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Anterix, Inc. (ATEX)

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CORPORATE PARTICIPANTS

Natasha Vecchiarelli

Vice President, Investor Relations & Corporate Communications, Anterix, Inc.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

Chris Guttman-McCabe

Chief Regulatory & Communications Officer, Anterix, Inc.

Ryan Gerbrandt

Chief Operating Officer, Anterix, Inc.

Timothy A. Gray

Chief Financial Officer, Anterix, Inc.

OTHER PARTICIPANTS

George Frederick Sutton

Analyst, Craig-Hallum Capital Group LLC

Mike Crawford

Analyst, B. Riley Securities, Inc.

Simon Flannery

Analyst, Morgan Stanley & Co. LLC

Walter Piecyk

Analyst, LightShed Ventures

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Anterix Fiscal 2024 Second Quarter Investor Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please also note that this event is being recorded today.

I would now like to turn the conference over to Natasha Vecchiarelli. Please go ahead.

Natasha Vecchiarelli

Vice President, Investor Relations & Corporate Communications, Anterix, Inc.

Thank you, and good morning, everyone. I'm Natasha Vecchiarelli, Vice President of Investor Relations and Corporate Communications. And I welcome you to the Anterix Second Quarter Conference Call. Joining me today are Rob Schwartz, President and CEO, Ryan Gerbrandt, COO, Tim Gray, CFO, and Chris Guttman-McCabe, Chief Regulatory and Communications Officer.

Before we begin, I'd like to remind you that we will make forward-looking statements during this call regarding future events and our anticipated future performance, such as our commercial outlook and guidance. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Investors are cautioned not to place undue reliance on forward-looking statements.

Additionally, we do not undertake any duty to update any forward-looking statements. Important factors and risks that could cause actual results to differ materially from the company's expectations are disclosed in our most recent SEC filings. These files can be accessed on our website or on the SEC's website.

After Rob provides his prepared remarks, we'll open the call for questions.

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

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

Thanks, Natasha. Good morning, everyone, and thank you for joining us. As we continue to execute on our vision of an industry-wide movement centered on 900-megahertz, I'm pleased to share that there has been significant progress made this past quarter across a number of key initiatives. Today I'll focus my brief comments on three areas that emphasize our confidence in continuing to deliver value to our shareholders.

First, I'll discuss our recently announced share repurchase program, which will be leveraging to transcend their anticipated contracted proceeds into shareholder value. Second, I'll provide examples of activities, accomplishments, and industry thought leadership that are important milestones on our path to move the utility industry in scale to 900-megahertz private wireless broadband. And third, I'll provide an update on our customer Demonstrated Intent scorecard.

So, let's start with our reviewing our new share repurchase program. One way that we're marking our confidence in our future is through the robust share repurchase program we launched in September. Under the program, we have the ability to repurchase up to \$250 million of our outstanding shares of common stock over a three-year period. With our current visibility, we see near-term opportunities in excess of this \$250 million. We remain fully funded and are forecasted to have free cash flow for fiscal 2024. In addition, we expect to receive \$53 million in proceeds from our existing contracts during the remainder of this fiscal year.

As we have said throughout our journey, Anterix is doing more than simply providing spectrum. Through our ongoing collaboration with our customers and a host of solutions providers, Anterix is enabling a nationwide platform for utilities that will support a resilient, secure, and clean energy future. One of the most significant validators of our approach came last month during Utility Broadband Alliance or UBBA annual summit.

As many of you know, Anterix created, funded, and actually managed UBBA. And since 2019, UBBA has held an annual summit where leading utilities and the industry ecosystem come together with a specific and valuable focus of sharing experiences, use cases, and plans to build private wireless broadband networks. This year, Xcel Energy hosted this dynamic, sold-out event in Minneapolis with more than 500 participants in attendance, including representatives from 35 utilities and increased C-level participation. To put it in perspective, the utilities in attendance represent more than 60% of our spectrum value.

We also were pleased to have a group of investors and an equity analyst attend to witness this event directly. My thanks to those who participated. At the show, I moderated a panel where several senior Xcel Energy executives, including their COO, shared insights on their 900-megahertz private wireless LTE investment and how it will bring valuable business outcomes in support of Xcel's secure, resilient energy future.

What was also visible in nearly all the sessions was that 900-megahertz broadband was front and center. Our Anterix Active Ecosystem members were very well represented, showcasing 900-megahertz-enabled devices and solutions. And Itron, an Anterix Active Ecosystem member and one of the industry's most respected technology and solutions providers, announced during the show that it now offers several 900-megahertz-compatible devices, giving utilities and cities the flexibility to deploy and operate Itron solutions across Anterix-supported private LTE networks.

In the Anterix booth, we offered a live demonstration of CatalyX, our turnkey subscriber management and roaming solution that helps utilities realize even greater benefits from private broadband networks. We believe the growth of this forum directly correlates to our growing market and the opportunities we are driving and experiencing. Executive acknowledgement throughout the event that private wireless broadband is a critical asset underpinning most, if not all, of their primary utility objectives, strongly aligns with our effort to move the entire sector forward.

The message that 900-megahertz is a critical asset was again echoed last week when EEI Foundation hosted a Wildfire Mitigation Panel with their own COO and executives from SDG&E and Fortis. The discussion, attended by representatives from more than 30 utilities, centered on combining a 900-megahertz private LTE network with cutting-edge technology solutions to address critical existential issues facing the utility sector. SDG&E shared their updated experience on the deployment and successful operation of their wildfire mitigation solution.

This executive-level industry-focus has been reflected in the continuing significant movement we see within our Demonstrated Intent scorecard. As a reminder, the Demonstrated Intent metric, which we introduced several quarters ago, tracks the activity and movements of utilities across a range of 20 indicators toward a 900-megahertz LTE contract.

To summarize the scorecard movement, from just August until the beginning of November, of the utilities below the Demonstrated Intent threshold, 7 have added a total of 11 Demonstrated Intent indicators to their scorecard. Examples of these include the identification of a senior executive to lead the private LTE process, the provision of pricing data, exchange of contract language, and more. Currently, 16 utilities representing approximately \$900 million in potential contract proceeds have crossed the Demonstrated Intent threshold, a point at which we believe indicates a high degree of confidence that a customer has clearly demonstrated their intent to move forward with Anterix on a 900-megahertz contract.

To give you a sense of the scale and intensity of the movement, in the last three quarters since we've introduced this measurement, we've recorded positive movement by customers on more than 60 new measurable indicators of intent throughout our DI scorecard. The totality of this activity and the indicators recorded on our scorecard underpin our confidence in continuing to deliver scale value to our shareholders.

And before I close, I'm pleased to note that we announced just a few days ago, Wassim Akhdar has joined Anterix as our Senior Vice President of Product and Innovation from a long career of bringing innovative solutions to utilities. He'll oversee the delivery of products and solutions that harness utility-owned 900-megahertz private LTE networks in collaboration with our Anterix Active Ecosystem. We expect these solutions to produce value across the industry for utilities, ecosystem members, and Anterix shareholders.

At Anterix, continue to view the opportunity before us, not just by the water passing over the dam, but by the amount of water swelling behind it. I'll close with a summary of why I remain highly confident in our ability to continue delivering value to our shareholders.

The industry movement towards 900-megahertz represented at forums like UBBA's summit. The clear demonstrations of utility progress through our Demonstrated Intent scorecard, and finally, our confidence shown through our share repurchase program and based on our visibility of the near-term opportunities in excess of \$250 million.

And with that, I'll turn it over to the operator for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] At this time, we will take our first question, which will come from George Sutton with Craig-Hallum. Please go ahead.

George Frederick Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Thank you. Nice to have you all in Minneapolis recently for UBBA. So, I'm curious if you've ever quantified, because the stark amount of both utilities and ecosystem partners that were represented at UBBA, have you ever quantified the amount of investment being made by others to support and benefit from this ecosystem?

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Hey, George. Good morning, and thanks for the Minneapolis shoutout. It was great to be there for the UBBA event. I think I want to make sure I understood your question clearly. We do focus on the spectrum spend, clearly, of the ecosystem. You know, as we talked about, we had 60% roughly of our spectrum value represented at that recent Utility Broadband Alliance event in Minnesota. When you expand into the full ecosystem of partners that we have – I mean, we've said in the past that our spectrum represents, let's just say, roughly a-third of the spend, and that varies based on the size and the nature of the buildouts.

That's just of the network deployment full costs. But obviously, the private LTE systems are part of much broader solution sets. And whether that's part of multibillion-dollar AMI RFPs or whether that's part of large-scale SCADA systems that are being deployed or integrated into larger grid modernization projects. When you look at the percentage of what the spend is for just the spectrum, it's a relatively small piece compared to the grid modernization budgets. I mean, utilities are spending upwards of \$150 billion a year in aggregate on capital projects. And so you can imagine that relative to what we're talking about being a much smaller element of the overall budget.

Chris Guttman-McCabe

Chief Regulatory & Communications Officer, Anterix, Inc.

A

Hey, George, it's Chris. And while we don't track the exact investment, one of the things, obviously, we're tracking membership in the Active Ecosystem, we talk about that regularly. But we also track those that have commercial-ready products and that number keeps – so Itron, Rob referenced a few minutes ago, we're now at 23 companies that have commercial-ready products for 900-megahertz. And within those companies, for some of them, there are a multitude of products. So, we are seeing incredible third-party investment in this opportunity and platform that we're creating.

George Frederick Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Well, for what it's worth, we summarized our takeaways as we're waiting on the inevitable. So I'm curious separately if we could talk about the unfortunate situation in Hawaii and what happened there, and perhaps how boards at utilities have begun to respond with really moving this up to a much higher level of need rather than want?

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Sure. Maybe I'll start on it, and Ryan can add to it. A couple of thoughts. First of all, we're actually reporting live here from Arizona at the EEI Financial Conference, where most of the C-suite of IOUs, the investor-owned utilities, are gathering, talking about key issues, and talking to their investors.

Front and center is absolutely wildfire mitigation, unfortunately, given both the experience in Hawaii but also the growing experience that many utilities are having. It's just been an ever-increasing issue, not just what used to be was an operational issue and then into kind of a logistics issue. Now, it's a financial and liability issue, obviously, with what we've seen.

And so the level of focus and investment as a result – Ryan, who can add some comments who was on this – I mentioned in my comments on this foundation – EEI Foundation call last week with the SDG&E wildfire leader, where they really had a chance to talk specifically about the application of private LTE 900-megahertz on their wildfire mitigation plan, which they've now deployed on numerous circuits and actually seen positive results from it already. And so we think that that actual tangible realization of the solution set is going to hopefully continue to spread throughout other utilities.

Ryan Gerbrandt

Chief Operating Officer, Anterix, Inc.

A

Yeah. Hey, George. Ryan here. Let me add a couple of pieces of commentary. I agree with you, first off. Devastating to see the impact in Hawaii, and the theme of the conversation, as Rob said, it's kind of not that unique to Hawaii anymore unfortunately. Part of the conversation we had with the foundation, and this call was moderated by David Hutchens, the CIO (sic) [CEO] (00:14:46) of Fortis Energy, was very specifically focused on just how pervasive these types of risks and threats are starting to become moving out from beyond the West Coast.

And I think there's a realism to it as we start going through these situations around, how do we be better prepared to deal with risks proactively? And the specific topics that we were talking about with San Diego and one of the benefits of the falling conductor protection solution is it's one of those technological solutions that's really purpose built to be able to detect, isolate, and clear a line before it becomes a potential risk to ignite a fire, quite different than detecting a fire and being able to drive mitigations to being able to slow it down or dispatch resources and crews.

And so it's been a very important conversation, as Rob said, kind of risk and the risk attributes of it are very pervasive. We're in many of these conversations actually here right now in Arizona at EEI, is really a topic of the event, is to continue to manage risk. And wildfire mitigation being one of those existential ones that are just impossible to ignore, given the both impact on human lives and the potential impact to drive utilities into bankruptcy.

And our role as it's continue to be identified, is just how important it is to drive the advancement of multifaceted solutions to be able to deal with these kinds of risks. And technology is a major, major component to that. In addition to physical things like dealing with the tree canopy and pruning, even elements of hardening and cover conductors, etcetera. But the advancements of technologies are a necessary and critical component of that architecture. And being able to put those out there at pace is part of the solution.

Chris Guttman-McCabe

Chief Regulatory & Communications Officer, Anterix, Inc.

A

Yeah. And, George, Chris. I'll just finish it up by saying the rating agencies, right, so Moody's, S&P, Fitch, all of them are making this a focus. And Fitch does the state-of-the-sector breakfast every year that sort of helps to kick off this EEI Financial that we're all at. And the entirety of their focus during the breakfast was on wildfire, and as Ryan and Rob referenced, the risk issues and the impact, the potential for bankruptcy, the existential elements of its payouts, things like that. And so it is, as Ryan referenced, sort of front-and-center here. But it's really illustrated in Fitch spending the entirety of the state-of-the-sector breakfast that they do on this issue.

George Frederick Sutton

Analyst, Craig-Hallum Capital Group LLC

Q

Interesting stuff. Thanks, guys. Appreciate it.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Thank you, George.

Operator: And our next question will come from Mike Crawford with B. Riley. Please go ahead.

Mike Crawford

Analyst, B. Riley Securities, Inc.

Q

Thank you. Is there a second milestone you're expecting to occur with Evergy this quarter?

Timothy A. Gray

Chief Financial Officer, Anterix, Inc.

A

Mike, hi, this is Tim. So Evergy, they've prepaid the \$30 million at the beginning of the deal right after we sign that one. I don't know if you're maybe referencing Exelon, but we've got money due from them this quarter, roughly 20 – or excuse me, Xcel, not Exelon. I get the wrong name, but \$20 million due this quarter from them just roughly the same as we got last quarter.

Mike Crawford

Analyst, B. Riley Securities, Inc.

Q

Okay. And then can you just remind me where the other \$32 million was coming in, I guess, in the March quarter?

Timothy A. Gray

Chief Financial Officer, Anterix, Inc.

A

Correct. Yes. So we'll have another \$16 million from Xcel, and then we anticipate \$15 million from LCRA as the beginning of that deal, which should come in actually December timeframe.

Mike Crawford

Analyst, B. Riley Securities, Inc.

Q

Okay. Great, Tim. And then I suppose what I can tell from your Demonstrated Intent is that you've had one additional utility representing in about a \$50 million licensing opportunity move into above the threshold in the last three months. Is that accurate?

Timothy A. Gray
Chief Financial Officer, Anterix, Inc.

A

That's correct.

Mike Crawford
Analyst, B. Riley Securities, Inc.

Q

Okay. Thank you very much.

Timothy A. Gray
Chief Financial Officer, Anterix, Inc.

A

Thank you, Mike.

Ryan Gerbrandt
Chief Operating Officer, Anterix, Inc.

A

Thank you.

Operator: And our next question will come from Simon Flannery with Morgan Stanley. Please go ahead.

Simon Flannery
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you, and good morning. First on the buyback, nice to see the new program and the initiation on that. How are you thinking about cash balances and liquidity? And maybe you can kind of talk about the OpEx burn here? But should we think about basically taking the \$53 million net of the ongoing OpEx and then use that against buybacks? Is there any other way to think about it?

Timothy A. Gray
Chief Financial Officer, Anterix, Inc.

A

Yeah. I think – Simon, this is Tim. We would expect to want to keep somewhere between \$40 million and \$50 million of cash on hand to cover the annual OpEx spend that we've got. Anything above that, we would consider looking at ongoing clearing. But outside of that, we'd look at that as kind of excess liquidity that we'd push into the buyback program. So we expect in this new program to be pretty active immediately. And so you'll start to see that as we report on the next few quarters.

Simon Flannery
Analyst, Morgan Stanley & Co. LLC

Q

Great. Great. And the T-Mobile and DISH 800-megahertz is sort of coming to a head right now. The DoJ gave them, I think, until April. But I think DISH had said recently that their probability of being able to buy that spectrum from T-Mobile has dropped. There's other counterparties out there potentially looking at it potentially for private networks. Would you be able to just comment on how that 800-megahertz fits against your 900-megahertz, either for you as a partner or as a competitor? Would you have an interest in working around that?

Robert H. Schwartz
President, Chief Executive Officer & Director, Anterix, Inc.

A

Hey, Simon. It's Rob. So as you know, we know that spectrum well since the origination of it was, in fact, I think the license still say Nextel Communications on them.

Simon Flannery

Analyst, Morgan Stanley & Co. LLC



Of course.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.



We follow that actively and understand it. Our view is that just broadly on any spectrum opportunities, we're always going to be opportunistic and looking at ways to be able to capture that for the benefit of our shareholders.

The specifics of the ongoing dialogues, both in the courts and between the parties, we talked to a lot of the folks, but also read all the good research that you and others write about this. It's hard to judge the tea leaves, but most likely our view is that spectrum ends up within a valuable carrier network to do what carriers do well, which is serve consumers enterprise. Should it come to market in an auction? There's a lot of hurdles that we'd have to go through in order to get there. We'd be absolutely looking to see if there's opportunities for us, whether it's in partnership with others, including current or future owners of that spectrum.

So just to go back to your other question, I just wanted – on the buyback piece, I think it's important to say that the – you heard it in my statement, but I want to restate it. Our confidence in what we see in our near-term opportunities is really what gives us the confidence to put out that \$250 million buyback program. And we've got great visibility of all the activity, spending time with these utilities, both at UBBA, here at EEI, and so really just gives us a strong confidence that we'll be able to utilize that program in the near future.

Simon Flannery

Analyst, Morgan Stanley & Co. LLC



That's helpful. And then maybe just one last one. We continue to talk about LTE, but the carriers typically like talking about 5G and moving most of their traffic and most of their subscribers onto 5G devices, covering most of the country now. So what are you hearing from the utilities? And as this 5G ecosystem builds up, 5G standalone cores are out there, is there more interest in having a combo LTE-5G solution?

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.



Yeah. I think, look, carriers don't like technology risk in any way. And so one of my favorite quotes from one of the leaders of Southern Company, the pioneers in using private LTE, talks about 4G as being their workhorse. And we've got to realize, these LTE systems replacing technologies they put out 15-, 20-, even 30 years ago. And so – but what we're putting in place now, and there was a great forum at the Utility Broadband Alliance where we, along with Ericsson, Nokia, and Qualcomm, talked about the future of 5G on 900-megahertz, of which all of them stated their high confidence of that migration path. And that's what the E in LTE is, right, the evolution.

But also the forward compatibility of the gear that's being sold by leaders like Nokia and Ericsson. So what utilities are putting in place now as infrastructure will be software upgradable to be able to utilize 5G when they need it. There's no use cases today that are compelling, that are driving that. But I'm certain there will be at the right time. And so we're – remember, we're signing 20-, 30-year relationships with these utilities and so over that lifespan that we will continue to be their trusted advisor and helping them figure out that path of evolution.

And so we're working with the utilities and a lot of those ecosystem partners in the 3GPP process to make sure that our band continues to be supported through all the new revisions that occur. We're always looking at other ways of expanding our spectrum opportunity to in the future, should there be any additional needs and as utilities

both serve their own needs, but they're also serving needs of other folks within their service territories. And those could be municipal and cooperative utilities. Those could be other industrial entities. And so we think there's opportunities to take this initial infrastructure and continue to build upon it, both in services and products, but also in expanding to serve other parties, like-minded parties what we like to say.

Simon Flannery

Analyst, Morgan Stanley & Co. LLC

Thank you.

Q

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

Thanks, Simon.

A

Operator: [Operator Instructions] Our next question will come from Walter Piecyk with LightShed. Please go ahead.

Walter Piecyk

Analyst, LightShed Ventures

Thanks. Rob, you've had, I think, \$500 million or so in Phase 3 for, I guess about a year. If there was like a Phase 4 that you created where someone pens out, what do you think that would be in that mix of \$500 million?

Q

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

Yeah. I think what – we've had those phases out for – like since we've launched our commercial operations post the FCC ruling. We've added Demonstrated Intent really to give you that kind of granularity, think of it from a different facet. And so we're measuring element by element of the things that utilities are doing that are moving them through those phases and really driving them towards a contract process.

A

So I think when you're looking for that kind of granularity within that phase, our DI, as we call it, is probably the right way to understand that progress. So when you see the movement that we've had just in the few quarters that we've been reporting that, that continues to expand even as we've had entities like LCRA signed, and they obviously fall out of that in a good way, we continue to see growth in those as we say above that threshold where they're showing enough elements to show that they're showing significant intent, that we have confidence about them contracting.

Walter Piecyk

Analyst, LightShed Ventures

Well, that maybe I'm confused. The DI is that's a different tracker, right? So DI is – or Demonstrated Intent is after someone's been in the Phase 3 bucket where it's – I think what's – how do you describe it? – Phase 3, negotiation and commitment phase. So DI is after that, or is that before that?

Q

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

Yeah. It's intersecting almost. So think about the three phases is kind of the classic sales funnel as we're tracking through those three categories. But DI measures on much – on many more characteristics of the things that we've realized are indications of them getting to contract.

A

Walter Piecyk

Analyst, LightShed Ventures

Q

So, is it like a concentric circle where DI – so all the DI is in Phase 3 right now? Do I have that right?

Ryan Gerbrandt

Chief Operating Officer, Anterix, Inc.

A

DI is actually – and, Walter, it's Ryan here. DI is actually covering Phase 2 and Phase 3 specifically, the 16 deals we referenced. But Rob said, like, it's intended to provide a more overlap and granularity with the 20 metrics of the items. I'll give you one example. There's different things that happen in the phases of the pipeline. But very specifically in DI, one of the elements that we noted here is when we're actually specifically passing contract papers. And it's one of the pieces that we were flagged on. It obviously happens within the phases of the pipeline, but it's a very specific measure, obviously, of intent as we're starting to pre-negotiate terms, for example. Obviously, we don't break those out into a separate phase of the pipeline as we can't get down into that level of [indiscernible] (00:27:58)

Walter Piecyk

Analyst, LightShed Ventures

Q

Well, that sounds like – but the way you describe, it sounds like negotiation and commitments. I would think that all of DI should be in Phase 3 now?

Ryan Gerbrandt

Chief Operating Officer, Anterix, Inc.

A

Well, not all of them are at that level of step. Yes. One of 20 things so there's several other pieces that are equally important while we're even getting prepared for that. And that's why we've got some that kind of later stages of Phase 2 as they're working their way to Phase 3.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

And just [ph] speak might also (00:28:23), we've had entities that have jumped past those phases. Some of the deals that we've done where they've gone from a standing start relatively below the threshold in DI and not in Phase 3 and suddenly accelerated because they – for one reason or another, they've moved forward and contracted. So it's two different facets of the way we look at our customer flow. But we're happy to go into it in more detail with you.

Walter Piecyk

Analyst, LightShed Ventures

Q

Okay. And the DI – I guess, I could ask my first question, maybe targeted DI. So if there's a DI Plus or DI Max in media terms where someone's pen is out and getting ready, like, how much of the Demonstrated Intent is getting you closer to actually getting something [ph] on the table (00:29:09)?

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Yeah. I think to bring our third number on the table in there, I think the – what we just talked about with our share buyback program by putting out that scale and saying that we have visibility in our near-term opportunities in that scale, that's really what I'd – that's how I'd probably answer that question, Walt.

Walter Piecyk

Analyst, LightShed Ventures

Q

Okay.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Again, we have a strong influence on these opportunities. We can't predict the precise timing. But what we're seeing is this kind of broad movement, and you're really trying to identify that tip of the iceberg. I think that's the best way to talk about the scale of what we're seeing.

Walter Piecyk

Analyst, LightShed Ventures

Q

Okay. And just a question for Chris. Biden put some stuff out yesterday. I think – who was that? I guess – I'm blanking on his name. Carr had some negative – Commissioner Carr had some perhaps negative things to say, basically just saying it was kind of bullshitting and that none of that spectrum was going to hit the market anytime soon. I'm just curious kind of, can you give us your take on – like, does any of that spectrum hit the market? Is that stuff that your utilities would look at as they've looked at CBRS in the past in terms of being integrated with the low-band spectrum that you can have to offer?

Chris Guttman-McCabe

Chief Regulatory & Communications Officer, Anterix, Inc.

A

Yeah. I mean, Walt, I think – first of all, I think the process of getting that spectrum in the nation's sort of spectrum plan to market will take some time. We're always excited to see potential spectrum opportunities as Rob referenced, whether it's 800-megahertz or other bands that we think can be accretive and valuable and beneficial to our shareholders and additive like CBRS can be complementary to our 900-megahertz. So we definitely track that.

That spectrum will have to go through a process at the FCC. Much of it will likely be auctioned so we certainly are aware of it. What we're doing – and you've heard us talk about this. You've heard this theme throughout many of our calls is we're building a solution set, sort of an ecosystem of solutions that makes our spectrum different than other spectrum opportunities, because it's wrapped into 110 companies and 11 utilities, strategic advisory board members, all the things we talk about in terms of creating value and creating solutions for the sector. But certainly if other opportunities from a spectrum perspective come to play, we will be actively aware and participate.

Walter Piecyk

Analyst, LightShed Ventures

Q

I mean, where do you think the government is right now? Obviously, the government can change shortly. But where are they right now in terms of shared spectrum? There's been a lot of debate around CBRS. I mean, the cable guys claim they're using it, but it doesn't seem like it's actually getting deployed aggressively yet. Your customers have integrated it. Do you think that shared spectrum is something for the future, regardless of who's in charge at the FCC? Or is it just kind of lost its luster?

Chris Guttman-McCabe

Chief Regulatory & Communications Officer, Anterix, Inc.

A

Yeah, So micro, macro. So I'll take micro. The sector we're serving, they want and need control. They want and need certainty. And so the idea of relying completely on a shared spectrum opportunity is just not in their core

way of thinking. And so when you talk about CBRS, there are some utilities who bought those PAL licenses, even those have some unique aspects and traits to them. And so, we likely will see many of them pursuing Anterix and 900-megahertz.

But share – then, I'll go macro. Shared from a macro perspective, I think there are spectrum bands that only can be shared going forward. And so I think – I don't think the concept of shared will go away. I think we'll still see it from time to time and in certain bands. And there is a little bit of a political element to it. Shared is appreciated more by the democratic side of the aisle and license and exclusive is generally. But both parties, I think, understand the benefit of both sides. And so the luster rises and falls from time to time. But I think we'll see both a shared spectrum model going forward and an exclusive licensed auctioned model going forward as well.

Walter Piecyk

Analyst, LightShed Ventures

Q

Okay. And then just last question. Given the low-band nature of your spectrum, have you received any inquiries, anyone sniffing around in the satellite industry, perhaps LEO constellations that are planned or in process that are looking for some additional uplink that they could use in order to achieve their goals of trying to provide satellite connectivity to phones?

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Yeah, Walt. I think, look, we're watching, talking with leading vendors on all those fronts. Nothing specific to really share there. We're really focused on seeing this low-band spectrum as such high value for our utility partners and what they're doing. Absolutely the eventual hybrid approach of terrestrial and satellite makes sense for them and others and so not as a replacement or as a complement. And we foresee that that will be a product that we'll also continue to supplement.

I mean, it's just like what we've watched over the decades with carriers evolution, starting with low-band and all the supplemental things they've added to those networks, the [ph] layer cake (00:35:03), other elements of technologies to strengthen those systems, we'll see the same thing here. 900-megahertz will be the foundational element for these utilities and other critical infrastructure, and we'll expand from there. I'm sure that will include satellite over time.

Walter Piecyk

Analyst, LightShed Ventures

Q

Roger that. Thank you.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

A

Thanks, Walt.

Chris Guttman-McCabe

Chief Regulatory & Communications Officer, Anterix, Inc.

A

Thank you.

Operator: And this concludes our question-and-answer session. I'd like to turn the conference back over to Rob Schwartz for any closing remarks.

Robert H. Schwartz

President, Chief Executive Officer & Director, Anterix, Inc.

Thank you, operator. And thank you, everybody, for joining us today. We're really looking forward to continuing to share our progress over time. And we'll talk to everyone soon. Thank you.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines.

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