



## **Building Long-Term Value and Connections**

Fellow Stockholders:

At ATN, we provide connectivity for all. In doing so, we work to improve lives and communities and deliver lasting value for all our stakeholders. We go where the need is and where most of the larger telecommunications companies prefer not to go. To date, that includes the Caribbean, Alaska, and the rural and tribal lands of the US Southwest. As a result of our market strategy, when we serve our customers well, we are positioned to serve them for many years to come, which in turn should provide durable cash flows that support attractive returns on our investments.

In 2022, ATN delivered outperformance in what was a challenging year for the broader financial markets and aspects of the economy. It was a year where we focused on our mission, executed our three-year strategy to foster growth, increased our base of recurring cash flows, and served our customers well. Shares of ATN's common stock outperformed the NASDAQ Telecommunications, Russell 2000 and S&P SmallCap 600 indices as well.

Our mission is to digitally **empower** people and communities so that they can **connect** with the world and **prosper**.

### **High-speed Internet Access — An Essential Service**

Businesses, governments and, more recently, consumers, have taken advantage of the growth of inexpensive, high-speed, and high-capacity data connections to embrace the use of digital and “cloud” tools. It has been a huge advance, with the ready accessibility of data and computing power enabling innovation and expansion. However, many businesses, governmental agencies, schools, and other organizations in rural and remote areas today still do not have reliable access to the cloud and its related benefits. ATN has been actively working to reduce this connectivity gap.

An example of our work and our positive impact is the recent award of a government grant in support of bringing high speed fiber connections to southern Apache County in Arizona. With the help of this grant, we are delivering the promise of connectivity to more than 11,000 residents and 4,000 homes and businesses. The project should help to provide a path to alleviate above average unemployment and poverty conditions through improved access to life-changing opportunities such as remote employment, the ability to sell goods or services through e-commerce marketplaces, distance learning, and telehealth. The southern Apache grant was one of more than \$155 million in U.S. government grants aligned to essential communication services that was awarded to ATN and our partners during the year.

We also made great strides abroad. In Guyana, where we are the market broadband leader, we are in the later stages of a multi-year project expanding the reach of our fiber optic networks. This involves both overbuilding our existing copper-based access network and extending fiber to new residential, commercial, and industrial developments. At year end, well over half of our broadband subscribers in that market were on fiber connections, and that number should continue to climb rapidly in 2023.

In all the areas in which we operate, whether domestically or internationally, we are part of the essential community fabric supporting education, health care and commerce with high-speed connectivity. As a result, students now have access to the world's top online learning solutions, both at school and at home, setting up these communities for a more prosperous future.

Strategically, this market approach enables ATN to deliver a strong product suite to customers and secure our market leadership. Being the first to provide a community true high-speed connectivity creates a unique opportunity to generate customer loyalty and build a strong base of revenue across all

sectors — consumer, business, and government, which in turn enhances operating cash flows and generates strong returns for our stockholders.

## **Our New Growth Stage**

Today, we are in the process of advancing initiatives to secure our vision and long-term growth. These strategic initiatives, which we call **Glass & Steel™** and “**First to Fiber**”, are core to the three-year plan I first outlined in the beginning of 2022. It is a plan with the intention to build a highly resilient customer base and durable revenue on the tail of relatively short-term increases in capital expenditures. To accomplish our goals, we are investing in providing an elevated class of connectivity to expand our strong market position, which should bode well for the consistency and durability of future cash flows.

### **ATN’s financial targets for the three-year period ending 2024<sup>1</sup>**

- Revenue Compound Annual Growth Rate (CAGR) of 4 – 6% from the end of 2021 through 2024, excluding construction revenue
- Adjusted EBITDA CAGR of 8% – 10% over the same three-year period
- Capital Expenditures to return to normalized levels of 10 – 15% of revenue after 2024
- Net Debt Ratio of approximately 2.0x exiting 2024

In the United States, our 2021 Alaska Communications acquisition added to our effective scale and our revenue growth rate while at the same time expanding the reach of our data networks and our strategic opportunities. We are enthusiastic about this addition to ATN, and proud of the execution of our experienced operational and integration teams. It is worth noting that in the first full year as part of ATN, Alaska Communications achieved a record financial performance with its highest EBITDA level in the decade since it exited its mobile business. Also in 2022, Alaska Communications worked with several Native Alaskan Corporation partners to secure more than \$100 million in federal funding to provide connectivity to multiple Alaskan communities living along hundreds of miles of the Yukon River. Our Alaska investment is off to a good start and we have more ambitions for this business.

In the lower 48, we continue advancing our Glass & Steel strategic initiative to meet the changing needs of our wholesale mobile carrier customers and to complement an effort to fill in the fiber and other connectivity gaps in the rural areas of the southwestern and western United States. This new business effort involves shifting from using our core network to provide wholesale roaming services, to assisting the national carriers in building out their own wireless networks in our geographic areas that they can customize and link to their own core network elements. We do this through a combination of infrastructure-based and technical services, including backhaul (fiber or other high-capacity connections to and from cell sites), field services and leasing space on our towers. At the same time, we are expanding our business and retail broadband operations in these and adjacent areas, using government grants and anchor tenant wholesale or government customers to expand our high-speed network and fixed line revenues.

In 2022, to accelerate this shift and strengthen the depth and breadth of our operations in the southwest, we completed the acquisition of the New Mexico communications company Sacred Wind Enterprises. The teams from ATN and Sacred Wind both have a history of bringing connectivity to southwest tribal lands and rural communities. Sacred Wind expands our geographical presence, and with it, we gained additional talent and momentum to execute on our fiber and high-speed data growth in the region.

Internationally, we are investing in our First to Fiber strategic initiative to expand our market leadership. The fiber expansion in Guyana that I described earlier is a prominent part of that, as is our continued expansion of our fiber and other high-speed services in the Cayman Islands, another market with very

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<sup>1</sup> For the Company’s Adjusted EBITDA CAGR and Net Debt Ratio, the Company is not able to provide without unreasonable effort the most directly comparable GAAP financial measures, or reconciliations to such GAAP financial measures, on a forward-looking basis. Please see “Use of Non-GAAP Financial Measures” below for a full description of items excluded from the Company’s definition of Adjusted EBITDA and Net Debt.

favorable economic and demographic trends. At the same time, we remain committed to maintaining our network quality and market leadership in the more mature markets of Bermuda and the U.S. Virgin Islands.

These activities are providing us with several new growth levers and cash flow generators, while at the same time reducing the risk of customer churn. Our strength internationally continues to be driven by superior customer support and great execution by the local teams to increase subscriber counts and ARPU (average revenue per user). In 2022, we also saw growth in our mobile subscriber base as the result of strong sales and marketing efforts on top of quality network capabilities.

As this continues, we should enjoy the natural benefits of adding more customers and revenue to our built networks at incrementally higher margins. In addition, we also will need to work to further improve our capital efficiency and diligently remove legacy operating costs such as copper-based network expenses when replaced with more energy efficient and reliable fiber optic networks.

## **Consolidated Operating Results and Metrics**

Operationally, we made great progress with our key metrics during the year. Including acquisitions, we expanded our fiber footprint by 16%, grew homes passed by our high-speed networks<sup>2</sup> by 44% year-on-year to more than 275,000. This means that roughly 38% of our nearly 730,000 homes are now passed by high-speed capable broadband, up from 31% at the end of 2021. We generated a 15% annual increase in subscribers served by our high-speed networks. We grew mobile subscribers in our international markets by 13% year-on-year to 377,700, while also bringing blended mobile churn rates down.

### **2022 Operational Metrics**

- 85,000 more premises passed by our high-speed networks
- 15,000 more high-speed data subscribers<sup>3</sup>
- 54% of our broadband subscriber base now connected to our high-speed networks
- 1,500 more route miles of terrestrial fiber facilities.
- 42,000 more mobile subscribers.

As to our financial results for 2022, our total revenue increased 20% to \$726 million, and operating income improved to \$7.9 million. Non-GAAP earnings before interest, taxes, depreciation, and amortization (including certain adjustments, Adjusted EBITDA)<sup>4</sup> increased 63% to \$165 million. We narrowed our net loss to \$6 million for the year, or (\$0.67) per share, from a net loss of \$22 million a year ago. As planned, we increased capex to \$160 million, from \$96 million in 2021, consistent with our three-year strategic infrastructure investment plan.

In considering the year's consolidated financial performance, our double-digit revenue growth was largely reflective of our successful acquisition of Alaska Communications, together with solid execution and growth of our high-speed data and mobile customer base, which continues to exhibit strong demand for the services we offer. With our expanded reach in the U.S., the global spotlight on the essential nature of communications services, and the increased demand for bandwidth, we remain in a period of investment and growth.

We finished 2022 with total debt outstanding of \$422 million and total Net Debt<sup>5</sup> of \$362 million, which excludes \$60 million in cash, cash equivalents and restricted cash. With a total consolidated Net Debt

<sup>2</sup> High-speed networks are defined as networks with download speeds greater than 100 Mbps.

<sup>3</sup> High-speed data subscribers are defined as subscribers connected to our high-speed networks regardless of the speed of plan selected.

<sup>4</sup> See our press release dated February 22, 2023 for a reconciliation of operating income to Adjusted EBITDA, a non-GAAP measure.

<sup>5</sup> See our press release dated February 22, 2023 for a reconciliation of total debt to Net Debt, a non-GAAP measure, and the calculation of Net Debt Ratio.

to Adjusted EBITDA ratio of 2.2 times, we continue to maintain strength on our balance sheet as well as flexibility in our financial strategy. We are monitoring our debt levels and cash flows carefully in light of credit costs and availability, and we will adjust our discretionary spending plans should we determine it to be prudent to reserve additional debt capacity and lower risk.

We also took steps to provide a current reward to investors and demonstrate our confidence in our broader capital allocation strategy during this period of significant re-investment in our operations. In December 2022, we increased the quarterly dividend by 24% to \$0.21 per share, which reflects our desire to provide a near-term incentive for investors while we are in the midst of a period of higher than normal capital spending. The Company also used a small portion of cash on hand to repurchase \$1 million of our common stock during the year.

While we have work to do to further improve operational and capital efficiency, we are enthusiastic about our prospects and are tracking to plan.

### **Values-Driven Outlook**

We see 2022 as a great example of execution aligned with purpose and strategy. We served our customers well, expanded our customer base and geographical footprint, and progressed on our Glass & Steel and First to Fiber buildouts. Throughout the year, we created value for our stakeholders as demonstrated by the positive impact we have on the communities we serve, the expansion of our customer base, the growth in operating cash flow, and the increase of our dividend.

**Looking ahead, our primary focus is on executing our three-year growth plan and converting our network investments into higher revenues and operating margins and expanded free cash flow.** At the same time, we continue to look at opportunities to enter and expand in those markets that fit our core strategy and have high potential for cash flow durability. We are confident in our ability to excel in regions that other operators have overlooked and believe this will enable us to unlock enhanced stakeholder value going forward. At the same time, we will balance any such opportunities against the rising cost of capital and our desire to maintain a strong balance sheet.

### **Board Update**

You will notice that this year's proxy statement puts forth two new nominees for the board, Pattie Jacobs and Derek Hudson. I will let the proxy statement and your Board of Directors' recommendation stand on their own as you consider these new nominees, but I do want to use this space to recognize two directors who are not on the proposed slate this year, starting with Liane Pelletier. Liane has served on the board of ATN since 2012. She also was our first Lead Independent Director, filling that role for four years. Throughout her tenure, Liane, a former telecommunications CEO, has brought to our board discussions a keen intellect, and a passion for the main elements of company and industry strategy. James Eisenstein, who joined the board in 2019, also had a significant impact in his four years with ATN. Jimmy, a former and long-time tower industry executive, helped ATN with our tower investment strategy, including the ultimate exit of our investment in Australia, and was especially valuable to the Board's consideration of the Company's capital allocation and investment strategy. Both Liane and Jimmy served the Company and stockholders well, and, on behalf of their fellow Board members and the members of management, I want to thank them for their many contributions.

At ATN we do much more than provide digital infrastructure and communications services. We provide access to opportunity and the global marketplace: a marketplace for both ideas and commerce. And, where we can go includes greater reach, profitability, and growth, as well as greater positive impact for the people and communities we serve. This is both our honor and a responsibility we take to heart for the stakeholders in our mission, including you, our fellow investors.

***Thank you for being part of the ATN story and the positive impact we are having on the people we serve.***

Michael T. Prior  
Chairman of the Board and Chief Executive Officer  
April 27, 2023