- In addition, our acquisition of Nestwave will enable us to go to market faster on a global scale. As you may recall, we were already engaged with the European Union in discussions around alternate PNT resilience systems for some time. By establishing a presence within the EU, we likely increase our ability to shape European policy in this regard and move faster into additional markets globally.

- Finally, let me briefly run through the terms of the transaction. As noted in our release this morning, we acquired Nestwave for an enterprise value of $18 million and gross consideration value of $19.3 million, consisting of $4.3 million in cash and $15.0 million in NextNav's common stock.

- The transaction resulted in the issuance of 4.0 million shares of NextNav common stock upon close, and up to 1.1 million shares of common stock upon exercise of certain Nestwave employee options. All such shares are subject to a lock-up expiring on the first anniversary of transaction close.

- With the close, Nestwave has changed its name to NextNav and all current Nestwave employees are remaining with the Company and will be integrated into our existing TerraPoiNT engineering and technology efforts. Nestwave CEO, Ambroise Popper, will serve as Vice President and General Manager in France and become a member of NextNav's executive leadership team, while Nestwave CTO Rabih Chrabieh will serve as NextNav's Vice President of Engineering.

- Overall, we are thrilled to have Nestwave as part of the NextNav family. The ability to bring PNT resilience to market faster, more efficiently and at a global scale is truly exciting for our business. Finally, we will not be taking questions on the call today, but we look forward to speaking with all of you in more detail on our Q3 earnings call to be held on November 10th.

- Thank you for your time today.