Transcript of
Fermi America
Third Quarter 2025 Earnings Conference Call
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Participants

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John Hodulik - UBS
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Andrew Fisher - Berenberg
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Stephen Gengaro - Stifel Nicolaus
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Presentation

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Fermi America Third Quarter 2025 Earnings Conference Call. Today's call will be conducted by the company's Chief Financial Officer, Miles Everson.

Before I turn the call over to Mr. Everson, I'd like to read the company's abbreviated Safe Harbor statements. I'd like to remind you that statements made in this conference call concerning future revenues, results from operations, financial positions, markets, economic conditions, product releases, partnerships, and any other statements that may be construed as a prediction of future performance or events or forward-looking statements, which may involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those expressed or implied by such statements.

Non-GAAP results may also be discussed on the call. The company believes the presentation of non-GAAP information provides useful supplementary data concerning the company's ongoing operations and is provided for informational purposes only.

With that said, Mr. Everson, the floor is yours.

Miles Everson - Chief Financial Officer, Fermi America

Thank you, operator, and good morning, everyone. Welcome to Fermi America's first earnings call as a public company. Joining me today are Toby Neugebauer, Co-Founder and Chief Executive Officer, and Rodrigo Acuna, our Director of Investor Relations.

Earlier today, we published our Q3 2025 Shareholder Letter, which is available on our investor relations website at investors.fermiamerica.com.

As a reminder, today's remarks will include forward-looking statements that involve risk and uncertainties, which may cause actual results to differ materially. For more information, please refer to our filings with the Securities and Exchange Commission.

As this is our first earnings call, let me say a few things about our CEO. Toby is an American patriot and businessman that has spent his career making America stronger and building out the gas infrastructure for this country that has contributed to our national security. I'm delighted to be part of this team as we take on the next big challenge.

With that, I'll turn the call over to Toby.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Thank you, Miles, and thank you for helping lead Fermi on this most important journey. At Fermi, we like to set our goals and our timelines around patriotic holidays. For example, we set our S-11 and our nuclear application for the 4th of July. So when we were thinking about setting the date for our first earnings call, Veterans Day, Remembrance Day in Europe, in honor of all of those who have sacrificed to defend freedom and Western civilization, we thought that was the perfect day. Everyone at Fermi has a deep-felt appreciation for all those who have served, which includes their family, whose sometimes a sacrifice is just as great.

The inspiration to create Fermi was in response to Western civilization's next battlefield, its next theater of war, which we all know is the artificial intelligence race. The Chinese know the key to winning that war is power, large-scale power. And unfortunately, they are winning. As you may have seen, the New York Times reported just last week that the Chinese have 33 nuclear reactors under construction, as well as the world's largest, highest dam. They are not investing in this power for their citizens. They are waging war, and the war is on us.

So the team members of Fermi view their work building the West, America's largest power complex, as a privilege, as a responsibility, which gives us a deep sense of purpose as we work our 16-hour days, six days a week. As Miles reviews the third quarter, and we look ahead to the fourth quarter and beyond, we believe you will be blown away by the pace of accomplishment. We believe it's unmatched in any company at any point in time.

A reporter this week asked me, maybe skeptically, how is all of this possible? I think first is our business model is relatively simple. We make dumb electrons for the companies who make smart electrons. As we have all seen, the growth models and the growth expectations for our nation's leading technology companies are 35%, 40%, 45%. And they're making smart electrons. But they can only make as many smart electrons as there are dumb electrons. So our business, really simple. We make dumb electrons.

The second is we look good because our site is so good. We do have the best site in our minds to create these dumb electrons. And it just is like having the West Texas wind at our back every day. Organizationally, we are very flat and dynamic. But we're driven by accountability. We love our Gantt charts. That flat organization, that dynamic organization that is able to act decisively, quickly, only works because our team leaders have decades of experience and relationships in their specific field of expertise.

So you take the combination of, again, the dynamic organization with the decades of experience our team leaders have and the best location in that Friday night football district where we've grown up and know everybody, we are able to operate very effectively at extraordinary pace.

I look forward to answering your question after Miles provides us his update. We are so fortunate to have a CFO who is truly one of the world's foremost leaders on compliance during his time leading PwC consulting, but who has also proven himself to be a great entrepreneur and businessman through his leadership of MBO partners. Miles, I'm going to turn it over to you.

Miles Everson - Chief Financial Officer, Fermi America

Thanks, Toby. As Toby mentioned, this was an extraordinary quarter for Fermi, one defined by great execution, partnerships and financial momentum.

Let's start with the operational milestones that are transforming Project Matador from blueprint to a reality of AI energy sovereignty and resilience. In September, we formally commenced our 99-year lease with Texas Tech University System in the Texas Panhandle. Having long-term control of the land enables us to complete geotechnical work across roughly 5,200 acres, including drilling, soil sampling, and surveying to prepare for foundation construction. On-site campus development is underway with over 4 million square feet cleared and graded across the data center, substation and generation areas.

We've installed 6,500 feet of roads, 34,000 feet of fencing, 9,500 feet of barriers and 12,000 feet of water lines with additional clearing underway. These activities mark the start of physical construction and keep us on track to deliver the first gigawatt of power by the end of 2026.

We also advanced multiple critical relationships during the quarter. We signed a memorandum of understanding with Hyundai Engineering and Construction to plan and develop the nuclear energy component of our private grid. We entered into a letter of intent with Siemens Energy for both the nuclear turbine generator packages and importantly, for three F-class gas turbines that will provide approximately 1.1 gigawatts of combined cycle capacity by 2026. And we expanded our coalition by signing an MOU with Doosan for heavy nuclear components and future small modular reactor collaboration.

Together, these agreements anchor what will become the heart of our Hypergrid campus with nuclear, natural gas, solar and storage, all integrated behind the meter to serve high density AI compute loads for the hyperscalers of the United States.

On the equipment front, we've already secured or placed under LOI roughly 2.2 gigawatts of gas fire generation. That includes nine industrial turbines, six from Siemens and three from GE, representing more than 580 megawatts of capacity, as well as steam turbines and balance of plant equipment. It also includes 200 megawatts of committed generation from Xcel Energy for 2026, about 86 megawatts from the regional grid and 114 megawatts from GE TM2500 mobile units. To supplement those, we entered into an October 2025 lease with Mobile Power Solutions LLC for seven GE TM2500 Gen 4 mobile turbine units, adding approximately 135 megawatts of flexible fast start capacity to support early stage operations.

We made significant progress on the regulatory front as well. In June, we submitted our combined operating license, otherwise known as a COL, application to the United States Nuclear Regulatory Commission. And in September, the NRC formally accepted that application for review, a key milestone that keeps our nuclear deployment on schedule. In August, we submitted our Clean Air Permit application that cleared its first round of comments.

As we scale capacity, each gigawatt we bring online represents a powerful financial engine for the company. Our business model is built on long-term triple net leases with investment-grade tenants. We provide access to our private behind-the-meter power grid and power shelf behind the meter. Under these agreements, tenants pay a fixed capacity rent for both power and infrastructure with operating expenses passed directly through to the tenant.

Based on our recent market transactions and our own lease negotiations, one gigawatt of gross capacity is expected to generate approximately $1.5 billion of annualized revenue and about $1 billion of net operating income. Our first gigawatt is already under letter of intent with an investment-grade tenant, and we are in active discussions for additional tranches of capacity.

Each incremental gigawatt deployed has the potential to deliver similar net operating income contribution, underscoring the scalability and profitability of our

model as Project Matador ramps towards 11 gigawatts of hyper-efficient power delivery.

In November, we took another major step forward with Project Matador by executing a $150 million advanced and aided construction agreement with our first prospective tenant. This agreement establishes a framework for cost reimbursement and prepayment, allowing the tenant to fund a portion of shared infrastructure and utility systems ahead of occupancy. It is a significant milestone for our commercial program, one that deepens alignment with our tenant and moves us closer to finalizing the long-term campus lease.

Let's turn to the financials. As expected, we remain pre-revenue while we advance the development of Project Matador. We expect to begin generating revenue in 2026 as we bring our first tenant online under a long-term lease agreement. The third quarter primarily reflects early-stage corporate expenses, non-cash items and charges associated with our transition to becoming a public company.

For the three months ended, September 30, 2025, we reported a GAAP net loss of $346.8 million or $0.84 per basic and diluted share. General and administrative expenses totaled $37.8 million, which includes $24.8 million in share-based compensation related to employee and management equity awards. During the quarter, we capitalized $5.9 million of interest to construction in progress.

Other expenses totaled $309 million, driven by non-cash items including our charitable donation of $173.4 million, which reflects the fair value of our September contribution of Class B units to a donor-advised fund. Other expenses for the quarter also included several non-cash fair value adjustments, including the mark-to-market adjustment of $61 million on our Series B convertible notes, for which we elected the fair value option; fair value changes of $50.6 million on embedded derivatives associated with both the preferred units and the Macquarie term loan; and a conversion inducement charge of $23.7 million related to options granted by certain of our founding investors to Series A and Series B convertible note holders to encourage the voluntary conversion of their notes ahead of the IPO. While these items impacted reported results, they are non-cash and not indicative of our long-term cost structure once operations commence.

Turning to the balance sheet, we ended the quarter with $183 million of cash and cash equivalents, including $99.3 million of restricted cash tied to project financing and construction obligations. Construction in progress ended the quarter at $270.7 million, consisting primarily of the Siemens SGT-800 combined cycle system at $153.9 million acquired through the Firebird transaction, the GE 6B package at $18 million, and other capitalizable engineering and site development costs tied to Project Matador.

Upon commencement of our 99-year lease with Texas Tech University system, we recognized an operating lease right of use asset of $24.6 million and a corresponding lease liability of $22.6 million. In August, we completed a $350 million private

financing led by Macquarie Group. That round included $100 million in Series C preferred equity and a $250 million senior loan facility with $100 million drawn at the close. This capital allowed us to lock in critical long-lead time equipment and fund early development work ahead of our IPO.

Then on October 2nd, we completed our initial public offering, raising approximately $785 million in gross proceeds, inclusive of the underwriter's 15% over allotment option. We priced 32.5 million shares at $21 per share at the top of the marketed range. Demand was exceptionally strong, leading to a full exercise of the greenshoe and a total issuance of 37.4 million shares. Our stock began trading on the NASDAQ Global Select Market under the ticker, FRMI that same day. And the next morning, we debuted on the London Stock Exchange, marking the first time in decades that a US company has launched with a concurrent dual listing. The IPO valued Fermi America at approximately $14 billion on a fully diluted basis.

Including proceeds from our October IPO, we have raised approximately $1 billion in cash equity, establishing a strong foundation to fund phase one of Project Matador. These proceeds will be directed towards three areas. First, the construction of phase one facilities, which include the initial data center buildings and power generation units, targeting one gigawatt of capacity by late 2026.

Second, long lead time power infrastructure and equipment, including the turbines, grid interconnects, and pipeline infrastructure necessary to supply and transmit power at scale. Between the start of the third quarter and the end of October, we have deployed approximately $108 million in capital towards these long lead time items, advancing critical components of our phase zero buildup.

Third, team expansion. As we continue to hire engineers, construction managers, and operators needed to deliver on our execution plan. We expect capital spending to ramp significantly through 2026 as turbine deliveries, civil work, and interconnection projects move forward. We'll maintain a disciplined approach, deploying capital only as milestones are achieved.

With that, I'll turn it back to Toby for closing remarks.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

As we reflect on the breadth of the stakeholders we owe a duty to, it's very humbling. We owe a duty to the people of the Panhandle, to Texas Tech University, to the State of Texas, our landlord, to the United States of America, to our employees, specifically their safety, our partners in the construction, of course our customers, and last but surely not least, our owners who have entrusted us with their capital. Rest assured that as high of a standard that each group rightly will hold us to, our expectations of ourselves is even higher. As Fermi has received a lot of attention from the press, etc., our focus is laser. We exist to deliver the electrons, literally the power for artificial intelligence. We will not get distracted. It's about our customers,

it's about our supply chain, it's about budgeting and forecasting, it's about project management, finance, and most importantly, all in a safe environment.

As we head into the holiday season, we will be as busy as Santa's elves in the North Pole and look forward to our next call in February. Thank you.

Rodrigo Acuna - Director of Investor Relations, Fermi America

Thank you, Toby, and thank you, Miles. Operator, please open the line for questions.

Operator

Thank you. At this time, we will be conducting a question-and-answer session. [Operator Instructions] The first question today is coming from Nick Amicucci from Evercore ISI. Nick, your line is live.

Q: Hey, guys. Good morning. I just wanted to echo the sentiments of thank you to all the veterans.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Yes.

Q: Miles, Toby, just wanted to drill into the $150 million AIAC advance. How should we be reading that? Is that kind of an incremental type of vote of confidence from tenant one? I just wanted to rectify and make sure we are thinking about that correctly.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Hey. Good morning. This is Toby. I think, to me, it is promises kept. We told the market when we were on the roadshow that this was a very real customer. We are all aware that sometimes LOIs are used as a strategy tool to tie up land. I am here in Amarillo, everybody. Miles and the entire team, we spent Mondays and Tuesdays here, so it is a cold day. I can assure everyone that $150 million is already at work preparing for the one gigawatt that customer client one wants. So I view this -- they take this $150 million very seriously.

Miles, would you think they would give us $150 million if they weren't very serious as the negotiator on the deal?

Miles Everson - Chief Financial Officer, Fermi America

Yes.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Look Nick. The $150 million is clearly a sign of good faith and commitment. Negotiating lease agreements takes time. We are actively working on that negotiation. This is an indication from them that they are also vested in getting that lease accomplished. We feel very good about it. Things are going well, let me put it that way.

Q: Great. I am glad to hear. Should we expect the next step, especially associated with Tenant one, to be a firm contract? Just any color on how other negotiations with other tenants are going?

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Yeah, absolutely think our next step is a contract with Tenant one. We are also already working with the lenders and financing sources for what would be one of the larger initial project financings for this. Miles just returned from working with Tenant one last night, got in early this morning. Do you want to add something, Miles?

Miles Everson - Chief Financial Officer, Fermi America

Yes. The next thing would be we get the final lease agreement worked out. It has to go through multiple approvals on our side and their's of course. You had a question, Nick, with respect to other tenants as well. We continue to be in active discussions with a handful, let's say a half a dozen directionally, of other tenants or potential tenants. Once we see where we are at on the delivery for 2027 for Tenant number one, that's it, the equipment 2026, I am thinking of revenue and income in 2027.

We are on plan with what we have in the S-11, Nick. The other tenants are active discussions. Candidly, what we have said for probably four or five months right now, we continue to believe that the price of power is going up. The need is there. So we are not trying to accelerate into getting another tenant for '28. We are waiting to see how things flush out as we think that our negotiating power increases, not decreases, as time passes.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

I violently agree with Miles. The only thing I would add is we do have the capacity to add a 2027 tenant. As we discussed on the roadshow, the 1.1 gigs that were picked up from Siemens F-Class, we went super hard on that last week. That's a done deal. Those units are headed our way. That gives us capacity in 2027 that would allow us to have two tenants online in 2027.

Miles Everson - Chief Financial Officer, Fermi America

That's right.

Q: If I could just squeeze one quick one in. As we think of -- as in these discussions with other potential tenants or even the current tenants, how much of a value are

they ascribing to it, like the true behind-the-meter type of solution? Understanding that capacity is constrained on the grid as it is, but are they really preferring this true behind-the-meter solution as opposed to something that even if there is available capacity that they could connect to?

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

I felt like Don Quixote in February and March when I was explaining that maybe there wasn't this grid power. I do not think we are near the rebels that we once were six months later. Everyone gets that the power is going to come behind the meter. I do not know if you heard the President talk in Florida just three days ago. It was basically the description of the Fermi site. Even in our conversations with the groups that provide these billions of dollars required to build these facilities, they definitely inferred that Fermi is leading the way, but there are a number of followers that will also be doing behind the meter.

While we loved being a rebel for a short period of time, I don't think any more explaining to people that this power is not coming from the grid. What's fortunate is Fermi sits in probably, at least in my mind for sure, the best site to produce behind the meter at scale in the world.

Miles Everson - Chief Financial Officer, Fermi America

Yeah, Nick, I would just add, if you go back six, eight, ten months ago, a number of the large tech companies were of a mindset that they were not going to use behind the meter as a primary source of power. That has completely flipped. They all understand that behind the meter is a key component to driving their future power needs and growth strategies. That's unequivocally happened.

Q: Perfect. Thanks so much, guys.

Operator

Thank you. The next question will be from John Hodulik from UBS. John, your line is live.

Q: Great. Good morning, guys. Toby, could you talk about your visibility into the supply chain required to get all the power and the shelves set up in 26? Obviously, a lot of big data center and power projects out there. Just wondering if you have the visibility, both from the supply chain and from a labor standpoint that gives you the confidence that everything will come in as planned. That is number one.

Number two, I think it was a couple of weeks ago, the government signed an $80 billion nuclear deal with Brookfield and Westinghouse for the deployment of large-scale reactors. Obviously, that's part of the playbook here at Fermi. Does that deal benefit you guys in any way, or how do you see Fermi sort of playing into clearly the U.S. government's desire to get this ecosystem up and running again? Thanks.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Hey, thanks. Well, the supply chain, as you and I have even discussed and I discussed on the roadshow, is my first, second -- safety is first, but second, third, and fourth is the supply chain. I do feel confident about the procurement position we are for the first gig. What we've been talking about now is how we protect what we've procured on the campus. So that's where our mindset is around the first gig, but we are hyper-focused on subsequent acquisitions of both gensets, transformers, components for the control system. This is going to be controlling the largest gas generation campus in America, and those all are long lead time items.

I think we're doing great at it. We spent all Saturday morning -- so, instead of being with our families, the Fermi team is spending their Saturdays going through them literally item by item. And how we do it is not just ourselves. We have all our key contractors on the phone. We want everybody's opinion on what we could possibly be missing. And so, I think we're doing good.

I think we have -- this is my first earnings call, I want to create. We are actively working other things that are going to fulfill our vision and meet the first six gigawatts that we're applying for the gas permit for, as well as you saw what we've done leading the world and securing long lead time items on nuclear with our Doosan announcement just a few weeks ago. So I -- if you want me to sound confident, I know the market wants me to, I'm going to be paranoid about this every -- we're going to have these calls for the next four, five, ten years, and I'm going to be worried about the supply chain every time, because that's what we need to be worried about.

I'm now worried about taking care of and managing the enormous amount of parts and components that we've already procured. They're headed to the site, and that's what our dinner conversation was about last night, is one thing to procure them, we've got to protect them before they're put into service. We've got to make sure that when we have a number of different contractors that we don't have people grabbing other people's parts. But the answer is yes, and if you want me to sound overconfident on this one, you're not. I'm going to be worried about the supply chain until we're done.

As it relates to the nuclear deal, it's overwhelming the support that we receive in the knowledgeable nuclear community about what we're achieving. The recent reporter, almost skeptical of our nuclear announcements, called the Korean's leadership and their companies, et cetera, where they absolutely verified their strong desire to finance Project Matador in a very, very significant way. Hyundai will be here next week.

As it relates to the government's recent deal and the announcement last night, it's obvious that if the President of the United States wants to move fast, wants to have a shovel-ready project in the very near term that Project Matador is his first, second,

and third great choice. And based on our understanding, he does want to be first, he wants it to be big, as you can see from press releases. What we want to make sure about these big deals is that we're maintaining competition. If Brookfield wants to develop, for example, V.C. Summers, let's go. Let's see who can develop large-scale reactors at scale and speed with our team, bluntly objectively, look at our team's experience building them. I'm sorry, there's no team with Mr. Choi having run Hyundai Nuclear, with Mr. Zhu [ph] having been involved in the Chinese reactors. Obviously, Mr. Choi and Mr. Zhu just completed the most successful nuclear project outside of China, period, not in the last 10 years, 20 years, period. We have a high degree of confidence that Washington gets that, the Koreans get that, and we're very enthusiastic.

Miles Everson - Chief Financial Officer, Fermi America

Let me just chime on here for a second, John, because you asked about labor and I'll touch on that in a second. But on the long lead time equipment, there's two things that have come together really nicely. We are always concerned about long lead time because that is the most scarce asset in the value chain, from a molecule of gas to an hour of compute. But we have secured our six-gigawatt Clean Air Permit from TCEQ in Texas. It's open for public comment, period, but we are on track to align with having that six gigawatts of air permit approved and having the long lead time equipment to fill out that air permit. Those are really strong signals when you think of how early we are in our game here.

Second, on the labor, the labor force in the Panhandle could not be stronger for the construction in the building. There's plenty of labor for us to get this work done. It's come up before. I don't know what more we can say on the labor point.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Well, they just built out, Miles, this Friday Night Lights, the original High School Football district, just built out the largest energy thing ever. That was the 13 million barrels of oil a day in the Permian, the 75 plus trillion cubic feet of total reserves. Plus, they did the Marcellus in their spare time. We are in a very, very unique position, which gets back to Washington. Chris Wright, the Secretary of Energy, Doug Burgum [ph], the Secretary of Energy, fully know that our high school football district, District 35A in the Panhandle, is the best place for this labor to actually go execute on these visions than any other place in the country, maybe Google.

Miles Everson - Chief Financial Officer, Fermi America

That's right. Toby mentioned Secretary Burgum, Secretary of the Interior, to get you clear.

Q: Right. Thanks for all the detail, guys.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Yeah. Thanks, John.

Operator

Thank you. The next question will be from Paul Golding from Macquarie Capital. Paul, your line is live.

Q: Thanks so much for taking the question, and congrats on all the progress. I wanted to ask -- appreciate all the color in the slide presentation. I had a couple of questions about the site and the financing. The first question is relating to the solar and BESS. How should we think about the financing for the redundancies there that you're planning? I see there's some commentary around coordinating with the tenant. Just wondering if that's included in the $3.3 billion project finance expected, or if there's incremental capital needed or to be provided by the tenant. Then I have a follow-up. Thank you.

Miles Everson - Chief Financial Officer, Fermi America

Yes. Where we are on the BESS, which has been the latest 911 between Tenant one and ourselves, is agreeing on the specifications and the preferred providers. We have narrowed it down to six that meet Tenant one's objectives. We are sending a request or proposal out to those immediately. That is on its way. What I think will happen on the financing is we assumed a ratio of BESS to the total first gigawatt. And our Tenant number one wants to increase that intensity relative to their use. That's one of the things that we're working through from a financing standpoint. Obviously, Tenant number one would assume they know that as they increase the intensity that will increase the need for financing.

The fortunate thing is Tenant number one is a very creditworthy counterparty. So we're zoned in on the BESS and I think -- I think we were so focused on the gas gen and the turbines and all of that, that the meetings all last week were trying to nail down the BESS. As it relates to solar, we are in conversations on solar. I really can't talk more about that. We had hoped to be able to talk in greater detail.

But we are very zoned in on solar. As much as I want to talk about it, I don't know that I'm allowed to.

Miles Everson - Chief Financial Officer, Fermi America

We're not allowed to at this point just because of confidentiality in the negotiations, Josh. Very directly, the BESS that we put in for the first gigawatt will be part of the project finance, to be very clear on that point.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Asking for more. We'll have to figure all that out real time. Any other follow-ups? You said you wanted to have a follow-up. I apologize.

Q: No, no worries. I appreciate the color and understand that you're in the midst of negotiations. All good. My follow-up was around the 2,000-acre potential expansion of the campus. I wanted to clarify first off that the campus expansion, none of the existing roadmap is contingent on that campus expansion. Maybe just to add to that, what you might look to do if you are able to secure the campus expansion. Thank you.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

The 2,000 acres are under contract. Miles and I have not secured Board approval for that. We have an upcoming Board meeting and haven't felt the need to call a special Board meeting based on the contract terms. But Miles and I will be recommending to the Board to make that additional acquisition. I think, again, these are literally adjacent plots. Our desire to expand the campus is based on a couple of factors.

Number one, our expectations for this campus' power generation capacity long-term continues to increase. Our confidence in our ability to find customers to consume that capacity continues to increase. Third, as we start looking at some of the more advanced ways to cool these data centers there could result in a little less density.

Those are our three reasons for doing that. We would only be interested in parcels that basically are strategically adjacent. I think the market should take that as a very big sign of confidence in all of the areas that matter.

Q: Understood. Thanks so much.

Operator

Thank you. The next question will be from Andrew Fisher from Berenberg. Andrew, your line is live.

Q: Hey. Thank you. Good morning, everyone. Thank you for taking my question. And congratulations on all the progress made. Some of my questions have already been answered, but I just had one quickly on the natural gas pipeline that you're due to start construction on in '26. Could you just maybe give a bit more color on what else needs to be done? Is there any other hurdles or permitting or anything that you need to establish over the coming quarter in order to get the go-ahead to start building that out, please?

Then I have a second question just on the power generation equipment for the LOI with Siemens for the 3.5 gigawatts of additional capacity. Should we take from that that that capacity is sort of – you've got a position in their sort of order book, and it's really about you sort of saying, yes, we need to go ahead and execute and agreeing a

price with them in order to get that additional capacity delivered for the sort of mid-stages of Project Matador, please?

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Well, hey, one of the things that made me the happiest was -- those of you all who've been to the campus and helicopter tour, remember there's an American flag where the interconnect is. And what I saw yesterday was the pipe laid and the ditch being dug connecting where the American flag is to the campus. So when I look at that in 2026, absent a surprise, they're going to start welding that pipe. The ditch is being dug, the pipe's laid out to lay into the ditch so that it can be welded. And obviously, that brings on roughly 300 million cubic feet a day, which definitely gets us to our kind of first 2.2 to 2.5 gigawatts of power. So we're very, very excited about that.

That was really one of the -- you know, when you -- this is a tough business, and we have -- that was probably highlight of my day yesterday. So, feel confident about where we are on the gas pipeline. What we're really working on the gas side, when you say, what are your challenges with it, is we're going to be bringing in enough gas in kind of phase one for six gigawatts of gas-fired generation, which is, as you know, our permit is for. And just what I'm panicking, and I say panicked to you all, but you should take that not as -- that shouldn't scare you. It should even encourage you, is I want to make sure that, the distribution system on the campus is designed flawlessly. So that's what I'm in Amarillo doing today and yesterday and all weekend.

As it relates to the subsequent -- and I now know we're getting this, is we intend for this campus to be a pretty big SGT 800 campus. We want as many of the exact same kinds of generators. It's easier for us to maintain. It's easy for us to operate. So we don't have an announcement about how we're going to achieve this homogeneous nature that we have designed for this campus, but we encourage everybody to stay tuned.

Our goal is to make this the easiest to operate, the most redundant, the most safest, the highest reliability gas generation site on planet Earth. And we believe the SG – the size of the SGT 800 makes that very, very -- I think if you do the math, it'll be hard to beat it. Because if one unit goes down -- right now in our current design, we're looking at 51 SGT 800s for phase one. And that's a unit size that we can easily back up with battery power, easily back up with the TM2500, easily back up with grid power.

So that's our objective. We don't have any further announcements on that, but it feels like you're reading our mail.

Q: Yeah. Absolutely. Thank you very much. Very clear.

Operator

Thank you. And the next question will be from Rich Anderson from Cantor Fitzgerald. Rich, your line is live.

Q: Thanks. Good morning. Congratulations to this point. So on the Doosan agreement, can you talk about when you think they'll begin fabricating the P1000s, and if there is a new nuclear timeline in mind for you, perhaps, a shorter time to nuclear execution?

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Well, first of all, I just want to thank the CEO of Doosan and his commitment. He has conveyed his commitment not just to Fermi, but to all of the potential stakeholders who would have interest in discussing that. So, I feel really proud of that partnership.

I think that partnership goes hand-in-hand on the long lead time with Hyundai, as well, who is also committed to us securing long lead time items as soon as possible, and that our expectation that we would qualify for the Texas program. We made it clear to Texas that if we qualified for their funding, that we would use that money to secure and procure long lead time items. So I don't just want to say it's about Doosan. So, what they are doing right now is procuring the raw materials so that we have the first mover advantage on procuring the ingredients to produce the long lead time items. And it puts us in a, pole position to use a Formula 1 term on these items.

We have Hyundai here next week. They're sending an entire team to prepare for that, and then we're also working the other long lead time items. So the bottom line, what the Doosan deal, phase one is an aggressive procurement of the raw ingredients of the long lead time items, and we intend to escalate it from there as we do, as our...

Miles Everson - Chief Financial Officer, Fermi America

Yeah, what I would add is securing that raw materials, but also getting in place the ability to do the fabrication where that's needed for these long lead time items.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Well, you saw from the press release, Doosan acknowledged that our full intention is to be first, and one of the reasons that we're part of the President's deal with Japan and the deal with the Canadians is to restart the Japanese nuclear industry. What's great about our relationship with the Koreans is they've been undeterred. They've been building reactors. They haven't halted construction in Korea, and then they just successfully built the project in the Emirates.

So we think we've chosen very wisely our partners because the Koreans don't need to do anything to restart their nuclear industry. It is the epicenter of the free world's nuclear industry, and our relationships there, as you may have heard. I've said it

earlier, Mr. Choi ran the nuclear construction business for Hyundai. So his relationships and the fact that we have an office in Korea already, I can't overstate the competitive advantage that puts us in.

We intend to be first, period and stop. First reactors in the United States for the nuclear renaissance, and what I get up every morning is to make that happen in Amarillo, Texas.

Q: Great. And then just an unrelated follow-up. Miles, I think you said, and correct me if I'm wrong, you may or may not have a tenant number two by the year 2028. If I heard that wrong, then correct me. But the broader question is, what do you guys think of as the efficient frontier in terms of delivering tenants, understanding you want to maximize return, but how do you find that sort of correct space between maximizing returns and appeasing your Shareholders? Just wondering what the timeline to having the full 11 gigs spoken for. Is it four years from now, five years? Where's your mind at today when it comes to that issue? Thank you.

Miles Everson - Chief Financial Officer, Fermi America

Yes, so let me hit tenant number two question that you had. So, we're in active discussions on those. We're not concerned whether or not we're going to have a tenant for 2028, to hit your point very directly. The question is, a matter of which one will it be, is how I think about it right now. And when will we have commitments for the full 11? Obviously, it's a forward-looking statement. I would expect that we'll see that done in the next two years. We're not going to be doing that a year at a time, because once -- you got to think about it from the customer perspective. They would prefer to have bigger footprints as opposed to smaller footprints.

So, strategically for them, once they're there, we're delivering, they see what it's worth to them and their business and their growth strategy. Most of the discussions are, can you give me more power? Nobody's saying, can we cut what we originally thought by some factor? They're all looking for more power. So to your point about balancing the frontier between signing contracts and satisfying investors, I've always thought that investors like more money, not less. So we're going to balance that by negotiation. And there's price discovery going on in the market by our tenants as well.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

So, I agree with Miles. I agree with the two years. And frankly, unfortunately, I think there's no one coming to our side saying we want to give a lot of power. You don't come to Project Matador to say, hey, I want a gig. The questions are, can we have the whole thing? Well, no we can't have the whole thing.

Can we have half the thing? Well, we're not really there for half the thing. So that's the conversation. We'll be pressured not just by the market to fill the gigs out. We'll be pressured by the customers. So, like Stretch Armstrong, Miles and I will be

stretched by you all in the market and by our customers. And eventually, our arms will be stretched out and we'll have to commit the campus, Miles. We're trying to stay tough there. But again, we have two big forces, the market and our customers to commit the rest of the campus. And it's tough, frankly.

Q: And Miles, just a real quick yes or no. Does the experience of negotiating with Tenant one perhaps create a template so that it's a bit easier to move forward with Tenant two and three and four and so on? Or is everything going to sort of be a long drawn out kind of process in your mind? Thank you.

Miles Everson - Chief Financial Officer, Fermi America

Well, the short answer is yes, it helps. However, the way that the tenants are thinking about what they need is also in flux for them. So they're doing some things they haven't done before. So, the drawn out process is not unilaterally dependent on how we're thinking about it. It also has to consider how they're thinking about it.

But the short answer is yes. And what Tenant one would say is they've never heard of anything moving as fast as it is happening at Fermi. And everyone needs to remember the United States of America, the lease wasn't even supposed to be up until December the 31st. They didn't even officially turn over the lease to us. When you start looking at the speed and the scale at which we're moving, they didn't turn over the lease to us until mid-July, which was even in record time when you had 20 plus government agencies looking for the turnover.

So I think it is, everything's slow for Fermi team, but I think in fairness, Tenant number one would be like -- well, I mean, we didn't know for sure that the lease was even going to be available until mid-July. So, we didn't want to go all in and the other tenants. And with the anticipated closing time, I think they would say it would be the fastest one they've ever done. Miles, is that what they're, I mean, they're saying this will be the -

Miles Everson - Chief Financial Officer, Fermi America

It's clearly fast, right? There's no question. And the reason I'm -- I don't know if it's fastest one, because a lot of these leases that were done, you know, were 30, 50, 100 megawatts, 300, they're not for a gig plus. So, like it's a different significant monetary transaction for them.

And the criticality, I can tell you one thing for all these tenants that we're talking to, the criticality of this has bored attention. It's not a middle management only decision. This is significant and strategic to their future.

Q: Yes. Okay. Thanks very much.

Operator

Thank you. The next question will be from Joe Brent from Panmure Liberum. Joe, your line is live.

Q: Hi, good morning. Two quick ones, if I may. Firstly, there's clearly lots of competition for generating assets at the moment, but you're making very good progress on signing those up. To what extent does the political support help you jump the line? And secondly, if we look forward to when you signed the first tenant, when will we get news on the construction contracts and what detail will you share with us?

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Miles will disclose what -- We definitely already have the construction contracts. So we'll let Miles talk about what the future disclosure of those are. Why are we getting preferential treatment? Number one, decades. Members of our team have decades of relationships and they were in power generation when power generation wasn't cool. And so, it's just hard to replace decades of relationships.

Second, we have the best site and as charming and as much as our friends love us via those decades of relationships, if we couldn't follow it up with one of the best sites in terms of natural gas infrastructure on planet Earth, I don't know that we would still be able to achieve it.

Thirdly, though, we did get, and I think the most tangible example of that was the F-Class units. Both the Secretary of Energy and the Secretary of the Interior, because that was at the height of the trade negotiations with Germany, Siemens wanted confirmation that this would make the United States happy for that 1.1 gig to come to Project Matador. So we have conveyed to the entire leadership at the White House and both Interior and the Department of Energy our gratitude for making those calls and getting us across the finish line.

In America, we've got a football team that runs the push-push, where we get it to the end zone and we just need that extra weight to get it across the goal line. There was no doubt on the Siemens F-Class units that we got a massive push-push by the United States of America.

As it relates to the construction contract, you're like, maybe you've been reading my mail this morning. My concern is we already have so many of them. We've got to make sure we're streamlined on them, that we're all coordinating together. I'm going to be doing weekly meetings with the foremen's from each one of the general contractors on Monday. We had barbecue yesterday. I don't know what the appropriate disclosure is for those contracts. I assume it will, Miles, I don't know.

Miles Everson - Chief Financial Officer, Fermi America

It's very straightforward. We will disclose what is required by both or either one or the other, the SEC in the United States or the FCA. These are dicey negotiations.

Both parties would prefer for them to frankly be as confidential as possible. However, we will disclose as required by the securities laws.

Q: Fantastic. Thank you very much.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

I think the takeaway point is this is a massive construction site already. Again, the email I received at 3.30 or 4.00 is we've got too many of these. I want to make sure we're tracking them well and we understand the scopes of them. My entire team is nodding at us right now. It's not, do we have some? My question is, do we have too many? You may think I'm being facetious, but I just want to make sure we're properly managing all of the general contractors that we have out there on the project right now.

Operator

Thank you. The next question is coming from Stephen Gengaro from Stifel. Stephen, your line is live.

Q: Thanks. Good morning, everybody. Two left for me. The first, I had this early December date in my mind as far as the first contract converting from LOI. Can you remind us, is there anything magical about that date or is it just related to getting things done on a timely fashion based on your projected timeline?

Miles Everson - Chief Financial Officer, Fermi America

Well, tenant number one has a very ambitious 2026 delivery schedule. When we think through where we came up with the December number, I think the original December 9 was our target date. Really, that was driven around our ability to meet our customers' objectives and to secure the financing to achieve those customers' objectives. As you remember, part of that always required this $150 million interim financing structure, which they have delivered on. That's the pressure we feel on the December 9, and frankly, Fermi in terms of its contract negotiations is pressing hard for as early in December as possible. Our capital markets team is pressing the capital markets for an accelerated time frame.

There is no doubt we were three weeks behind here. Not anybody's fault. These are big companies, this is a very big transaction, even for a big company, and a big transaction for Fermi. Our goal over November is to claw back on what I consider us to be three weeks behind.

Q: Okay, great. Thank you. The other question, just from a bigger picture perspective, and we've talked about nuclear. When you talk to potential customers, do they have a preference for gas versus nuclear? Do they feel like, given the strong support the U.S. has from the government, there's this desire to have nuclear as a baseload long-

term, or are they power agnostic and just more concerned about securing the power?

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

I think it is customer-specific. I do think the bigger the company, the more interested they are in a carbon-free power source. The other thing properly done, which we think we can do, based on global construction costs for nuclear, we aren't operating under, we only have our name associated to the ridiculous numbers being thrown around that are double, up to double, but at least 60% to 70% higher than global construction norms for nuclear power.

When you get nuclear power, even a 20% to 30% increase to global construction norms, it's very competitive with $4.50 natural gas. So, when you look at the math at $4.50 net gases, which is how we present it to them, and you start looking at, call it $6.75 billion to $7.5 billion per gigawatt, you're not talking about a dramatic difference. If we think that we're going to be associated with a debacle dramatically above the global nuclear construction norms, I don't think our team leaders, who have been the most successful constructors of nuclear power plants in the world, would want to have their names associated with it.

So, I don't think it's going to be a big decision maker. I don't think -- I'm very optimistic that we're going to make nuclear competitive with gas when you factor in any reasonable allocation for being a completely carbon-free fuel.

Q: Great. No, thank you for the details.

Operator

Thank you. And the final question today will be from Skye Landon from Rothschild and Company. Skye, your line is live.

Q: Hey guys. Congrats on the inaugural set of results. A few questions left from me. I just wanted to ask about the 1.1 gigawatt LOI with Siemens. And kind of timing-wise, when do you expect to get those turbines onto the site, and when could they be up and running ready to provide power? Secondly, the slides you provided are super useful, so thanks for those. Most things are either ahead or on track on schedule.

But on the tenant side of things, can you run through the comment around the LOI conversion being behind schedule? Clearly, I think that's what's causing the price weakness today. So just wondering if you can clarify exactly what's causing that delay versus the previous expectation of December.

And then lastly, there's been lots of talk about additional tenants, tenants wanting more than one gigawatt of power. And that got me thinking about tenant one. I believe the plan was for them to have an option on future gigawatts beyond the first

one. So potentially, you can elaborate on how that's looking and how that option would likely work in practice. Thanks.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

Okay. You're rightfully machine-gunned. I'm not going to take them all in order. And will you please help me with my ADHD if I miss something? First, what we're talking about on being behind with tenant number one, as you will remember from the roadshow, we expected the CRA, they call it CAIAC [ph], whatever you want to call it, the $150 million to begin construction. That went three weeks later than we anticipated. That is all we're saying by that.

Our goal is to make up as much of that three weeks here in November with intensive face-to-face meetings, day-to-day meetings. And what we're doing in terms of how we're tackling this negotiation is we're tackling the tough questions first. You know what normally happens in these things is everybody waits to handle the real problems at the end when everybody's tired and worn out. What we're doing yesterday, the Fermi delegation, we went and tackled the five big ones right out of the gate. We spent eight hours in a room.

We're going to get right back engage this afternoon. And so, we intend to make up that three. I wouldn't take anything as a sign of weakness with that delay. I would just say, these are very large corporations who have multiple different stakeholders who have to sign off on everything that's agreed to. And sometimes that takes longer than the commercial guys would prefer.

As it relates to the PowerGen, you know, as you saw in our S-11 in the early rounds, we had a gigawatt of power to deliver in 2026. Literally the day that the roadshow started, we announced a deal with Siemens for 1.1 gigawatts of F-Class, which is for Q2-Q3 delivery 2026. So when you think about our power build-out schedule, I actually think, you all are going to have to learn this about me. I'm a worrier. And I'm -- some will say, an optimistic visionary. I consider myself a pessimistic person who occasionally has a good idea.

We are building 6 gigawatts now. We are not building 1 gigawatt right now. If I look at the mistake this company has made, it's been so focused on the 1 gigawatt that we have forgotten we're really building 6 gigawatts. So the point being is, consider what we're doing is 6 gigawatts right now. We're going to have 1 gigawatt of it completed in 2026 pursuant to our obligations to tenant number 1. And I intend to build the 6 gigawatts as fast as I possibly can. And it's what I tell the team all the time is, we're already on the hook financially for 2.5 gig. Oh, yeah. The team is reminding of gas. So of this gas for our generation.

We're already at basically on the hook for 2.5 gig. I intend to hook that stuff up as fast as we can because we're paying the carrying cost on that. And as we lay out the campus, it's real clear that we need to go acquire the rest of the transformers, the

rest of the switch gears, the rest of the gen sets to finish out phase 1, which is 6 gigawatts of natural gas power to finish our phase 1 permit. So the answer is yes. And we're doing it. All right.

So, what's the other question? I'm sorry. I got the gas. So my point on the gas is, we view it as a 6 gigawatt project. We view it as that. We're focused on the first gig. We got a little too mild, pick on 1 gig. But you need to think of this as a 6 gigawatt gas.

We have the demand for this power. We are well on our way to having 40% of the gen sets secured to achieve that and are working very diligently, very successfully on completing the rest of what needs to be acquired to fulfill the 6 gigawatt objective.

Miles Everson - Chief Financial Officer, Fermi America

Yeah, Toby, I would just add -- I just want to make a really clear point though to your question. We have not slipped on our power delivery and we have not slipped on where we think we're going to generate revenue and net operating income. This 3-week delay on the tenant discussion is just that. It's not a change in what we have said we were going to achieve in that plan.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

And it was weird that you brought this up. I don't know that once we announced that we were back on track, there's a weird trading dynamic. It's clear that tenant number one is a very, very serious tenant by the signing of what they call CAIAC, we call it CRA.

Q: Just trying to give you a chance to clarify exactly what you meant by the slides. And look, my last question was around talk of kind of like additional tenants and tenants wanting more than a gigawatt. That kind of got me thinking about the option that I believe tenant one had for additional gigawatts beyond the first one. So just wondering if you can elaborate on how that's looking and how that could likely work in practice. Thanks.

Toby Neugebauer - Co-Founder & Chief Executive Officer, Fermi America

They really, really want it. And if anything, they're trying to, and I'm saying this in case number one's on, they're definitely trying to retrade the amount of ROFR they want as we head into the lease contract. They're not trying to shrink that ROFR. I'm laughing and smiling. They're trying to increase it. As I think we were clear on the roadshow, I think we will have at least two corporate clients.

And I do think that Project Matador will be in the service of the country in some capacity. As I've said to you all, I do view artificial intelligence, especially nuclear powered artificial intelligence as a defense industry, and a modern superpower has nuclear powered submarines. A modern superpower has nuclear powered aircraft

carrier. And a modern superpower has nuclear powered artificial intelligence. I see that we've run, I knew we weren't going to be able to stay on time.

I just -- again, want to, I don't know why they did the closing before. This is me live. We understand the high expectations that the market has for us, that Texas Tech has for us, that the State of Texas, that our customers. But one, again, I think the final closing thought I will leave you with, no one has a higher expectation for our performance than this team. And we look forward to being able to share with you as we head into the holidays additional good news. I think Santa Claus is going to come.

And then look forward to our fourth quarter results, year end results in January. As always, feel free to reach out to Rodrigo. Rodrigo, you might remind everybody, we have a investor day if people wanted to come see us in Texas soon.

Operator

Thank you. And this does conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.