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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-36827

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**Anterix Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
Incorporation or organization)

**33-0745043**

(I.R.S. Employer  
Identification No.)

**3 Garret Mountain Plaza  
Suite 401**

**Woodland Park, New Jersey**  
(Address of principal executive offices)

**07424**

(Zip Code)

**(973) 771-0300**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
<b>Common Stock, \$0.0001 par value</b>	<b>ATEX</b>	<b>The NASDAQ Stock Market LLC</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

At November 11, 2020, 17,494,639 shares of the registrant's common stock were outstanding.

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**Anterix Inc.**  
**FORM 10-Q**  
**For the quarterly period ended September 30, 2020**

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the “Form 10-Q”) includes statements of our expectations, intentions, plans, and beliefs that constitute “forward-looking statements.” These forward-looking statements are principally, but not solely, contained in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements include, but are not limited to, statements about our strategies, plans, objectives, expectations, intentions, expenditures and assumptions and other statements contained herein that are not historical facts. Our forward-looking statements are generally, but not always, accompanied by words such as “estimate,” “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “should,” “will,” “may,” “plan,” “goal,” “can,” “could,” “continuing,” “ongoing,” “intend” or other words that convey the uncertainty of future events or outcomes. We have based these forward-looking statements on our current expectations and projections about future events and financial, market and business trends. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. Many of these risks, uncertainties and other factors are beyond our ability to control, influence, or predict. The most significant of these risks, uncertainties and other factors are described in “Item 1A—Risk Factors” in Part II of this Form 10-Q and in our Annual Report on Form 10-K for the year ended March 31, 2020 filed with the SEC on May 28, 2020. As a result, investors are urged not to place undue reliance on any forward-looking statements. These forward-looking statements reflect our views and assumptions only as of the date such forward-looking statements were made. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## PART I. FINANCIAL INFORMATION

## Item 1: Consolidated Financial Statements

**Anterix Inc.**  
Consolidated Balance Sheets  
(dollars in thousands, except share data)

	<u>September 30, 2020</u>	<u>March 31, 2020</u>
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 116,210	\$ 137,453
Accounts receivable, net of allowance for doubtful accounts of \$8 and \$12, respectively	59	61
Prepaid expenses and other current assets	2,358	4,638
<b>Total current assets</b>	<b>118,627</b>	<b>142,152</b>
Property and equipment, net	4,755	7,000
Right of use assets, net	5,665	6,500
Intangible assets	117,341	111,526
Equity method investment	23	39
Other assets	210	180
<b>Total assets</b>	<b>\$ 246,621</b>	<b>\$ 267,397</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 4,016	\$ 5,649
Due to related parties	114	110
Restructuring reserve	89	636
Operating lease liabilities	1,531	1,695
Deferred revenue	729	733
<b>Total current liabilities</b>	<b>6,479</b>	<b>8,823</b>
Noncurrent liabilities		
Operating lease liabilities	6,254	7,051
Deferred revenue	2,368	2,733
Deferred income tax	3,240	3,084
Other liabilities	982	640
<b>Total liabilities</b>	<b>19,323</b>	<b>22,331</b>
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.0001 par value per share, 10,000,000 shares authorized and no shares outstanding at September 30, 2020 and March 31, 2020	—	—
Common stock, \$0.0001 par value per share, 100,000,000 shares authorized and 17,487,201 shares issued and outstanding at September 30, 2020 and 17,184,712 shares issued and outstanding at March 31, 2020	2	2
Additional paid-in capital	464,620	450,978
Accumulated deficit	(237,324)	(205,914)
<b>Total stockholders' equity</b>	<b>227,298</b>	<b>245,066</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 246,621</b>	<b>\$ 267,397</b>

See accompanying notes to consolidated financial statements.

**Anterix Inc.**  
Consolidated Statements of Operations  
(dollars in thousands, except share data)  
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
<b>Operating revenues</b>				
Service revenue	\$ 66	\$ 241	\$ 140	\$ 512
Spectrum revenue	182	182	364	364
Total operating revenues	248	423	504	876
<b>Operating expenses</b>				
Direct cost of revenue (exclusive of depreciation and amortization)	515	699	1,063	1,617
General and administrative	5,582	4,557	11,320	9,405
Sales and support	631	759	1,292	1,973
Product development	805	555	1,497	1,236
Depreciation and amortization	1,190	636	2,398	1,277
Stock compensation expense	8,618	1,412	10,573	2,989
Restructuring costs	8	50	21	160
Impairment of long-lived assets	—	—	29	—
Total operating expenses	17,349	8,668	28,193	18,657
(Gain)/loss from disposal of intangible assets, net	(829)	—	3,849	—
(Gain)/loss from disposal of long-lived assets, net	(5)	61	(6)	62
Loss from operations	(16,267)	(8,306)	(31,532)	(17,843)
Interest income	31	634	72	988
Other income	113	113	222	214
(Loss)/income on equity method investment	(12)	15	(16)	15
Loss before income taxes	(16,135)	(7,544)	(31,254)	(16,626)
Income tax expense	145	171	156	463
Net loss	\$ (16,280)	\$ (7,715)	\$ (31,410)	\$ (17,089)
Net loss per common share basic and diluted	\$ (0.94)	\$ (0.46)	\$ (1.82)	\$ (1.09)
Weighted-average common shares used to compute basic and diluted net loss per share	17,350,386	16,634,154	17,279,349	15,702,673

See accompanying notes to consolidated financial statements.

**Anterix Inc.**  
Consolidated Statement of Stockholders' Equity  
(dollars in thousands, except share data)  
(Unaudited)

	<u>Number of Shares</u>				
	Common stock	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance at June 30, 2020	17,289,027	\$ 2	\$ 455,489	\$ (221,044)	\$ 234,447
Equity based compensation*	167,975	—	8,618	—	8,618
Equity payment of prior year accrued employee related expenses	4,199	—	—	—	—
Stock option exercises	26,000	—	513	—	513
Shares withheld for taxes	—	—	—	—	—
Net loss	—	—	—	(16,280)	(16,280)
<b>Balance at September 30, 2020</b>	<b>17,487,201</b>	<b>\$ 2</b>	<b>\$ 464,620</b>	<b>\$ (237,324)</b>	<b>\$ 227,298</b>
Balance at March 31, 2020	17,184,712	\$ 2	\$ 450,978	\$ (205,914)	\$ 245,066
Equity based compensation*	206,440	—	10,573	—	10,573
Equity payment of prior year accrued employee related expenses	23,932	—	1,537	—	1,537
Stock option exercises	72,117	—	1,532	—	1,532
Shares withheld for taxes	—	—	—	—	—
Net loss	—	—	—	(31,410)	(31,410)
<b>Balance at September 30, 2020</b>	<b>17,487,201</b>	<b>\$ 2</b>	<b>\$ 464,620</b>	<b>\$ (237,324)</b>	<b>\$ 227,298</b>

\* includes restricted shares

See accompanying notes to consolidated financial statements.

**Anterix Inc.**  
 Consolidated Statement of Stockholders' Equity  
 (dollars in thousands, except share data)  
 (Unaudited)

	<u>Number of Shares</u>				
	<u>Common stock</u>	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at June 30, 2019	14,840,113	\$ 1	\$ 352,193	\$ (177,650)	\$ 174,544
Issuance of stock during July 2019 follow-on offering, net of closing costs	2,222,223	1	94,243	—	94,244
Equity based compensation*	55,844	—	1,412	—	1,412
Stock option exercises	15,000	—	301	—	301
Shares withheld for taxes	(7,242)	—	(304)	—	(304)
Net loss	—	—	—	(7,715)	(7,715)
Balance at September 30, 2019	<u>17,125,938</u>	<u>\$ 2</u>	<u>\$ 447,845</u>	<u>\$ (185,365)</u>	<u>\$ 262,482</u>
Balance at April 1, 2019	14,739,145	\$ 1	\$ 349,039	\$ (168,276)	\$ 180,764
Issuance of stock during July 2019 follow-on offering, net of closing costs	2,222,223	1	94,243	—	94,244
Equity based compensation*	80,697	—	2,989	—	2,989
Stock option exercises	94,323	—	2,020	—	2,020
Shares withheld for taxes	(10,450)	—	(446)	—	(446)
Net loss	—	—	—	(17,089)	(17,089)
Balance at September 30, 2019	<u>17,125,938</u>	<u>\$ 2</u>	<u>\$ 447,845</u>	<u>\$ (185,365)</u>	<u>\$ 262,482</u>

\* includes restricted shares

See accompanying notes to consolidated financial statements.

**Anterix Inc.**  
Consolidated Statements of Cash Flows  
(dollars in thousands)  
(Unaudited)

	Six months ended September 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (31,410)	\$ (17,089)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	2,398	1,277
Non-cash compensation expense attributable to stock awards	10,573	2,989
Deferred income taxes	156	463
Bad debt expense	—	49
Net loss from disposal of intangible assets	3,849	—
(Gain)/loss on disposal of long-lived assets, net	(6)	74
Impairment of long-lived assets	29	—
Loss/(income) on equity method investment	16	(15)
Changes in operating assets and liabilities		
Accounts receivable	2	381
Prepaid expenses and other assets	(163)	546
Right of use assets	841	698
Accounts payable and accrued expenses	505	(1,247)
Due to related parties	4	(69)
Restructuring reserve	(547)	(1,537)
Operating lease liabilities	(961)	(661)
Deferred revenue	(369)	(397)
Other liabilities	342	(5)
Net cash used by operating activities	<u>(14,741)</u>	<u>(14,543)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of intangible assets, including refundable deposits	(7,829)	(202)
Purchases of equipment	(205)	(301)
Net cash used by investing activities	<u>(8,034)</u>	<u>(503)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from July 2019 follow-on offering	—	94,244
Proceeds from stock option exercises	1,532	2,020
Payments of withholding tax on net issuance of restricted stock	—	(446)
Net cash provided by financing activities	<u>1,532</u>	<u>95,818</u>
Net change in cash and cash equivalents	<u>(21,243)</u>	<u>80,772</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the period	137,453	76,722
End of the period	<u>\$ 116,210</u>	<u>\$ 157,494</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the period:		
Taxes paid	\$ 33	\$ 21
Non-cash investing activity:		
Contribution of capital equipment to TeamConnect LLC	\$ —	\$ 14
Network equipment provided in exchange for wireless licenses	\$ 23	\$ —
Non-cash financing activities:		
Equity payment of prior year accrued employee related expenses	\$ 1,537	\$ —

See accompanying notes to consolidated financial statements.



**Anterix Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

## 1. Nature of Operations

Anterix Inc. (the “Company”) is a wireless communications company focused on commercializing its spectrum assets to enable its targeted utility and critical infrastructure customers to deploy private broadband networks, technologies and solutions. The Company is the largest holder of licensed spectrum in the 900 MHz band (896-901/935-940 MHz) with nationwide coverage throughout the contiguous United States, Hawaii, Alaska and Puerto Rico. On May 13, 2020, the Federal Communications Commission (“FCC”) approved a Report and Order to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions (the “Report and Order”). The Report and Order was published in the Federal Register on July 16, 2020 and became effective on August 17, 2020. The Company is now engaged in qualifying for and securing broadband licenses from the FCC, with a focus on pursuing licenses in those counties in which it believes it has near-term commercial opportunities. At the same time, the Company’s sales and marketing organization is pursuing opportunities to lease the broadband licenses it secures to its targeted utility and critical infrastructure customers.

The Company was originally incorporated in California in 1997 and reincorporated in Delaware in 2014. In November 2015, the Company changed its name from Pacific DataVision, Inc. to pdvWireless, Inc. On August 6, 2019, the Company changed its name from pdvWireless, Inc. to Anterix Inc. The Company maintains offices in Woodland Park, New Jersey and McLean, Virginia.

### ***Historical Business Operations***

Historically, the Company generated revenue principally from its pdvConnect and TeamConnect businesses. pdvConnect is a mobile communication and workforce management solution. The Company historically marketed pdvConnect primarily through two Tier 1 carriers in the United States. In Fiscal 2016, it began offering a commercial push-to-talk (“PTT”) service, which was marketed as TeamConnect, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. It primarily offered the TeamConnect service to customers indirectly through third-party sales representatives who were primarily selected from Motorola’s nationwide dealer network.

In June 2018, the Company announced its plan to restructure its operations to align and focus its business priorities on its broadband spectrum initiatives. Consistent with this restructuring plan, the Company transferred its TeamConnect business in December 2018 to A BEEP LLC (“A BEEP”) and Goosetown Enterprises, Inc (“Goosetown”), with the Company continuing to provide customer care, billing and collection services through April 1, 2019. On December 31, 2018, the Company entered into a memorandum of understanding (“MOU”) with the principals of Goosetown. Under the terms of the MOU, the Company assigned the intellectual property rights to its TeamConnect and pdvConnect related applications to TeamConnect LLC (the “LLC”). The LLC assumed customer care services related to the pdvConnect service, with the Company providing transition services to the LLC through April 1, 2019. On April 1, 2020, the Company transferred its pdvConnect customers to the LLC and the LLC agreed to pay the Company a certain portion of the recurring revenues from these customers.

### ***Follow-on Offering***

In July 2019, the Company completed a registered follow-on offering in which it sold 2,222,223 shares of its common stock at a purchase price to the public of \$45.00 per share. Net proceeds were approximately \$94.2 million after deducting \$5.5 million in underwriting discounts and commissions, and \$0.3 million in offering expenses.

### ***Executive Succession Plan***

On June 25, 2020, the Company issued a press release announcing an effective date of July 1, 2020 for its executive leadership succession plan (the “**Succession Plan**”), which followed the achievement of the FCC Report and Order.

### ***TeamConnect LLC***

On August 4, 2020, we entered into Amendment 2 (“Amendment 2”) to the IP Assignment, Software Support, and Development Services Agreement, dated as of January 7, 2019, as previously amended, by and between us and TeamConnect, LLC (the “LLC”). Under Amendment 2, we agreed to transfer our pdvConnect customers to the LLC, effective as of April 1, 2020, except

for one Tier 1 domestic carrier. In exchange for the customer transfer, the LLC agreed to pay us a certain portion of the recurring revenues from these customers.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation and Use of Estimates*

The unaudited consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information. Pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”), certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

Because certain information and footnote disclosures have been condensed or omitted, these unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2020, as filed on May 28, 2020 with the SEC. In the Company’s opinion all normal and recurring adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented have been included. The Company believes that the disclosures made in the unaudited consolidated interim financial statements are adequate to make the information not misleading. The results of operations for the interim periods presented are not necessarily indicative of the results for the year. The Company is also required to make certain estimates with regard to the valuation of awards and forfeiture rates for its share-based award programs. New estimates in the period relate to determining the Company’s estimated incremental borrowing rate in recognizing right of use assets and operating lease liabilities. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the applicable period. Accordingly, actual results could materially differ from those estimates.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, including PDV Spectrum Holding Company, LLC formed in April 2014. All significant intercompany accounts and transactions have been eliminated in consolidation.

### *Reclassifications*

Certain prior year amounts have been reclassified to conform to the presentation of the corresponding amounts in the financial statements for the three and six months ended September 30, 2020. These reclassifications had no effect on previously reported net loss or net loss per common share basic and diluted.

### *Intangible Assets*

Intangible assets are wireless licenses that will be used to provide the Company with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. On May 13, 2020, the FCC approved the Report and Order to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions. The Report and Order was published in the Federal Register on July 16, 2020 and became effective on August 17, 2020. The Company is now engaged in qualifying for and securing broadband licenses from the FCC, with a focus on pursuing licenses in those counties in which it believes it has near-term commercial opportunities. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the FCC. License renewals have occurred routinely and at nominal cost in the past. There are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of the Company’s wireless licenses. As a result, the Company has determined that the wireless licenses should be treated as an indefinite-lived intangible asset. The Company will evaluate the useful life determination for its wireless licenses each year to determine whether events and circumstances continue to support their treatment as an indefinite useful life asset.

The licenses are tested for impairment annually on an aggregate basis, as the Company will be utilizing the wireless licenses on an integrated basis as part of developing broadband. In the year ended March 31, 2020, (“Fiscal 2020”), the Company performed a step zero qualitative approach to test indefinite-lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform quantitative impairment testing. There are no triggering events indicating impairment in the three and six months ended September 30, 2020.

See Note 4 “Intangible Assets” for a discussion of the Company’s (gain)/loss from the disposal of intangible assets incurred during the period ended September 30, 2020.

#### *Long-Lived Asset and Right of Use Asset Impairment*

The Company evaluates long-lived assets, including right of use assets, other than intangible assets with indefinite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of the asset groups are not recoverable and exceeds its fair value, an impairment loss is recognized equal to the excess of the asset group’s carrying value over the estimated fair value. During the six months ended September 30, 2020, the Company recorded a \$29,000 non-cash impairment charge for long-lived assets consisting of \$29,000 for network site costs to reduce the carrying values to zero. There was no impairment charge for the three months ended September 30, 2020 and three and six months ended September 30, 2019.

#### *Net Loss Per Share of Common Stock*

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. For purposes of the diluted net loss per share calculation, preferred stock, stock options, restricted stock and warrants are considered to be potentially dilutive securities. Because the Company has reported a net loss for the three and six months ended September 30, 2020 and 2019, respectively, diluted net loss per common share is the same as basic net loss per common share for those periods.

Common stock equivalents resulting from potentially dilutive securities approximated 1,540,000 and 1,409,000 at September 30, 2020 and 2019, respectively, and have not been included in the dilutive weighted average shares of common stock outstanding, as their effects are anti-dilutive.

#### *Recently Issued Accounting Pronouncements*

In June 2016, the FASB issued ASC 326, *Financial Instruments - Credit Losses* and has subsequently modified several areas of the standard in order to provide additional clarity and improvements. The new standard requires entities to use a Current Expected Credit Loss impairment model based on expected losses rather than incurred losses. Under this model, an entity would recognize an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost within the scope of the standard. The entity’s estimate would consider relevant information about past events, current conditions and reasonable and supportable forecasts, which will result in recognition of lifetime expected credit losses. As a smaller reporting company, the standard will be effective for the Company’s fiscal year beginning April 2023, including interim reporting periods within that fiscal year, although early adoption is permitted. The Company is evaluating the potential impact that ASC 326 and subsequent modifications may have on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company’s consolidated financial statements upon adoption.

### **3. Revenue**

In December 2018, the Company’s board of directors (the “Board”) approved the transfer of its TeamConnect business and support for its pdvConnect business to help reduce operating costs and to allow the Company to focus on its FCC initiatives and future broadband opportunities. Specifically, the Company entered into: (i) a Customer Acquisition and Resale Agreement with A BEEP on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown on January 2, 2019 and (iii) an MOU with the principals of Goosetown on December 31, 2018. Under the A BEEP and Goosetown Agreements, the Company agreed to: (i) transfer its TeamConnect customers located in the Atlanta, Chicago, Dallas, Houston and Phoenix metropolitan markets to A BEEP, (ii) transfer its TeamConnect customers located in the Baltimore/Washington DC, Philadelphia and New York metropolitan markets to Goosetown, (iii) provide A BEEP and Goosetown with access to MotoTRBO Systems and (iv) grant A BEEP and Goosetown the right to resell access to the MotoTRBO Systems pursuant to separate Mobile Virtual Network Operation arrangements for a two-year period. The Company also granted Goosetown a license to sell the business applications the Company developed for its TeamConnect service. On March 31, 2019, the agreements were amended to formally set the transition date for the businesses as April 1, 2019 and to clarify the responsibilities between the parties.

Under these agreements, A BEEP and Goosetown agreed to provide customer care, billing and collection services for their respective acquired customers. The Company continued to provide these services through April 1, 2019 to help facilitate the transitioning of the acquired customers. Additionally, the Company is required to maintain and pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two-year period. As part of the Company's efforts to clear the 900 MHz spectrum for broadband use, A BEEP and Goosetown are required to migrate the acquired customers off the MotoTRBO Systems over the two-year period. In consideration for the customers and rights the Company transferred, A BEEP and Goosetown are required to pay a certain portion of the recurring revenues they receive from the acquired customers ranging from 100% to 20% during the terms of the agreements. Additionally, A BEEP is required to pay the Company a portion of recurring revenue from customers who utilize A BEEP's push-to-talk Diga-talk Plus application service ranging from 35% to 15% for a period of two years. For a period of two years, Goosetown is required to pay the Company 20% of recurring revenues from the TeamConnect applications it licensed.

Under the terms of the MOU that the Company entered into with the principals of Goosetown on December 31, 2018, the Company assigned the intellectual property rights to its TeamConnect and pdvConnect related applications to the LLC. The LLC also assumed customer care services related to the pdvConnect service, with the Company providing transition services to the LLC through April 1, 2019. On April 1, 2020, the Company transferred its pdvConnect customers to the LLC, and the LLC agreed to pay the Company a certain portion of the recurring revenues from these customers.

In accordance with ASC 606, when the customer purchased or received a discounted handset in connection with entering into a contract for service, the Company allocated revenue between the handset and the service based on the relative standalone selling price. Revenue was recognized when the performance obligation which includes providing the services or transferring control of promised handsets, which are distinct to a customer, had been satisfied. Revenue was recognized in an amount that reflects the consideration the Company expects to be entitled to for those performance obligations.

**Service Revenue.** The Company has historically derived its service revenue from a fixed monthly recurring unit price per user, with 30-day payment terms, for its pdvConnect and TeamConnect service offerings.

*pdvConnect* is a proprietary cloud-based mobile resource management solution which has historically been sold as a separate software-as-a-service offering for dispatch-centric business customers who utilize Tier 1 cellular networks, and to a lesser extent, who utilize land mobile radio networks not operated by the Company. *pdvConnect* was historically sold directly by the Company or through two Tier 1 domestic carriers. The service is contracted and billed on a month-to-month basis, and the Company satisfies its performance obligation over time as the services are delivered. On April 1, 2020, these customers were transferred to the LLC, except for one Tier 1 domestic carrier. The LLC agreed to pay the Company a certain portion of the recurring revenues from the transferred customers through the term of the agreement.

*TeamConnect* combines *pdvConnect* with push-to-talk ("PTT") mobile communication services involving digital network architecture and mobile devices. The contract period for the *TeamConnect* service varies from a month-to-month basis to 24 months. The customer is billed at the beginning of each month of the contract term. The Company recognizes revenue as it satisfies its performance obligation over time as the services are delivered. On April 1, 2019, these customers were transitioned to A BEEP and Goosetown. A BEEP and Goosetown agreed to pay the Company a certain portion of the recurring revenues during the term of the agreements. While the customer remains on the Company's MotoTRBO Systems, the portion of recurring revenues paid by A BEEP and Goosetown is recorded as revenue.

**Spectrum Revenue.** In September 2014, Motorola paid the Company an upfront, fully-paid fee of \$7.5 million in order to use a portion of the Company's wireless spectrum licenses. The payment of the fee is accounted for as deferred revenue on the Company's consolidated balance sheets and is recognized ratably as the service is provided over the contractual term of approximately ten years. The revenue recognized for the three and six months ended September 30, 2020 and 2019 were approximately \$182,000 and \$364,000, respectively for each period.

**Contract Assets.** Contract assets include the portion of the Company's future service invoices which have been allocated to the discounted price of the radios and amortized as a reduction against service revenue over the contract period.

The Company also recognizes a contract asset for the incremental costs of obtaining a contract with a customer. These costs include commissions for salespeople and commissions paid to third-party dealers. These costs are amortized ratably using the portfolio approach over the estimated customer contract period. The Company reviews the contract asset on a periodic basis to determine if an impairment exists. If it is determined that there is an impairment, the contract asset will be expensed. Under the previous accounting standard, the Company expensed commissions as incurred.

As a result of transferring customers to A BEEP and Goosetown, all contract and contract acquisition costs were impaired for the six months ended September 30, 2019. The Company increased direct cost of revenue amounting to \$178,000 and sales and support expense amounting to \$258,000 for the six months ended September 30, 2019. The Company did not incur contract and contract acquisition costs for the six months ended September 30, 2020.

**Contract liabilities.** Contract liabilities primarily relate to advance consideration received from customers for spectrum services, for which revenue is recognized over time, as the services are performed. These contract liabilities are recorded as deferred revenue on the balance sheet. The related liability as of March 31, 2020 of \$3.5 million has been reduced by revenue recognized in the six months ended September 30, 2020 of \$0.4 million leaving a remaining liability of \$3.1 million as of September 30, 2020.

#### 4. Intangible Assets

Wireless licenses are considered indefinite-lived intangible assets. Indefinite-lived intangible assets are not subject to amortization but instead are tested for impairment annually, or more frequently if an event indicates that the asset might be impaired. There were no impairment charges related to the Company's indefinite-lived intangible assets during the three and six months ended September 30, 2020 and 2019.

During the six months ended September 30, 2020, the Company entered into agreements with several third parties in multiple U.S. markets to acquire wireless licenses for cash consideration of \$10.8 million after receiving FCC approval.

The nation's railroads, particularly the major freight lines, operate on six narrowband 900 MHz channels licensed to their trade association, the Association of American Railroads ("AAR"). Three of these narrowband channels are located in the 900 MHz broadband segment created by the FCC in the Report and Order. As a result, in order to qualify for broadband licenses under the Report and Order, the Company will be required to provide spectrum for the relocation of the AAR channels to narrowband channels outside the 900 MHz broadband segment.

In January 2020, the Company entered into an agreement with the AAR in which it agreed to cancel licenses in the 900 MHz band to enable the AAR to relocate its operations, including operations utilizing the three channels located in the 900 MHz broadband segment (the "AAR Agreement"). The FCC referenced the AAR agreement in the Report and Order, and required the Company to cancel its licenses and return them to the FCC in accordance with the AAR Agreement. The Report and Order provides that the FCC will make the channels associated with these licenses available to the AAR to enable the AAR to relocate their current operations. The Report and Order also provides that the FCC will credit the Company for its cancelled licenses for purposes of determining the Company's eligibility to secure broadband licenses and the calculation of any anti-windfall payments.

In accordance with the Report and Order, the Company cancelled its licenses in the three months ended June 30, 2020. Because the Company did not receive any licenses nor monetary reimbursement in exchange for the cancellation, but only credit for purposes of determining its future eligibility and payment obligations for broadband licenses under the Report and Order, the Company recorded a \$4.7 million loss from disposal of the intangible assets in the Consolidated Statements of Operations for the three months ended June 30, 2020.

In August 2020, the Company closed an agreement with a third party for the exchange of 900 MHz licenses plus approximately \$0.3 million for the reprogramming of their equipment. Since the licenses the Company acquired in the exchange were included in the licenses returned to the FCC in accordance with the AAR Agreement above, the \$0.3 million for equipment reprogramming was recorded as additional loss from disposal of the intangible assets in the Consolidated Statements of Operations for the three and six months ended September 30, 2020, respectively.

In September 2020, the Company closed an agreement with a third party for the exchange of 900 MHz licenses. Under the agreement, the Company received spectrum licenses at their estimated fair value of approximately \$0.2 million and a payment of \$1.2 million in cash to clear the channels received from incumbents. In January 2018, the Company received \$0.6 million as a refundable deposit when the agreement was executed in Fiscal 2018 and the Company is entitled to receive the remaining \$0.6 million upon receipt of FCC approval and closing of the agreement in September 2020. Under the agreement, the Company transferred spectrum licenses with book value of approximately \$0.3 million to the third party. The Company recognized a \$1.1 million gain from disposal of intangible assets in the Consolidated Statement of Operations when the deal closed in September 2020.

Intangible assets consist of the following at September 30, 2020 and March 31, 2020 (in thousands):

	<b>Wireless Licenses</b>
Balance at March 31, 2020	\$ 111,526
Acquisitions	10,864
Exchanges - licenses received	196
Exchanges - licenses surrendered	(262)
Cancellations	(4,983)
Balance at September 30, 2020	<u>\$ 117,341</u>

## 5. Equity Method Investment

In connection with the transfer of its TeamConnect business and support for its pdvConnect business, the Company entered into a memorandum of understanding (“MOU”) with the principals of Goosetown on December 31, 2018. Under the MOU, the Company agreed to assign the intellectual property rights to its pdvConnect application to the LLC, a new entity formed by the principals of Goosetown, in exchange for a 19.5% ownership interest in the LLC, effective April 30, 2019. The Goosetown principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC has assumed the Company’s software support and maintenance obligations under the Goosetown and A BEEP Agreements. The LLC has also assumed customer care services related to the Company’s pdvConnect application. The Company provided transition services to the LLC through April 1, 2019 to facilitate an orderly transition of the customer care services. On April 1, 2020, the Company transferred its pdvConnect customers to the LLC, and the LLC agreed to pay the Company a certain portion of the recurring revenues from these customers.

During the six months ended September 30, 2020, the change in the carrying value of the investment in the LLC is summarized as follows (in thousands):

	<b>Equity Method Investment</b>
Equity method investment carrying value at March 31, 2020	\$ 39
Share of net loss from LLC	(16)
Equity method investment carrying value at September 30, 2020	<u>\$ 23</u>

## 6. Related Party Transactions

Under the terms of the MOU, the Company is obligated to pay the LLC a monthly service fee for a 24-month period ending on January 7, 2021 for its assumption of the Company’s support obligations under the A BEEP and Goosetown agreements. The Company is also obligated to pay the LLC a certain portion of the billed revenue received by the Company from pdvConnect customers for a 48-month period. For the three and six months ended September 30, 2020, the Company incurred \$176,000 and \$353,000 under the MOU, respectively. For the three and six months ended September 30, 2019, the Company incurred \$250,000 and \$514,000 under the MOU, respectively. As of September 30, 2020 and March 31, 2020, the Company owed \$1,000 and \$12,000 to the LLC, respectively.

The Company did not purchase any equipment from Motorola for the three and six months ended September 30, 2020. The Company purchased \$2,000 and \$11,000 of equipment from Motorola for the three and six months ended September 30, 2019. The Motorola revenue recognized for the three and six months ended September 30, 2020 and 2019 were approximately \$182,000 and \$364,000, respectively for each period. As of September 30, 2020 and March 31, 2020, the Company owed \$112,500 and \$98,000 to Motorola, respectively.

On May 5, 2020, the Company entered into a consulting agreement with Rachelle B. Chong under which Ms. Chong will serve as a Senior Advisor to the Company’s management team effective May 15, 2020. In connection with the consulting agreement, Ms. Chong submitted her resignation from the Company’s Board of Directors and as a member of the Board’s Nominating and Corporate Governance Committee. During the three and six months ended September 30, 2020, the Company incurred \$36,000 and \$60,000, respectively, in consulting fees to Ms. Chong. As of September 30, 2020, the Company did not have any outstanding liabilities to Ms. Chong.

On June 25, 2020, as part of its Executive Succession Plan, the Company announced that Brian D. McAuley had submitted his resignation as Executive Chairman of the Board, effective on July 1, 2020. On August 27, 2020, the Company entered into a consulting agreement with Mr. McAuley under which Mr. McAuley will serve as a Senior Advisor to the Company’s management team and provide strategic, corporate governance and Board advisory services. The Consulting Agreement provides that Mr. McAuley will receive cash compensation of \$40,000 per year. Pursuant to the existing terms of his



outstanding equity awards, Mr. McAuley will continue to vest in his outstanding equity awards as he continues to provide services to the Company pursuant to the Consulting Agreement. The Consulting Agreement is effective as of September 2, 2020 and terminates by its terms on September 1, 2021, unless terminated earlier by either party or extended upon the mutual agreement of the parties at least thirty (30) days before the end of the term. The Consulting Agreement contains standard confidentiality, indemnification and intellectual property assignment provisions in favor of the Company. The Consulting Agreement also contains a waiver by Mr. McAuley to any severance benefits that he might be entitled to receive under the Company's Executive Severance Plan in connection with his resignation and the Executive Succession Plan. In consideration for this waiver, in the event the Company terminates the Consulting Agreement without cause, Mr. McAuley dies or becomes disabled during the term of the Consulting Agreement, or the Company elects not to extend the term of the Consulting Agreement through September 1, 2023, then the vesting of all outstanding time-based equity awards held by Mr. McAuley shall accelerate on the date his consulting services end such that he will be deemed to have vested in a total of 18,761 shares of Common Stock for his services under the Consulting Agreement. In addition, Mr. McAuley's performance-based equity awards shall remain outstanding (and shall not terminate) and he shall continue to be eligible to obtain vested option shares and vested restricted stock units under his outstanding performance-based equity awards if the "Vesting Conditions" set forth in the performance-based equity awards are satisfied.

## 7. Impairment and Restructuring Charges

### *Long-lived Assets and Right of Use Assets Impairment.*

During the six months ended September 30, 2020, the Company recorded a \$29,000 non-cash impairment charge for long-lived assets consisting of \$29,000 for network site costs to reduce the carrying values to zero. There was no impairment charge for the six months ending September 30, 2019.

### *Restructuring Charges.*

**April 2018 and June 2018 restructuring activities.** In April 2018, the Company announced a shift in its focus and resources in order to pursue its regulatory initiatives at the FCC and prepare for the future deployment of broadband and other advanced technologies and services. In light of this shift in focus, the Company's Board also approved a chief executive officer transition plan, under which, John Pescatore, the Company's chief executive officer and president, transitioned to the position of vice chairman and Morgan O'Brien, the Company's then-current vice chairman, assumed the position as the new chief executive officer. In connection with the transition, the Company and Mr. Pescatore entered into a Continued Service, Consulting and Transition Agreement and a separate Consulting Agreement (the "CEO Transition Agreements") and the Company also entered into additional consulting and transition agreements with several other key employees.

On June 1, 2018, the Company's Board approved an initial plan to restructure its business aimed at reducing the operating costs of its TeamConnect and pdvConnect businesses and better aligning and focusing its business priorities on its spectrum initiatives. As part of the restructuring plan, the Company eliminated approximately 20 positions, or 20% of its workforce, primarily from its TeamConnect and pdvConnect businesses. In August 2018, the Company continued with its restructuring efforts and eliminated approximately seven additional positions.

For the six months ended September 30, 2020, total accrued restructuring charges for the April 2018 and June 2018 restructuring activities were as follows (in thousands):

	<u>Restructuring Activities</u>
Balance at March 31, 2020	\$ 565
Cash payments	(544)
Balance at September 30, 2020 (classified as current liabilities - restructuring reserve)	<u>\$ 21</u>

**December 2018 cost reductions.** On December 31, 2018, the Company's board of directors approved the following cost reduction actions: (i) the elimination of approximately 20 positions, or 30% of the Company's workforce and (ii) the closure of its office in San Diego, California (collectively, the "December 2018 Cost-Reduction Actions"). For the three and six months ended September 30, 2020, the Company reduced restructuring charge relating to the December 2018 Cost-Reduction Actions in the amounts of \$17,000 and \$3,000, respectively, related to employee severance and benefit costs. For the three and six months ended September 30, 2019, the Company recorded an additional restructuring charge relating to the December 2018 Cost-Reduction Actions amounting to \$28,000 and \$172,000, respectively, related to employee severance and benefit costs. For the six months ended September 30, 2019, the Company reduced the facility exit costs accrual for our San Diego, California office

by approximately \$28,000. The Company completed the cost reduction and restructuring actions in July 31, 2019 and the related cash payments for severance costs was completed by the end of August 31, 2019.

For the six months ended September 30, 2020, total December 2018 cost reduction charges were as follows (in thousands):

	<b>Restructuring Activities</b>
Balance at March 31, 2020	\$ 71
Severance costs	(3)
Cash payments	—
Balance at September 30, 2020 (classified as current liabilities - restructuring reserve)	<u>\$ 68</u>

## 8. Leases

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. On April 1, 2019, the Company adopted ASC 842 and it primarily affected the accounting treatment for operating lease agreements in which the Company is the lessee.

Substantially all of the leases in which the Company is the lessee are comprised of corporate office space and tower space. The Company is obligated under certain lease agreements for office space with lease terms expiring on various dates from October 14, 2024 through June 30, 2027, which includes a ten-year lease extension for its corporate headquarters. The Company entered into multiple lease agreements for tower space related to its TeamConnect business. The lease expiration dates range from October 31, 2020 to June 30, 2026.

Substantially all of the Company's leases are classified as operating leases, and as such, were previously not recognized on the Company's Consolidated Balance Sheet. With the adoption of Topic 842, operating lease agreements are required to be recognized on the Consolidated Balance Sheet as Right of Use ("ROU") assets and corresponding lease liabilities.

ROU assets include any prepaid lease payments and exclude any lease incentives and initial direct costs incurred. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The lease terms may include options to extend or terminate the lease if it is reasonably certain that the Company will exercise that option.

Weighted-average remaining lease term and discount rate for the Company's operating leases are as follows:

	<b>Six months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
Weighted average term - operating lease liabilities	4.69 years	5.35 years
Weighted average incremental borrowing rate - operating lease liabilities	13%	13%

Rent expense amounted to approximately \$0.6 million for the three months ended September 30, 2020, of which approximately \$0.4 million was classified as cost of revenue and the remainder of approximately \$0.2 million was classified in operating expenses in the Consolidated Statements of Operations. Rent expense amounted to approximately \$1.3 million for the six months ended September 30, 2020, of which approximately \$0.8 million was classified as cost of revenue and the remainder of approximately \$0.5 million was classified in operating expenses in the Consolidated Statements of Operations.

Rent expense amounted to approximately \$0.7 million for the three months ended September 30, 2019, of which approximately \$0.4 million, was classified as cost of revenue and the remainder of approximately \$0.3 million was classified in operating expenses in the Consolidated Statements of Operations. Rent expense amounted to approximately \$1.3 million for the six months ended September 30, 2019, of which approximately \$0.8 million, was classified as cost of revenue and the remainder of approximately \$0.5 million was classified in operating expenses in the Consolidated Statements of Operations.

In June 2020, the Company terminated an operating tower space lease early resulting in a non-cash reductions in ROU assets by \$19,000, operating lease liabilities by \$20,000 and gain in disposal of long-lived asset by \$1,000.



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The following table presents net lease cost for the three and six months ended September 30, 2020 and 2019 (in thousands):

	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Lease cost				
Operating lease cost (cost resulting from lease payments)	\$ 612	\$ 666	\$ 1,271	\$ 1,290
Short term lease cost	40	10	43	32
Sublease income	(3)	(5)	(6)	(9)
Net lease cost	<u>\$ 649</u>	<u>\$ 671</u>	<u>\$ 1,308</u>	<u>\$ 1,313</u>

The following table presents supplemental cash flow and non-cash activity information for the six months ended September 30, 2020 and 2019 (in thousands):

	Six months ended September 30,	
	2020	2019
<b>Operating cash flow information:</b>		
Operating lease - operating cash flows (fixed payments)	\$ 1,411	\$ 1,321
Operating lease - operating cash flows (liability reduction)	\$ 961	\$ 661
<b>Non-cash activity:</b>		
Right of use assets obtained in exchange for new operating lease liabilities	\$ 18	\$ 7,915

The following table presents supplemental balance sheet information as of September 30, 2020 and March 31, 2020 (in thousands):

	September 30, 2020	March 31, 2020
Non-current assets - right of use assets, net	\$ 5,665	\$ 6,500
Current liabilities - operating lease liabilities	\$ 1,531	\$ 1,695
Non-current liabilities - operating lease liabilities	\$ 6,254	\$ 7,051

Future minimum payments under non-cancelable leases for office and tower spaces (exclusive of real estate tax, utilities, maintenance and other costs borne by the Company), for the remaining terms of the leases following the six months ended September 30, 2020 are as follows (in thousands):

Fiscal Year	Operating Leases
2021 (excluding the six months ended September 30, 2020)	\$ 1,276
2022	2,256
2023	2,105
2024	1,917
2025	1,524
After 2025	1,375
Total future minimum lease payments	10,453
Amount representing interest	(2,668)
Present value of net future minimum lease payments	<u>\$ 7,785</u>

**9. Income Taxes**

On March 27, 2020, the Coronavirus Aid Relief and Economic Security (“CARES”) Act was signed into law. The Act contains several new or changed income tax provisions, including but not limited to the following: increased limitation threshold for determining deductible interest expense, class life changes to qualified improvements (in general, from 39 years to 15 years) and the ability to carry back net operating losses (“NOLs”) incurred from tax years 2018 through 2020 up to the five preceding tax years. Most of these provisions are either not applicable or have no material effect on the Company. However, the CARES Act changed the language of when NOLs converted from a 20-year life to an indefinite life. From the Tax Cuts and Jobs Act of 2017 (“TCJA”) rule, NOLs in tax periods ending after December 31, 2017 had an indefinite life. Under the new CARES Act, NOLs generated in periods beginning after December 31, 2017 are carried forward indefinitely. This dating change effectively disqualified the Company’s March 31, 2018 NOL as an indefinite lived asset and source of taxable income to offset the Company’s deferred tax liability stemming from indefinite-lived intangibles. The Company’s NOLs generated after March 31, 2018, may continue to be used as an indefinite-lived asset to offset the deferred tax liability, but limited to 80% of future taxable income (or the balance of the deferred tax liability as of March 31, 2020). The total impact of this date change from the CARES Act increased the Company’s net federal deferred tax liability from approximately \$0.2 million to \$1.6 million as of March 31, 2020. The state deferred tax liability of approximately \$1.4 million as of March 31, 2020 is unchanged.

For the year ended March 31, 2020, the Company had federal and state NOL carryforwards of approximately \$211.9 million and \$112.7 million, respectively. Of these federal and state NOLs, approximately \$125.3 million and \$92.6 million, respectively, are expiring in various amounts from 2020 through 2040, to offset future taxable income. The remaining federal and state NOLs of approximately \$86.6 million and \$20.1 million, respectively, have an indefinite life and the federal NOLs may only offset 80% of taxable income when used. For the six months ended September 30, 2020, the Company incurred federal and state net operating losses of approximately \$23.2 million and \$18.7 million, respectively, to offset future taxable income, of which \$30.0 million can be carried forward indefinitely, but can only offset 80% of taxable income when used.

The Company used a discrete effective tax rate method to calculate taxes for the three and six months ended September 30, 2020. The Company determined that applying an estimate of the annual effective tax rate would not provide a reasonable estimate as small changes in estimated “ordinary” loss would result in significant changes in the estimated annual effective tax rate. Accordingly, for the three and six months ended September 30, 2020, the Company recorded a total deferred tax expense of \$145,000 and \$156,000, respectively, due to the inability to use some portion of federal and state NOL carryforwards against the deferred tax liability created by amortization of indefinite-lived intangibles.

**10. Stock Acquisition Rights, Stock Options and Warrants**

The Company established the 2014 Stock Plan (the “2014 Stock Plan”) to attract, retain and reward individuals who contribute to the achievement of the Company’s goals and objectives. This 2014 Stock Plan superseded previous stock plans. As of September 30, 2020, stock options to purchase 18,358 shares of common stock were outstanding and vested under such previous plans.

The Company’s Board has reserved 4,147,985 shares of common stock for issuance under its 2014 Stock Plan as of September 30, 2020, of which 838,251 shares are available for future issuance. The number of shares may increase, based on Board approval, each January 1 through January 1, 2024 by an amount equal to the lesser of (i) 5% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or (ii) a lesser amount determined by the Board. Effective January 1, 2020, the Board elected to increase the shares authorized under the 2014 Stock Plan by 342,762 shares, which represented 2% of the of the Company’s common stock issued and outstanding as of December 31, 2019.

**Restricted Stock and Restricted Stock Units**

A summary of non-vested restricted stock activity for the six months ended September 30, 2020 is as follows:

	Restricted Stock	Weighted Average Grant Day Fair Value
Non-vested restricted stock outstanding at March 31, 2020	352,194	\$ 37.93
Granted	252,419	48.79
Forfeited	—	—
Vested	(140,218)	39.91
Non-vested restricted stock outstanding at September 30, 2020	464,395	\$ 43.23

The Company recognizes compensation expense for restricted stock on a straight-line basis over the explicit vesting period. Vested restricted stock units are settled and issuable upon the earlier of the date the employee ceases to be an employee of the Company or a date certain in the future. Stock compensation expense related to restricted stock was approximately \$3.1 million and \$4.9 million for the three and six months ended September 30, 2020, respectively, which included \$0.8 million of expense related to the Type III modification of restricted stock units held by the Company's former Chairman of the Board upon his transition to a consultant to the Company that is probable of vesting under the modified condition. Stock compensation expense related to restricted stock was approximately \$1.0 million and \$2.0 million for the three and six months ended September 30, 2019, respectively.

At September 30, 2020, there was \$15.8 million of unvested compensation expense for restricted stock, which is expected to be recognized over a weighted average period of 2.8 years.

### **Performance Stock Units**

A summary of the performance stock unit activity for the six months ended September 30, 2020 is as follows:

	Performance Stock	Weighted Average Grant Day Fair Value
Performance stock outstanding at March 31, 2020	138,984	\$ 46.85
Granted	30,049	49.92
Forfeited	—	—
Vested	(91,216)	46.85
Performance stock outstanding at September 30, 2020	77,817	\$ 48.04

On February 28, 2020, the Company awarded 95,538 performance-based restricted stock units. The performance goals are:

(A) **Target Goal:** 50% of the shares vest upon (i) achievement by December 31, 2020 of a Final Order from the FCC providing for the creation and allocation of licenses for spectrum in the 900 MHz band consisting of paired blocks of contiguous spectrum, each containing at least 3 MHz of contiguous spectrum, authorized for broadband wireless communications uses and (ii) the lack of objection by the Company's Board to the terms and conditions (including, but not limited to, the rebanding, clearing and relocation procedures, license assignment and award mechanisms and technical and operational rules) set forth or referenced in the Final Order; and

(B) **Stretch Goal:** The remaining 50% of the performance shares vest and settle upon the occurrence of all three of the following conditions: (i) the Company enters into one or more long-term agreement(s) with critical infrastructure or enterprise business(es) to enable such business(es) to utilize the Company's spectrum for broadband connectivity; (ii) the combined total contract dollars payable to the Company over the initial term(s) of such agreement(s) equals or exceeds a certain amount as specified by the Board; and (iii) the agreement(s) is/are binding on such business(es) and is/are either not contingent on prior Board approval(s) or such approval(s) has/have been received. If all of these conditions have not been achieved by December 30, 2020, the performance shares will expire unvested.

Additionally, on February 28, 2020, the Company awarded 43,446 performance-based restricted stock units. The performance goal related to these units is: 100% of the shares will vest upon (i) achievement by December 31, 2020 of a Final Order from the FCC providing for the creation and allocation of licenses for spectrum in the 900 MHz band consisting of paired blocks of contiguous spectrum, each containing at least 3 MHz of contiguous spectrum, authorized for broadband wireless communications uses and (ii) the lack of objection by the Company's Board to the terms and conditions (including, but not limited to, the rebanding, clearing and relocation procedures, license assignment and award mechanisms and technical and operational rules) set forth or referenced in the Final Order. The goal was achieved when the Report and Order was effective in August 2020.

On June 24, 2020, the Company awarded up to 60,098 performance-based restricted units to the newly appointed President and Chief Executive Officer as part of the Succession Plan, (the "CEO Performance Units"). The performance-based restricted units will vest based on the Company's achievement of revenue metric over a four-year measurement period from the grant date, with 30,049 units vesting if the target revenue metric is achieved and up to 60,098 vesting if the maximum revenue metric is achieved.

For the three and six months ended September 30, 2020, the Company recorded stock compensation expense amounting to approximately \$4.3 million based on the achievement of the Target Goal under the performance-based restricted stock units, upon

the Report and Order becoming effective in August 2020. For the three and six months ended September 30, 2019, there was no stock compensation expense recognized for the performance-based restricted stock units. As of September 30, 2020, there was approximately \$3.2 million of unvested compensation expense for the outstanding performance-based restricted stock units related to the Stretch Goal and the CEO Performance Units.

**Stock Options**

A summary of stock option activity for the six months ended September 30, 2020 is as follows:

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Options outstanding at March 31, 2020	1,807,466	\$ 23.93
Options granted	60,558	49.92
Options exercised	(84,704)	(26.43)
Options forfeited/expired	—	—
Options outstanding at September 30, 2020	<u>1,783,320</u>	<u>\$ 24.70</u>

On June 24, 2020, the Company awarded a stock option to purchase 60,558 shares of common stock to its newly appointed President and Chief Executive Officer as part of the Succession Plan. The award has a contractual life of 10 years. 25% of the option shares will vest on July 1, 2021 with the remaining shares vesting in three equal annual installments, based on the President and Chief Executive Officer’s continuous service to the Company through the applicable vesting dates.

The Black-Scholes option model requires weighted average assumptions to be used for the calculation of the Company’s stock compensation expense. The assumptions used during the six months ended September 30, 2020 were: the expected life of the award was 6.07 years; the risk free interest rate was 0.43%; the expected volatility rate was 53.41%; the expected dividend yield was 0.0%; and the expected forfeiture rate was 0%.

Stock compensation expense related to the amortization of the fair value of stock options issued was approximately \$0.3 million and \$0.5 million for the three and six months ended September 30, 2020. For the three and six months ended September 30, 2019, stock compensation expense was approximately \$0.4 million and \$1.0 million, respectively.

As of September 30, 2020, there was approximately \$1.6 million of unrecognized compensation expense related to non-vested stock options granted under the Company’s stock option plans which is expected to be recognized over a weighted-average period of 1.3 years.

**Performance Stock Options**

A summary of the performance stock options as of September 30, 2020 is as follows:

	<b>Performance Options</b>	<b>Weighted Average Exercise Price</b>
Performance Options outstanding at March 31, 2020	82,197	\$ 46.85
Performance Options granted	—	—
Performance Options exercised	—	—
Performance Options forfeited/expired	—	—
Performance Options outstanding at September 30, 2020	<u>82,197</u>	<u>\$ 46.85</u>

On February 28, 2020, the Company awarded 67,562 performance-based stock options. The performance goals are:

(A) **Target Goal:** 50% of the shares vest upon (i) achievement by December 31, 2020 of a Final Order from the FCC providing for the creation and allocation of licenses for spectrum in the 900 MHz band consisting of paired blocks of contiguous spectrum, each containing at least 3 MHz of contiguous spectrum, authorized for broadband wireless communications uses and (ii) the lack of objection by the Company’s Board to the terms and conditions (including, but not limited to, the rebanding, clearing and relocation procedures, license assignment and award mechanisms and technical and operational rules) set forth or referenced in the Final Order and

(B) **Stretch Goal:** The remaining 50% of the performance shares vest and settle upon the occurrence of all three of the following conditions: (i) the Company enters into one or more long-term agreement(s) with critical infrastructure or enterprise business(es) to enable such business(es) to utilize the Company's spectrum for broadband connectivity; (ii) the combined total contract dollars payable to the Company over the initial term(s) of such agreement(s) equals or exceeds a certain amount as specified by the Board; and (iii) the agreement(s) is/are binding on such business(es) and is/are either not contingent on prior Board of Director approval(s) or such approval(s) has/have been received. If all of these conditions have not been achieved by December 30, 2020, the performance shares will expire unvested.

Additionally, the Company awarded 14,635 performance-based stock options on February 28, 2020. The performance goal is: 100% of the shares will vest upon (i) achievement by December 31, 2020 of a Final Order from the FCC providing for the creation and allocation of licenses for spectrum in the 900 MHz band consisting of paired blocks of contiguous spectrum, each containing at least 3 MHz of contiguous spectrum, authorized for broadband wireless communications uses and (ii) the lack of objection by the Company's Board to the terms and conditions (including, but not limited to, the rebanding, clearing and relocation procedures, license assignment and award mechanisms and technical and operational rules) set forth or referenced in the Final Order. The goal was achieved when the Report and Order was effective in August 2020.

For the three and six months ended September 30, 2020, the Company recognized \$0.8 million based on the achievement of the Target Goal under the performance-based stock options, upon the Report and Order becoming effective in August 2020. As of September 30, 2020, there was approximately \$0.6 million of unvested compensation expense relating to the outstanding performance-based stock options for the Stretch Goal.

### ***Motorola Investment***

On September 15, 2014, Motorola invested \$10.0 million to purchase 500,000 Class B Units of the Company's subsidiary, PDV Spectrum Holding Company, LLC (at a price equal to \$20.00 per unit). The Company owns 100% of the Class A Units in this subsidiary. Motorola has the right at any time to convert its 500,000 Class B Units into 500,000 shares of the Company's common stock. The Company also has the right to force Motorola's conversion of these Class B Units into shares of its common stock at its election. Motorola is not entitled to any assets, profits or distributions from the operations of the subsidiary. In addition, Motorola's conversion ratio from Class B Units to shares of the Company's common stock is fixed on a one-for-one basis, and is not dependent on the performance or valuation of either the Company or the subsidiary. The Class B Units have no redemption or call provisions and can only be converted into shares of the Company's common stock. Management has determined that this investment does not meet the criteria for temporary equity or non-controlling interest due to the limited rights that Motorola has as a holder of Class B Units, and accordingly has presented this investment as part of its permanent equity within Additional Paid-in Capital in the accompanying consolidated financial statements.

## **11. Contingencies**

### ***Litigation***

From time to time, the Company may be involved in litigation that arises from the ordinary operations of the business, such as contractual or employment disputes or other general actions. The Company is not involved in any material legal proceedings at this time.

### ***COVID-19 Pandemic***

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic and COVID-19 continues to cause significant disruptions throughout the United States. The ultimate extent of the impact of COVID-19 on the financial performance of the Company and its ability to secure broadband licenses pursuant to the terms of the 900 MHz Report and Order and to commercialize any broadband licenses it secures, will depend on future developments, including the duration and spread of COVID-19, the laws, orders and restrictions imposed by federal, state and local governmental agencies, the impact of COVID-19 on the Company's targeted utility and critical infrastructure customers, and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company's operating results may be materially and adversely affected. The Company is actively managing the business to maintain its cash flow and believes that it has adequate liquidity through at least the next twelve months.

## **12. Concentrations of Credit Risk**

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable.

The Company places its cash and temporary cash investments with financial institutions for which credit loss is not anticipated.

As of September 30, 2020, the Company sells its pdvConnect product and extends credit predominately to one Tier 1 domestic carrier. The Company maintains allowances for doubtful accounts based on factors surrounding the write-off history, historical trends, and other information.

**13. Business Concentrations**

For the three and six months ended September 30, 2020, the Company had one Tier 1 domestic carrier and one reseller that accounted for approximately 21% of total operating revenues, respectively. For the three and six months ended September 30, 2019, the Company had two domestic carriers that accounted for approximately 23% and 25% of operating revenues, respectively.

As of September 30, 2020, the Company had one Tier 1 domestic carrier and one reseller that accounted for approximately 93% of total accounts receivable. As of March 31, 2020, the Company had one domestic carrier and one reseller that accounted for approximately 71% of total accounts receivable.

## Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

*This discussion and analysis of the financial condition and results of operations of Anterix Inc. (“Anterix,” the “Company”, “we”, “us”, or “our”) should be read in conjunction with our financial statements and notes thereto included in this Quarterly Report on Form 10-Q (the “Form 10-Q”) and the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended March 31, 2020, filed with the SEC on May 28, 2020 (the “Annual Report”). In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those identified or referenced in “Item 1A—Risk Factors” in Part II of this Form 10-Q. As a result, investors are urged not to place undue reliance on any forward-looking statements. Except to the limited extent required by applicable law, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this Form 10-Q.*

### Overview

We are a wireless communications company focused on commercializing our spectrum assets to enable our targeted utility and critical infrastructure customers to deploy private broadband networks, technologies and solutions. We are the largest holder of licensed spectrum in the 900 MHz band (896-901/935-940 MHz) with nationwide coverage throughout the contiguous United States, Hawaii, Alaska and Puerto Rico. On May 13, 2020, the Federal Communications Commission (“FCC”) approved a Report and Order to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions (the “Report and Order”). The Report and Order was published in the Federal Register on July 16, 2020 and became effective on August 17, 2020. We are now engaged in qualifying for and securing broadband licenses from the FCC, with a focus on pursuing licenses in those counties in which we believe we have near-term commercial opportunities. At the same time, our sales and marketing organization is pursuing opportunities to lease the broadband licenses we secure to our targeted utility and critical infrastructure customers.

### Securing Broadband Licenses

In the Report and Order, the FCC reconfigured the 900 MHz band to create a 6 MHz broadband segment (240 channels) and two narrowband segments, consisting of a 3 MHz narrowband segment (120 channels) and a 1 MHz narrowband segment (39 channels).

**The Role of the County.** Under the Report and Order, the FCC established the “county” as the base unit of measure in determining whether a broadband applicant is eligible to secure a broadband license. There are 3,223 counties in the United States, including Puerto Rico.

**Broadband License Eligibility Requirements.** The Report and Order establishes three eligibility requirements to obtain broadband licenses in a county, which we refer to herein as (i) the “50% Licensed Spectrum Test,” (ii) the “90% Broadband Segment Test” and (iii) the “240 Channel Requirement.”

**1. 50% Licensed Spectrum Test.** To be eligible for a broadband license in a particular county, we must demonstrate that we hold more than 50% of the outstanding licensed channels in the county. Because the 50% Licensed Spectrum Test is based on licensed channels, any channels that are not licensed by the FCC are not included in the denominator when determining whether we have satisfied this test. The denominator is determined by the number of channels licensed by all licensees with sites in the county and within 20 miles of the county boundary. In some situations, a single channel is licensed by more than one entity, and therefore could be counted more than once. The FCC has licensed less than 399 channels in all but the most populous counties. As of the date of this filing, we satisfy the 50% Licensed Spectrum Test in more than 3,100 counties of the 3,223 counties in the United States and its territories.

**2. 90% Broadband Segment Test.** The second test, the 90% Broadband Segment Test, addresses the balance between a voluntary market process to clear any Covered Incumbent (i.e., holders of licenses in the broadband segment) and the mandatory relocation process established by the FCC in the Report and Order (which applies to all Covered Incumbents, except for those Covered Incumbents operating “Complex Systems” as described below). This test requires we hold or have agreements with Covered Incumbents for 90% of the licensed channels in the broadband segment in a particular county and within 70 miles of the county’s boundaries. The broadband segment in the 900 MHz band has a total of 241 channels. The 90% Broadband Segment Test is calculated using outstanding licensed channels, which means that if the FCC has licensed 241 channels, we will be required to have control of or agreements covering 217 channels within the broadband segment. In many counties in the United States, the FCC has licensed fewer than 241 channels in the broadband segment and these unlicensed channels are not included in the denominator when determining whether we have satisfied this 90% Broadband Segment Test.



Before filing for a broadband license, we must satisfy the 90% Broadband Segment Test by utilizing our channel holdings and negotiating with Covered Incumbents on a purely voluntary basis for any additional channels we require to satisfy this test. Only after we satisfy the 90% Broadband Segment Test will the FCC issue a broadband license to us and commence the “Mandatory Retuning” period. During this period, any Covered Incumbents that remain in the broadband segment (other than Complex Systems) are required to negotiate with us in good faith to clear the broadband segment, subject to intervention by the FCC if the parties cannot reach an agreement.

**3. 240 Channel Requirement.** The Report and Order requires the broadband applicant to surrender 6 MHz of spectrum (or 240 channels) in a county to receive the broadband license. If we do not have sufficient channels in the county to return 240 channels to the FCC, we will make an “Anti-Windfall Payment” to the U.S. Treasury to secure the broadband license. The Anti-Windfall Payment for these channels will be based on prices paid in the applicable county in the 600 MHz auction conducted by the FCC.

**Treatment of Complex Systems.** The Report and Order exempts “Complex Systems” from the mandatory retuning process—even if we meet the 90% Broadband Segment Test. The FCC defines a Complex System as a radio system that has at least 45 integrated sites. The FCC exempted Complex Systems from the mandatory retuning requirements because retuning these systems would potentially be more disruptive to the operators than retuning the smaller systems operated by other incumbents. Of the small number of systems that qualify for this 45-site exemption, based on our calculation, all but one system belongs to utilities that we have identified as our target customers.

**The Association of American Railroads.** The nation’s railroads, particularly the major freight lines, operate on six narrowband 900 MHz channels licensed to their trade association, the Association of American Railroads (“AAR”). Three of these narrowband channels are located in the 900 MHz broadband segment created by the FCC in the Report and Order. As a result, in order to qualify for broadband licenses under the Report and Order, we are required to provide spectrum for the relocation of the AAR channels to narrowband channels outside the 900 MHz broadband segment.

In January 2020, we entered into an agreement with the AAR in which it agreed to cancel licenses in the 900 MHz band to enable the AAR to relocate its operations, including operations utilizing the three channels located in the 900 MHz broadband segment (the “AAR Agreement”). The FCC referenced the AAR agreement in the Report and Order and required us to cancel our licenses and return them to the FCC in accordance with the AAR Agreement. The Report and Order provides that the FCC will make the channels associated with these licenses available to the AAR to enable the AAR to relocate their current operations. The Report and Order also provides that the FCC will credit us for our cancelled licenses for purposes of determining our eligibility and the calculation of our requirement to pay any anti-windfall payments to secure broadband licenses.

In accordance with the Report and Order, we cancelled our licenses and recorded a loss on the disposal of intangible assets, in the six months ended September 30, 2020.

### **Costs of Securing Broadband Licenses**

As a broadband applicant, we can satisfy the three eligibility tests discussed above by including our existing licensed channels and by acquiring or retuning additional channels when necessary through (i) spectrum purchases, (ii) spectrum relocations and/or (iii) Anti-Windfall Payments, or any combination thereof.

**1. Channel Acquisition.** In 2015, we began acquiring targeted additional channels in various markets in anticipation of the Report and Order. We will continue to employ spectrum acquisition as a tool for those situations where an incumbent desires to exit the 900 MHz band. We may selectively acquire channels outside the 900 MHz broadband segment and use them to swap for channels within the broadband segment. For purposes of broadband license eligibility, any potential acquisitions we negotiate will be included as part of our broadband application, but the acquisition does not need to be consummated at the time we submit our license application.

**2. Retuning Costs.** Retuning is the exercise of exchanging, also referred to as swapping, broadband segment channels held by Covered Incumbents and moving them to channels outside of the 900 MHz broadband segment. A retune or swap adds to the number of channels we hold for computational purposes in the 90% Broadband Segment Test. We began retuning or swapping channels with Covered Incumbents in 2015 in anticipation of the Report and Order. We have continued retuning channels with Covered Incumbents since that time.

**3. Anti-Windfall Payments.** To obtain a 6 MHz broadband license, we must surrender up to 240 licensed channels in the county. As this band has been underutilized historically, most counties in the United States do not have 240 channels licensed. To make up the difference, we will pay for the difference in spectrum held by the Company and the 6 MHz it will be receiving as the broadband licensee by making an Anti-Windfall Payment. As noted above, the FCC will use as a reference the spectrum price based on the average price paid in the FCC’s 600 MHz auction in a given county.



Importantly, the markets where the FCC has channels in inventory and where we may need to make Anti-Windfall Payments to effectively return 240 channels to the FCC are generally in smaller urban, suburban and rural markets. Our spectrum position is greatest in the largest, most populated and therefore most expensive markets, with a few exceptions. Although we will need to make Anti-Windfall Payments to secure broadband licenses in some counties, the cost for the channels, on average, will be lower than the nationwide average amount paid in the FCC's 600 MHz auction.

When combining our estimated clearing and spectrum acquisition costs with our anticipated Anti-Windfall Payments to the U.S. Treasury, we anticipate the combined total costs of securing broadband licenses from the FCC will range from \$130 to \$160 million, the significant majority of which we intend to spend by the end of fiscal year 2024. We will deploy this capital at our determined pace based on several key ongoing factors, including customer demand, market opportunity and offsetting income from spectrum leases.

### **Historical Spectrum Initiatives**

We acquired our 900 MHz spectrum and certain related equipment from Sprint in September 2014 for \$100 million. While the spectrum we initially purchased can support narrowband and wideband wireless services, the most significant business opportunities we identified requires contiguous spectrum that allows for greater bandwidth than allowed by the current configuration of our spectrum. As a result, since purchasing our 900 MHz spectrum in 2014, we pursued initiatives at the FCC seeking to modernize and realign a portion of the 900 MHz band to increase its usability and capacity by allowing it to accommodate the deployment of broadband networks, technologies and solutions. Specifically, in November 2014, we and the Enterprise Wireless Alliance ("EWA") submitted a Joint Petition for Rulemaking to the FCC to propose a realignment of a portion of the 900 MHz band to create a 6 MHz broadband authorization, while retaining 4 MHz for continued narrowband operations. Comments on the proposed rules were filed in June 2015 and reply comments in July 2015.

In August 2017, the FCC issued a Notice of Inquiry ("NOI") announcing that it had commenced a proceeding to examine whether it would be in the public interest to change the existing rules governing the 900 MHz band to increase access to spectrum, improve spectrum efficiency and expand flexibility for a variety of potential uses and applications, including broadband and other advanced technologies and services. We and EWA filed a joint response to the FCC's NOI in October 2017 and reply comments in November 2017.

On March 14, 2019, the FCC unanimously adopted a Notice of Proposed Rulemaking (the "NPRM") that endorsed the Company's objective of creating a broadband opportunity in the 900 MHz band for critical infrastructure and other enterprise users. In the NPRM, the FCC requested comments from interested parties, including us, on a number of important topics that would impact the timing and costs of obtaining a broadband license. The Company filed comments to the NPRM in June 2019 and reply comments in July 2019.

On May 13, 2020, the FCC approved a Report and Order to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions.

The Report and Order was published in the Federal Register on July 16, 2020 and became effective on August 17, 2020.

### **Historical Business Operations**

Historically, we generated revenue principally from our pdvConnect and TeamConnect businesses. We historically marketed pdvConnect, a mobile communication and workforce management solution, primarily through two Tier 1 carriers in the United States. In Fiscal 2016, we began offering a commercial push-to-talk ("PTT") service, which we marketed as TeamConnect, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. We primarily offered the TeamConnect service to customers indirectly through third-party sales representatives who were primarily selected from Motorola's nationwide dealer network.

In June 2018, we announced our plan to restructure our operations to align and focus our business priorities on our spectrum initiatives. Consistent with this restructuring plan, we transferred our TeamConnect business and support obligations for our pdvConnect business in December 2018. Specifically, we entered into: (i) a Customer Acquisition and Resale Agreement with A BEEP LLC ("A BEEP") on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown Enterprises, Inc. ("Goosetown") on January 2, 2019 and (iii) a memorandum of understanding ("MOU") with the principals of Goosetown on December 31, 2018. Under the A BEEP and Goosetown Agreements, we agreed to: (i) transfer our TeamConnect customers located in the Atlanta, Chicago, Dallas, Houston and Phoenix metropolitan markets to A BEEP, (ii) transfer our TeamConnect customers located in the Baltimore/Washington DC, Philadelphia and New York metropolitan markets to Goosetown, (iii) provide A BEEP and Goosetown with access to our TeamConnect Metro and Campus Systems (the "MotoTRBO Systems") and

(iv) grant A BEEP and Goosetown the right to resell access to our MotoTRBO Systems pursuant to separate Mobile Virtual Network Operation arrangements for a two-year period. We also granted Goosetown a license to sell the business applications we developed for our TeamConnect service.

We retained a number of significant obligations under our A BEEP and Goosetown agreements related to the TeamConnect and pdvConnect businesses. To help ensure the transitioning of the TeamConnect customers, we continued to provide customer care, billing and collection services through April 1, 2019. We are required to pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two (2)-year period ending on January 2, 2021. By the end of this two-year period, A BEEP and Goosetown are required to migrate their respective customers off of the MotoTRBO Systems. We are required to continue to pay the cell tower leases for the TeamConnect networks we deployed for the balance of the lease terms. We also retained customer billing and collection responsibility for the pdvConnect business.

Under the terms of the MOU, we assigned the intellectual property rights to our TeamConnect and pdvConnect related applications to TeamConnect LLC (the "LLC"), a new entity formed by the principals of Goosetown, in exchange for a 19.5% ownership interest in the LLC, effective April 30, 2019. The Goosetown Principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC assumed our software support and maintenance obligations under the A BEEP and Goosetown Agreements. The LLC also assumed customer care services related to the pdvConnect service. We provided transition services to the LLC through April 1, 2019. We are also obligated to pay the LLC a monthly service fee for a 24-month period ending on January 7, 2021 for its assumption of our support obligations under the A BEEP and Goosetown Agreements. We are obligated to pay the LLC a certain portion of the billed revenue we received from pdvConnect customers for a 48-month period. On April 1, 2020, we transferred the pdvConnect customers to the LLC, and the LLC agreed to provide us a portion of the billed revenue they receive from these customers.

## Results of Operations

### Comparison of the three and six months ended September 30, 2020 and 2019

The following table sets forth our results of operations for the three and six months ended September 30, 2020 (“Fiscal 2021”) and 2019 (“Fiscal 2020”). The period-to-period comparison of financial results is not necessarily indicative of the financial results we will achieve in future periods.

#### Operating revenues

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2020	2019	2020 from 2019		2020	2019	2020 from 2019	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Service revenue	\$ 66	\$ 241	\$ (175)	-73%	\$ 140	\$ 512	\$ (372)	-73%
Spectrum lease revenue	182	182	—	0%	364	364	—	0%
Total operating revenues	\$ 248	\$ 423	\$ (175)	-41%	\$ 504	\$ 876	\$ (372)	-42%

Overall operating revenues decreased by \$0.2 million, or 41%, to \$0.2 million for the three months ended September 30, 2020 from \$0.4 million for the three months ended September 30, 2019. For the six months ended September 30, 2020, operating revenue decreased by \$0.4 million, or 42%, to \$0.5 million from \$0.9 million for the six months ended September 30, 2019. The decrease in the three and six month periods are attributable to the transfer of pdvConnect customers to the LLC.

#### Operating expenses

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2020	2019	2020 from 2019		2020	2019	2020 from 2019	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Direct cost of revenue (exclusive of depreciation and amortization)	\$ 515	\$ 699	\$ (184)	-26%	\$ 1,063	\$ 1,617	\$ (554)	-34%
General and administrative	5,582	4,557	1,025	22%	11,320	9,405	1,915	20%
Sales and support	631	759	(128)	-17%	1,292	1,973	(681)	-35%
Product development	805	555	250	45%	1,497	1,236	261	21%
Depreciation and amortization	1,190	636	554	87%	2,398	1,277	1,121	88%
Stock compensation expense	8,618	1,412	7,206	510%	10,573	2,989	7,584	254%
Restructuring costs	8	50	(42)	-84%	21	160	(139)	-87%
Impairment of long-lived assets	—	—	—	0%	29	—	29	100%
Total operating expenses	\$ 17,349	\$ 8,668	\$ 8,681	100%	\$ 28,193	\$ 18,657	\$ 9,536	51%

**Direct cost of revenue.** Direct cost of revenue decreased by \$0.2 million, or 26%, to \$0.5 million for the three months ended September 30, 2020 from \$0.7 million for the three months ended September 30, 2019. For the six months ended September 30, 2020, direct cost of revenue decreased by \$0.6 million, or 34%, to \$1.1 million from \$1.6 million for the six months ended September 30, 2019. The decreases in the three and six months ended September 30, 2020 resulted from the \$0.2 million and \$0.3 million, respectively, of lower support services related to the transfer of pdvConnect customers to the LLC. In addition, in the six month period, we recorded a \$0.2 million impairment of contract costs related to the TeamConnect customers transferred to A BEEP and Goosetown that we incurred in Fiscal 2020.

**General and administrative expenses.** General and administrative expenses increased by \$1.0 million, or 22%, to \$5.6 million for the three months ended September 30, 2020 from \$4.6 million for three months ended September 30, 2019. For the six months ended September 30, 2020, general and administrative expenses increased by \$1.9 million, or 20%, to \$11.3 million from \$9.4 million for the six months ended September 30, 2019. The increase of \$1.0 million for the three months ended September 30, 2020 resulted mainly from \$0.7 million higher headcount and employee related costs and \$0.3 million higher consulting charges related to our strategic spectrum initiatives. The increase of \$1.9 million for the six months ended September 30, 2020 resulted mainly from a \$1.4 million increase in headcount and employee related costs, \$0.6 million higher consulting charges related to our initiatives, partially offset by a \$0.2 million decrease in employee related travel and meeting costs due to the pandemic.

**Sales and support expenses.** Sales and support expenses decreased by \$0.1 million, or 17%, to \$0.6 million for the three months ended September 30, 2020 from \$0.8 million for three months ended September 30, 2019. For the six months ended September 30, 2020, sales and support expenses decreased by \$0.7 million, or 35%, to \$1.3 million from \$2.0 million for the six months ended

September 30, 2019. The decrease in the three months ended September 30, 2020 principally resulted from \$0.1 million in delayed marketing expenditures due to the pandemic. The decrease in the six months ended primarily resulted from \$0.3 million impairment of contract costs incurred in Fiscal 2020 related to the TeamConnect customers transferred to A BEEP and Goosetown. In addition, a \$0.2 million decrease for rebranding efforts in Fiscal 2020 that did not incur in Fiscal 2021 and a \$0.1 million decrease in lower marketing expenses due to the pandemic.

**Product development expenses.** Product development expenses increased by \$0.3 million, or 45%, to \$0.8 million for the three months ended September 30, 2020 from \$0.5 million for three months ended September 30, 2019. For the six months ended September 30, 2020, product development expenses increased by \$0.3 million, or 21%, to \$1.5 million from \$1.2 million for the six months ended September 30, 2019. The increases in the three and six months ended September 30, 2020 are primarily attributable to \$0.3 million higher consulting charges to assist with development of future products used for broadband spectrum.

**Depreciation and amortization.** Depreciation and amortization increased by \$0.6 million, or 87% to \$1.2 million for the three months ended September 30, 2020 from \$0.6 million for the three months ended September 30, 2019. For the six months ended September 30, 2020, depreciation and amortization increased by \$1.1 million, or 88%, to \$2.4 million from \$1.3 million for the six months ended September 30, 2019. The increase was due the change in useful life for our network sites during the last two quarters of Fiscal 2020 that resulted in higher depreciation expense for the three and six months ended September 30, 2020.

**Stock compensation expense.** Stock compensation expense increased by \$7.2 million, or 510%, to \$8.6 million for the three months ended September 30, 2020 from \$1.4 million for the three months ended September 30, 2019. For the six months ended September 30, 2020, stock and compensation expense increased by \$7.6 million, or 254%, to \$10.6 million from \$3.0 million for the six months ended September 30, 2019. The increase in the three and six months ended September 30, 2020 was attributable to \$5.1 million in stock compensation expense recognized upon the achievement of the Target Goal under the performance-based restricted stock units and performance-based stock options, upon the Report and Order becoming effective in August 2020 (see Note 10), \$0.8 million relating to the Type III modification to the restricted stock units held by the former Chairman of the Board upon his transition to a consultant to the Company and \$0.7 million due to higher valuation of grants awarded in Fiscal 2021.

**Restructuring costs.** Restructuring costs decreased by \$42,000, or 84%, to \$8,000 for the three months ended September 30, 2020 from \$50,000 for the three months ended September 30, 2019. Restructuring costs decreased by \$139,000, or 87%, to \$21,000 for the six months ended September 30, 2020 from \$160,000 for the six months ended September 30, 2019. The decrease in the three and six months ended September 30, 2020 was mainly due to the reduction of employee severance and benefit costs relating to the December 2018 cost reduction and restructuring actions related to the transfer of the TeamConnect business to A BEEP and Goosetown and the transfer of the pdvConnect business to the LLC.

**Impairment of long-lived assets.** The impairment for the six months ended September 30, 2020 resulted from the \$29,000 non-cash impairment charge for long-lived assets for network sites. There was no impairment charge for the three months ended September 30, 2020 and three and six months ended September 30, 2019.

**(Gain)/loss from disposal of intangible assets, net**

(in thousands)	Three months ended September 30,		Aggregate Change	Six months ended September 30,		Aggregate Change
	2020	2019		2020	2019	
	(Unaudited)	(Unaudited)	2020 from 2019	(Unaudited)	(Unaudited)	2020 from 2019
(Gain)/loss from disposal of intangible assets, net	\$ (829)	\$ —	\$ (829) -100%	\$ 3,849	\$ —	\$ 3,849 100%

For the three and six months ended September 30, 2020, we cancelled licenses in the 900 MHz band in accordance with the Report and Order and our agreement with the AAR. Because we did not receive any licenses nor monetary reimbursement in exchange for the cancellation, but only credit for purposes of determining our future eligibility and payment requirements for broadband licenses under the Report and Order, we recorded a \$0.3 million and \$5.0 million loss from disposal of the intangible assets in the Consolidated Statements of Operations for the three and six months ended September 30, 2020, respectively.

In September 2020, we closed an agreement with a third party for the exchange of 900 MHz licenses. Under the agreement, we received spectrum licenses at their estimated fair value of approximately \$0.2 million and a payment of \$1.2 million in cash, of which we previously received \$0.6 million as a refundable deposit when the agreement was executed in Fiscal 2018 and we are entitled to receive the remaining \$0.6 million upon receipt of FCC approval and closing of the agreement in September 2020. Under the agreement, we transferred spectrum licenses with a book value of approximately \$0.3 million to the third party. We recognized a \$1.1 million gain from disposal of intangible assets in the Consolidated Statement of Operations when the deal closed in September 2020.

**(Gain)/loss from disposal of long-lived assets, net**

(in thousands)	Three months ended September 30,		Aggregate Change	Six months ended September 30,		Aggregate Change
	2020	2019	2020 from 2019	2020	2019	2020 from 2019
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
(Gain)/loss from disposal of long-lived assets, net	\$ (5)	\$ 61	\$ (66) -108%	\$ (6)	\$ 62	\$ (68) -110%

For the three and six months ended September 30, 2020, we incurred approximately \$6,000 in a gain on disposal of right of use assets relating to early termination of operating leases.

For the three and six months ended September 30, 2019, we disposed network, computer and other equipment relating to our pdvConnect application services resulting in a \$74,000 loss on disposal on long-lived assets.

**Interest income**

(in thousands)	Three months ended September 30,		Aggregate Change	Six months ended September 30,		Aggregate Change
	2020	2019	2020 from 2019	2020	2019	2020 from 2019
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Interest income	\$ 31	\$ 634	\$ (603) -95%	\$ 72	\$ 988	\$ (916) -93%

Interest income decreased by 95% and 93% for the three and six months ended September 30, 2020, as compared to the three and six months ended September 30, 2019 due to payments for spectrum acquisitions, along with lower effective money market rates.

**Other income**

(in thousands)	Three months ended September 30,		Aggregate Change	Six months ended September 30,		Aggregate Change
	2020	2019	2020 from 2019	2020	2019	2020 from 2019
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Other income	\$ 113	\$ 113	\$ — 0%	\$ 222	\$ 214	\$ 8 4%

Other income remained relatively flat for the three and six months ended September 30, 2020 as compared to the three and six months ended September 30, 2019.

**(Loss)/income on equity method investment**

(in thousands)	Three months ended September 30,		Aggregate Change	Six months ended September 30,		Aggregate Change
	2020	2019	2020 from 2019	2020	2019	2020 from 2019
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
(Loss)/income on equity method investment	\$ (12)	\$ 15	\$ (27) -180%	\$ (16)	\$ 15	\$ (31) -207%

The Company reported loss on investment for the three and six months ended September 30, 2020 amounting to (\$12,000) and (\$16,000), respectively, compared to income on investment for the three and six months ended September 30, 2019 amounting to \$15,000, respectively, relating to the 19.5% ownership interest in TeamConnect LLC.

**Income tax expense**

(in thousands)	Three months ended September 30,		Aggregate Change	Six months ended September 30,		Aggregate Change
	2020	2019	2020 from 2019	2020	2019	2020 from 2019
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Income tax expense	\$ 145	\$ 171	\$ (26) -15%	\$ 156	\$ 463	\$ (307) -66%

On March 27, 2020, the Coronavirus Aid Relief and Economic Security (“CARES”) Act was signed into law. The new CARES Act modified Section 172(b)(1)(A) of the Internal Revenue Code to state that net operating loss (“NOL”) arising in a taxable year beginning before January 1, 2018, is carried forward 20 years provided that a carryback claim is not effected. From this adjusted

provision, our March 31, 2018 NOL carryforward changed from an indefinite life to a 20-year life. We used a discrete effective tax rate method to calculate taxes for the three and six months ended September 30, 2020. We determined that applying an estimate of the annual effective tax rate would not provide a reasonable estimate as small changes in estimated “ordinary” loss would result in significant changes in the estimated annual effective tax rate. Accordingly, for the three and six months ended September 30, 2020, we recorded a total deferred tax expense of \$0.1 million and \$0.2 million, respectively, due to the inability to use some portion of federal and state NOL carryforwards against the deferred tax liability created by amortization of indefinite-lived intangibles.

A non-cash deferred income expense of \$0.2 million and \$0.5 million was recorded for the three and six months ended September 30, 2019, respectively. The state income tax expense portion resulted from our determination that most of our state operating loss carryforwards are not indefinite. As a result, we recorded approximately \$119,000 and \$411,000 of state deferred tax expense and additional related state deferred tax liability reflecting our inability to use the state NOL carryforward against the indefinite-lived intangible for the three and six months ended September 30, 2019, respectively. A non-cash federal deferred income tax expense and liability of \$52,000 was recorded for the three and six months ended September 30, 2019, respectively.

### Liquidity and Capital Resources

At September 30, 2020, we had cash and cash equivalents of \$116.2 million.

Our accounts receivable are heavily concentrated in one domestic carrier partner and one reseller. As of September 30, 2020, our net accounts receivable balance was approximately \$59,000, of which approximately \$55,000, or approximately 93%, was owed by this one Tier 1 domestic carrier and one reseller.

### Cash Flows from Operating, Investing and Financing Activities

(in thousands)	Six months ended September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
Net cash used by operating activities	\$ (14,741)	\$ (14,543)
Net cash used by investing activities	\$ (8,034)	\$ (503)
Net cash provided by financing activities	\$ 1,532	\$ 95,818

**Net cash used by operating activities.** Net cash used in operating activities was \$14.7 million for the six months ended September 30, 2020, as compared to \$14.5 million for the six months ended September 30, 2019. The majority of net cash used by operating activities during the six months ended September 30, 2020 resulted from our net loss of \$31.4 million partially offset by non-cash stock-based compensation of \$10.6 million, net loss from disposal of intangible assets of \$3.8 million and depreciation by \$2.4 million. The majority of net cash used by operating activities during the six months ended September 30, 2019 resulted from the net loss of \$17.1 million and decrease in accounts payable and accrued expenses by \$1.2 million, partially offset by non-cash stock-based compensation of \$3.0 million.

**Net cash used by investing activities.** Net cash used in investing activities was approximately \$8.0 million for the six months ended September 30, 2020 as compared to \$0.5 million used for the six months ended September 30, 2019. The net cash used by investing activities during the six months ended September 30, 2020 resulted from wireless license acquisitions net of change in refundable deposits amounting to \$7.8 million and purchase of equipment amounting to \$0.2 million. The net cash used during the six months ended September 30, 2019 resulted from the purchase of equipment amounting to \$0.3 million and wireless license acquisitions amounting to \$0.2 million.

**Net cash provided by financing activities.** For the six months ended September 30, 2020 net cash provided by financing activities was \$1.5 million primarily resulting from the proceeds from stock option exercises. For the six months ended September 30, 2019, net cash provided by financing activities was \$95.8 million primarily from the \$94.2 million net proceeds from the July 2019 follow-on offering and \$2.0 million from the proceeds from stock option exercises.

We are now engaged in qualifying for and securing broadband licenses from the FCC pursuant to the Report and Order. At the same time, our sales and marketing department are pursuing opportunities to lease the broadband licenses we secure to our targeted utility and critical infrastructure customers. Our future capital requirements will depend on many factors, including: the timeline and costs to acquire broadband licenses pursuant to the Report and Order, including the costs to acquire additional spectrum, the costs related to retuning, or swapping spectrum held by, Covered Incumbents and the costs of paying Anti-Windfall payments to the U.S. Treasury; costs related to the commercializing of our spectrum assets; and our ability to sign customer contracts and generate revenues from the license or transfer of any broadband licenses we secure; the terms and conditions of any customer contracts, including the timing of payments; the costs associated with expanding our business development, sales and marketing organization, the costs and ongoing obligations related to our former TeamConnect and pdvConnect businesses; the revenues we generate from royalties we may receive

from our agreements we entered into with the buyers of our TeamConnect and our pdvConnect businesses; and our ability to control our operating expenses.

On April 3, 2020, we filed a shelf registration statement (the “Shelf Registration Statement”) on Form S-3 with the SEC that was declared effective by the SEC on April 20, 2020, which permits us to offer up to \$150 million of common stock, preferred stock, debt securities and warrants in one or more offerings and in any combination, including in units from time to time. Our Shelf Registration Statement is intended to provide us with additional flexibility to access capital markets for general corporate purposes, which may include working capital, capital expenditures, repayment of debt, other corporate expenses and acquisitions of complementary products, technologies, or businesses.

We entered into an Amended and Restated Controlled Equity Offering Sales Agreement and an Amended and Restated Sales Agreement (collectively, the “Sales Agreements”) with Cantor Fitzgerald & Co. and B. Riley FBR, Inc., respectively (collectively, the “Agents”), and on April 3, 2020, registered the sale of up to an aggregate of \$50,000,000 in shares of our common stock in at the market sales transactions pursuant to the Sales Agreements under the Shelf Registration Statement. Through the date of this filing, we have not sold any shares of our common stock in at the market transactions or any securities under the Shelf Registration Statement.

We believe our cash and cash equivalents on hand will be sufficient to meet our financial obligations through at least the next 12 months. As noted above, our future capital requirements will depend on a number of factors, including among others, the costs and timing of securing broadband licenses, including our spectrum retuning activities, spectrum acquisitions and the Anti-Windfall payments to the U.S. Treasury, and our operating activities and any revenues we generate through our commercialization activities. When combining our estimated clearing and spectrum acquisition costs with our anticipated Anti-Windfall payments to the U.S. Treasury to effectively acquire additional spectrum from the FCC’s inventory in markets where we need it, we anticipate the combined total costs to range from \$130 to \$160 million, the significant majority of which we intend to spend over through the end of fiscal year 2024. We will deploy this capital at our determined pace based on several key ongoing factors, including customer demand, market opportunity, and offsetting income from spectrum leases. As we cannot predict the duration or scope of the COVID-19 pandemic and its impact on our targeted customers, the potential negative financial impact to our results of operations and financial condition cannot be reasonably estimated. We are actively managing the business to maintain our cash flow and believe that we currently have adequate liquidity. To implement our business plans and initiatives, however, we may need to raise additional capital. We cannot predict with certainty the exact amount or timing for any future capital raises. See “Risk Factors” in Item 1A of Part II of this Quarterly Report on Form 10-Q for a reference to the risks and uncertainties that could cause our costs to be more than we currently anticipate and/or our revenue and operating results to be lower than we currently anticipate. If required, we intend to raise additional capital through debt or equity financings, including pursuant to our Shelf Registration Statement, or through some other financing arrangement. However, we cannot be sure that additional financing will be available if and when needed, or that, if available, we can obtain financing on terms favorable to our stockholders and to us. Any failure to obtain financing when required will have a material adverse effect on our business, operating results, financial condition and liquidity.

#### **Off-balance sheet arrangements**

As of September 30, 2020 and March 31, 2020, we did not have and do not have any relationships with unconsolidated entities or financial partnerships that were established for the purpose of facilitating off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Our financial instruments consist of cash, cash equivalents, trade accounts receivable and accounts payable. We consider investments in highly liquid instruments purchased with original maturities of 90 days or less to be cash equivalents. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of the highly liquid instruments in our portfolio, a 10% change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operations.

Our operations are based in the United States and, accordingly, all of our transactions are denominated in U.S. dollars. We are currently not exposed to market risk from changes in foreign currency.



#### **Item 4. Controls and Procedures**

##### ***Disclosure Controls and Procedures***

Our management, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on that evaluation, our management, including our President and Chief Executive Officer and our Chief Financial Officer, has concluded that our disclosure controls and procedures were effective as of the end of such period.

##### ***Changes in Internal Control over Financial Reporting***

In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including our President and Chief Executive Officer and our Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### ***Inherent Limitations on Effectiveness of Controls***

Our management, including our President and Chief Executive Officer and our Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.



**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings.**

We are not involved in any material legal proceedings.

**Item 1A. Risk Factors.**

*In evaluating us and our common stock, we urge you to carefully consider the risks (including those disclosed below) and other information in this Quarterly Report on Form 10-Q as well as the risk factors disclosed in our Annual Report on Form 10-K for the year ended March 31, 2020, filed with the Securities and Exchange Commission (the “SEC”) on May 28, 2020 (the “Annual Report”). There have been no material changes from the risk factors as previously disclosed in our Annual Report. Any of the risks discussed in this Quarterly Report on Form 10-Q and in our Annual Report, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition.*

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

**Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

Not applicable.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
<a href="#">3.1(1)</a>	<a href="#">Amended and Restated Certificate of Incorporation of Anterix Inc. (the “Company”).</a>
<a href="#">3.2(2)</a>	<a href="#">Certificate of Amendment No. 1 to Amended and Restated Certificate of Incorporation of the Company.</a>
<a href="#">3.3(3)</a>	<a href="#">Certificate of Amendment No. 2 to Amended and Restated Certificate of Incorporation of the Company.</a>
<a href="#">4(4)</a>	<a href="#">Amended and Restated Bylaws of the Company.</a>
<a href="#">4.1(5)</a>	<a href="#">Amendment No. 1 to the Amended and Restated ByLaws of the Company.</a>
<a href="#">4.2(1)</a>	<a href="#">Form of Common Stock Certificate of the Company.</a>
<a href="#">10.1+</a>	<a href="#">Senior Executive Form of Performance-Based Restricted Stock Units Agreement and Grant Notice (2021 Short-Term Incentive Plan) under the 2014 Stock Plan.</a>
<a href="#">10.2+</a>	<a href="#">Executive Form of Performance-Based Restricted Stock Units Agreement and Grant Notice (2021 Short-Term Incentive Plan) under the 2014 Stock Plan.</a>
<a href="#">31.1</a>	<a href="#">Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2</a>	<a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1*</a>	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.2*</a>	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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- (1) Incorporated by reference to Exhibit 3.1 of the Registrant’s Registration Statement on Form S-1 (File No. 333-201156), filed with the SEC on December 19, 2014.
  - (2) Incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (File No. 001-36827), filed with the SEC on November 5, 2015.
  - (3) Incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (File No. 001-36827), filed with the SEC on August 6, 2019.
  - (4) Incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (File No. 001-36827), filed with the SEC on June 27, 2017.
  - (5) Incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (File No. 001-36827), filed with the SEC on May 8, 2020.

\* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

+ Management Contract or Compensatory Plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 16, 2020

**Anterix Inc.**

/s/ Robert H. Schwartz

Robert H. Schwartz  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 16, 2020

/s/ Timothy A. Gray

Timothy A. Gray  
Chief Financial Officer  
(Principal Financial and Principal Accounting Officer)

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**ANTERIX INC.  
NOTICE OF GRANT OF  
PERFORMANCE-BASED  
RESTRICTED STOCK UNITS  
(Senior Executive Form)**

Anterix Inc. (the “*Company*”) has granted to the Participant a performance-based award (the “*Award*”) for restricted stock units (each a “*Unit*”) pursuant to the Anterix Inc. 2014 Stock Plan (the “*Plan*”), each of which represents the right to receive upon vesting one (1) share of common stock of the Company (the “*Stock*”), as follows:

**Participant:** \_\_\_\_\_ **Employee ID:** \_\_\_\_\_  
**Date of Grant:** October 22, 2020  
**Target Number of Units:** [\_\_\_\_\_] [100%]  
**Maximum Number of Units:** [\_\_\_\_\_] [150%]  
**Vesting Conditions:** The Units shall vest based on the achievement of the Performance Criteria set forth below as determined following the close of the Company’s fiscal year ending March 31, 2021 (“*FY 2021*”).

The “*Performance Criteria*” and the Units allocated to such criteria, shall be as follows for the Target Number of Shares:

Performance Criteria	Percentage of Units at Target	Percentage of Units at Stretch
Company Performance (qualitative)	30%	45%
Individual Performance (qualitative)	30%	45%
Company Cash Burn v. Budget (quantitative)	20%	30%
Company Adjusted EBITDA v. Budget (quantitative)	20%	30%
Total	100%	150%

The Award and Units are being issued to Participant in lieu of a cash bonus payment under the Company’s Short-Term Incentive Plan for Participant’s service during the fiscal year ended March 31, 2021. The Compensation Committee (the “*Committee*”) will be responsible for determining the number of Vested Units to be issued to the Participant following the close of FY 2021, including determination of the achievement of the Performance Criteria and the percentage of Units that have vested, and its decisions will be final and binding on all parties. The Company’s management team will be responsible for establishing the final qualitative factors for the Company Performance and the Individual Performance.

The Participant is eligible to vest in up to 150% of his or her Target units based on the achievement of “stretch” Performance Criteria related to the Company’s performance and discretionary credit for individual performance evaluated and approved by the Committee. For the achievement of the Performance Criteria at performance levels between the levels specified above (including for achievement above zero or the minimum base performance level for any of the Performance Criteria), straight-line interpolation shall be applied for the vesting of the units.

For purposes of clarification, in no event will the number of Units eligible to vest exceed the Maximum Number of Units set forth above. The Committee shall determine achievement of the Performance Criteria by no later than 90 days following the close of the applicable fiscal year. The date the Committee determines that the Vesting Conditions have been satisfied will be the “**Vesting Date**” with respect to the related Units. Units that have vested shall be referred to herein as “**Vested Units**.” Units that do not become Vested Units based on satisfaction of the Performance Criteria as of the close of the applicable fiscal year shall be referred to herein as “**Unvested Units**.”

Except as otherwise provided below, vesting in the Units is subject to the Participant’s continued Service through the Vesting Date and no vesting will occur after the date the Participant’s Service terminates for any reason.

**Accelerated Vesting:** In the event of a Change of Control prior to the close of FY 2021 and during Participant’s continued service to the Company, the Committee shall determine the achievement of the Performance Criteria set forth above as of the date of consummation of the Change of Control (the “**Change of Control Date**”) and once the Committee determines the achievement of the Performance Criteria, the vesting of the Units subject to this Award shall accelerate as of the Change of Control Date at the greater of (i) 100% Target achievement or (ii) the level determined by the actual achievement of the applicable Performance Criteria, subject to the Participant’s continued Service through the Change of Control Date and subject to Participant executing (and the effectiveness of) a release and waiver in the form contemplated by the Company’s Executive Severance Plan.

In addition, if the Participant’s employment with the Company is terminated by the Company for reasons other than Cause, death or Disability or by the Participant for Good Reason prior to both a Change of Control and the close of FY 2021, then the vesting of this Award shall accelerate for that number of Units equal to the greater of (i) the 100% Target achievement or (ii) actual achievement of the Performance Criteria, with such determination by the Committee to be as of the date Participant’s employment with the Company terminates and based on the same principles set forth above for calculating achievement of the Performance Criteria. The issuance of the Vested Units will be conditioned upon the Participant executing (and the effectiveness of) a release and waiver in the form contemplated by the Company’s Executive Severance Plan.

The terms “**Cause**”, “**Good Reason**”, “**Disability**” and “**Change of Control**” in this section shall have the meanings given to such terms in the Company’s Executive Severance Plan.

**Superseding Agreement:** Any employment agreement between the Company and Participant or any severance plan adopted by the Board in which Participant agrees to participate in, including the Company’s Executive Severance Plan, shall be deemed a Superseding Agreement, and the terms set forth in such employment agreement or severance plan, including an Executive Severance Plan Participation Agreement, shall supersede and replace the terms set forth in this Notice of Grant, the accompanying Performance-Based Restricted Stock Units Agreement and the Plan.

By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Notice of Grant and by the provisions of the Performance-Based Restricted Stock Units Agreement and the Plan, both of which are made a part of this document, and by the Superseding Agreement, if any. The Participant acknowledges that copies of the Plan, the Performance-Based Restricted Stock Units Agreement and the prospectus for the Plan are available on the Company's internal web site and may be viewed and printed by the Participant for attachment to the Participant's copy of this Notice of Grant. The Participant represents that the Participant has read and is familiar with the provisions of the Performance-Based Restricted Stock Units Agreement and the Plan, and hereby accepts the Award subject to all of their terms and conditions.

**ANTERIX INC.**

**PARTICIPANT**

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

Address: 3 Garret Mountain  
Suite 401  
Woodland Park, NJ 07424

\_\_\_\_\_  
Date  
\_\_\_\_\_  
Address  
\_\_\_\_\_

**ATTACHMENTS:**

2014 Stock Plan, as amended to the Date of Grant; Performance-Based Restricted Stock Units Agreement and Plan Prospectus

**ANTERIX INC. PERFORMANCE-BASED  
RESTRICTED STOCK UNITS AGREEMENT  
(Executive Form)**

Anterix Inc. (the "**Company**") has granted to the Participant named in the *Notice of Grant of Performance-Based Restricted Stock Units* (the "**Notice of Grant**") to which this Performance-Based Restricted Stock Units Agreement (the "**Agreement**") is attached an Award consisting of Performance-Based Restricted Stock Units (each a "**Unit**") subject to the terms and conditions set forth in the Notice of Grant and this Agreement. The Award has been granted pursuant to and shall in all respects be subject to the terms conditions of the Anterix 2014 Stock Plan (the "**Plan**"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Notice of Grant, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with the Notice of Grant, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the shares issuable pursuant to the Award (the "**Plan Prospectus**"), (b) accepts the Award subject to all of the terms and conditions of the Notice of Grant, this Agreement and the Plan and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Notice of Grant, this Agreement or the Plan.

**1. DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Notice of Grant or the Plan.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

**2. ADMINISTRATION.**

All questions of interpretation concerning the Notice of Grant, this Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the Award shall be determined by the Committee. All such determinations by the Committee shall be final, binding and conclusive upon all persons having an interest in the Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or the Award or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Award. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

### **3. THE AWARD.**

3.1 **Grant of Units.** On the Date of Grant, the Participant shall acquire, subject to the provisions of this Agreement, the Units set forth in the Notice of Grant, subject to adjustment as provided in Section 9. Each Unit represents a right to receive on a date determined in accordance with the Notice of Grant and this Agreement one (1) share of Stock.

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or shares of Stock issued upon vesting or settlement of the Units, the consideration for which shall be past services actually rendered or future services to be rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock issued upon settlement of the Units.

3.3 **Issuance of Stock in Compliance with Law.** The issuance of the Stock shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No Stock shall be issued hereunder if their issuance would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Stock shall relieve the Company of any liability in respect of the failure to issue such Stock as to which such requisite authority shall not have been obtained. As a condition to the issuance of the Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

### **4. VESTING OF UNITS.**

Units acquired pursuant to this Agreement shall become Vested Units as provided in the Notice of Grant. For purposes of determining the number of Vested Units following an Ownership Change Event, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after the Ownership Change Event.

### **5. COMPANY REACQUISITION RIGHT.**

5.1 **Grant of Company Reacquisition Right.** Except to the extent otherwise provided in the Notice of Grant or a Superseding Agreement, if any, in the event that the Participant's Service terminates for any reason or no reason, with or without cause, the Participant shall forfeit and the Company shall automatically reacquire all Units that are Unvested Units as of the time of such termination, and the Participant shall not be entitled to any payment therefor. In addition, on the date that the Company's Board of Directors or its Compensation Committee determines that the Vesting Conditions set forth in the Notice of Grant were not satisfied, all Units that are then Unvested Units shall forfeit and the Company shall automatically reacquire all such Unvested Units without any payment therefore unless the Board or Compensation Committee decides to permit vesting on an alternate basis. The right of the Company to reacquire Unvested Units described in this Section 5.1 is referred to as the "***Company Reacquisition Right.***"



## 5.2 **Ownership Change Event, Non-Cash Dividends, Distributions and Adjustments.**

Upon the occurrence of an Ownership Change Event, a dividend or distribution to the

stockholders of the Company paid in shares of Stock or other property, or any other adjustment upon a change in the capital structure of the Company as described in Section 9, any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of the Participant's ownership of Unvested Units shall be immediately subject to the Company Reacquisition Right and included in the terms "Units" and "Unvested Units" for all purposes of the Company Reacquisition Right with the same force and effect as the Unvested Units immediately prior to the Ownership Change Event, dividend, distribution or adjustment, as the case may be. For purposes of determining the number of Vested Units following an Ownership Change Event, dividend, distribution or adjustment, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after any such event.

## 6. **SETTLEMENT OF THE AWARD.**

6.1 **Issuance of Shares of Stock.** Subject to the provisions of Section 3.3, the Company shall issue to the Participant with respect to each Vested Unit one (1) share of Stock. The date on which the Participant shall receive such share of Stock with respect to a Unit shall be the date on which such Unit becomes a Vested Unit as provided by the Notice of Grant (an "**Original Settlement Date**"); provided, however, that if the Original Settlement Date would occur on (i) a date which is not a business day, the settlement of such Vested Unit shall occur on the next business day or (ii) a date on which a sale by the Participant of the shares to be issued in settlement of the Vested Units would violate the then applicable Insider Trading Policy of the Company or on a date which a sale is not otherwise not permitted, the settlement of such Vested Units shall be deferred until the next day on which the sale of such shares by the Participant would not violate the then applicable Insider Trading Policy, but in any event on or before the 15th day of the third calendar month following the fiscal year in which the Units became Vested Units. Shares of Stock issued in settlement of Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 3.3, Section 7 or the Company's then applicable Insider Trading Policy.

6.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

6.3 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the settlement of the Award.

## 7. **TAX WITHHOLDING.**

7.1 **General.** At the time the Notice of Grant is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of shares of Stock in settlement thereof. The Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

7.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the shares being acquired upon settlement of Units.

7.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the shares of Stock otherwise deliverable to the Participant in settlement of the Award a number of whole shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates.

## **8. EFFECT OF CHANGE IN CONTROL.**

Subject in all cases to any accelerated vesting provisions provided in the Notice of Grant and any Superseding Agreement, in the event of a Change in Control, except to the extent that the Committee determines to cash out the Award in accordance with Section 13.1(c) of the Plan, the surviving, continuing, successor, or purchasing entity or parent thereof, as the case may be (the "**Acquiror**"), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under all or any portion of the outstanding Units or substitute for all or any portion of the outstanding Units substantially equivalent rights with respect to the Acquiror's stock. For purposes of this Section, a Unit shall be deemed assumed if, following the Change in Control, the Unit confers the right to receive, subject to the terms and conditions of the Plan and this Agreement, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon settlement of the Unit to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. The Award shall terminate and cease to be outstanding effective as of the time of consummation or the Change in Control to the extent that Units subject to the Award are neither assumed or continued by the Acquiror in connection with the Change in Control nor settled as of the time of the Change in Control.

**9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company and the requirements of Section 409A to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number of Units subject to the Award and/or the number and kind of shares or other property to be issued in settlement of the Award, in order to prevent dilution or enlargement of the Participant's rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of ownership of Units acquired pursuant to this Award will be immediately subject to the provisions of this Award on the same basis as all Units originally acquired hereunder. Any fractional Unit or share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee, and its determination shall be final, binding and conclusive.

**10. RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.**

The Participant shall have no rights as a stockholder with respect to any shares which may be issued in settlement of this Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares are issued, except as provided in Section 9. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service at any time.

**11. LEGENDS.**

The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to this Award in the possession of the Participant in order to carry out the provisions of this Section.

**12. COMPLIANCE WITH SECTION 409A.**

It is intended that any election, payment or benefit which is made or provided pursuant to or in connection with this Award that may result in Section 409A Deferred Compensation shall comply in all respects with the applicable requirements of Section 409A (including applicable regulations or other administrative guidance thereunder, as determined by the Committee in good faith) to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Section 409A, the following shall apply:

**12.1 Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A (the "**Section 409A Regulations**") shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of the Section 409A Regulations. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of the Section 409A Regulations as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is first day of the seventh month after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

**12.2 Other Changes in Time of Payment.** Neither the Participant nor the Company shall take any action to accelerate or delay the payment of any benefits under this Agreement in any manner which would not be in compliance with the Section 409A Regulations.

**12.3 Amendments to Comply with Section 409A; Indemnification.** Notwithstanding any other provision of this Agreement to the contrary, the Company is authorized to amend this Agreement, to void or amend any election made by the Participant under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with the Section 409A Regulations without prior notice to or consent of the Participant. The Participant hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Participant in connection with the Award, including as a result of the application of Section 409A.

**12.4 Advice of Independent Tax Advisor.** The Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Section 409A to the Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Participant, including as a result of the application of Section 409A to the Award. The Participant hereby acknowledges that he or she has been advised to seek the advice of his or her own independent tax advisor prior to entering into this Agreement and is not relying upon any representations of the Company or any of its agents as to the effect of or the advisability of entering into this Agreement.

### **13. MISCELLANEOUS PROVISIONS.**

**13.1 Termination or Amendment.** The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may have a materially adverse effect on the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

**13.2 Nontransferability of the Award.** Prior to the issuance of shares of Stock upon vesting and settlement, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

13.3 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

13.4 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

13.5 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Notice of Grant or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Notice of Grant, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Notice of Grant to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 13.5(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Notice of Grant, as described in Section 13.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 13.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 13.5(a).

13.6 **Clawback Policy.** Notwithstanding anything to the contrary in this Agreement, all Units payable or shares of Stock issued in settlement of this Award shall be subject to any clawback policy adopted by the Company from time to time (including, but not limited to, any policy adopted in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws), regardless of whether the policy is adopted after the date on which the Units are granted, vest, or are settled by the issuance of shares of Stock.

13.7 **Integrated Agreement.** The Notice of Grant, this Agreement and the Plan, together with the Superseding Agreement, if any, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Notice of Grant, this Agreement and the Plan shall survive any settlement of the Award and shall remain in full force and effect.

13.8 **Applicable Law.** This Agreement shall be governed by the laws of the State of New Jersey as such laws are applied to agreements between New Jersey residents entered into and to be performed entirely within the State of New Jersey.

13.9 **Counterparts.** The Notice of Grant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**ANTERIX INC.  
NOTICE OF GRANT OF  
PERFORMANCE-BASED  
RESTRICTED STOCK UNITS  
(Executive Form)**

Anterix Inc. (the “*Company*”) has granted to the Participant a performance-based award (the “*Award*”) for restricted stock units (each a “*Unit*”) pursuant to the Anterix Inc. 2014 Stock Plan (the “*Plan*”), each of which represents the right to receive upon vesting one (1) share of common stock of the Company (the “*Stock*”), as follows:

<b>Participant:</b>		<b>Employee ID:</b>	
<b>Date of Grant:</b>	October 22, 2020		
<b>Target Number of Units:</b>	[ ] [100%]		
<b>Maximum Number of Units:</b>	[ ] [150%]		
<b>Vesting Conditions:</b>	The Units shall vest based on the achievement of the Performance Criteria set forth below as determined following the close of the Company’s fiscal year ending March 31, 2021 (“ <i>FY 2021</i> ”).		

The “*Performance Criteria*” and the Units allocated to such criteria, shall be as follows for the Target Number of Shares:

Performance Criteria	Percentage of Units at Target	Percentage of Units at Stretch
Functional Performance (quantitative and qualitative)	30%	45%
Individual Performance (qualitative)	40%	60%
Company Cash Burn v. Budget (quantitative)	15%	22.5%
Company Adjusted EBITDA v. Budget (quantitative)	15%	22.5%
Total	100%	150%

The Award and Units are being issued to Participant in lieu of a cash bonus payment under the Company’s Short-Term Incentive Plan for Participant’s service during the fiscal year ended March 31, 2021. The Compensation Committee (the “*Committee*”) will be responsible for determining the number of Vested Units to be issued to the Participant following the close of FY 2021, including determination of the achievement of the Performance Criteria and the percentage of Units that have vested, and its decisions will be final and binding on all parties. The Company’s management team will be responsible for establishing the final qualitative factors for the Company Performance and the Individual Performance.

The Participant is eligible to vest in up to 150% of his or her Target units based on the achievement of “stretch” Performance Criteria related to the Company’s performance and discretionary credit for individual performance evaluated and approved by the Committee. For the achievement of the Performance Criteria at performance levels between the levels specified above (including for achievement above zero or the minimum base performance level for any of the Performance Criteria), straight-line interpolation shall be applied for the vesting of the units.

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For purposes of clarification, in no event will the number of Units eligible to vest exceed the Maximum Number of Units set forth above. The Committee shall determine achievement of the Performance Criteria by no later than 90 days following the close of the applicable fiscal year. The date the Committee determines that the Vesting Conditions have been satisfied will be the “**Vesting Date**” with respect to the related Units. Units that have vested shall be referred to herein as “**Vested Units**.” Units that do not become Vested Units based on satisfaction of the Performance Criteria as of the close of the applicable fiscal year shall be referred to herein as “**Unvested Units**.”

Except as otherwise provided below, vesting in the Units is subject to the Participant’s continued Service through the Vesting Date and no vesting will occur after the date the Participant’s Service terminates for any reason.

**Accelerated Vesting:**

In the event of a Change of Control prior to the close of FY 2021 and during Participant’s continued service to the Company, the Committee shall determine the achievement of the Performance Criteria set forth above as of the date of consummation of the Change of Control (the “**Change of Control Date**”) and once the Committee determines the achievement of the Performance Criteria, the vesting of the Units subject to this Award shall accelerate as of the Change of Control Date at the greater of (i) 100% Target achievement or (ii) the level determined by the actual achievement of the applicable Performance Criteria, subject to the Participant’s continued Service through the Change of Control Date and subject to Participant executing (and the effectiveness of) a release and waiver in the form contemplated by the Company’s Executive Severance Plan.

In addition, if the Participant’s employment with the Company is terminated by the Company for reasons other than Cause, death or Disability or by the Participant for Good Reason prior to both a Change of Control and the close of FY 2021, then the vesting of this Award shall accelerate for that number of Units equal to the greater of (i) the 100% Target achievement or (ii) actual achievement of the Performance Criteria, with such determination by the Committee to be as of the date Participant’s employment with the Company terminates and based on the same principles set forth above for calculating achievement of the Performance Criteria. The issuance of the Vested Units will be conditioned upon the Participant executing (and the effectiveness of) a release and waiver in the form contemplated by the Company’s Executive Severance Plan.

The terms “**Cause**”, “**Good Reason**”, “**Disability**” and “**Change of Control**” in this section shall have the meanings given to such terms in the Company’s Executive Severance Plan.

**Superseding Agreement:**

Any employment agreement between the Company and Participant or any severance plan adopted by the Board in which Participant agrees to participate in, including the Company’s Executive Severance Plan, shall be deemed a Superseding Agreement, and the terms set forth in such employment agreement or severance plan, including an Executive Severance Plan Participation Agreement, shall supersede and replace the terms set forth in this Notice of Grant, the accompanying Performance-Based Restricted Stock Units Agreement and the Plan.



By their signatures below or by electronic acceptance or authentication in a form authorized by the Company, the Company and the Participant agree that the Award is governed by this Notice of Grant and by the provisions of the Performance-Based Restricted Stock Units Agreement and the Plan, both of which are made a part of this document, and by the Superseding Agreement, if any. The Participant acknowledges that copies of the Plan, the Performance-Based Restricted Stock Units Agreement and the prospectus for the Plan are available on the Company's internal web site and may be viewed and printed by the Participant for attachment to the Participant's copy of this Notice of Grant. The Participant represents that the Participant has read and is familiar with the provisions of the Performance-Based Restricted Stock Units Agreement and the Plan, and hereby accepts the Award subject to all of their terms and conditions.

**ANTERIX INC.**

**PARTICIPANT**

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

Address: 3 Garret Mountain  
Suite 401  
Woodland Park, NJ 07424

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

**ATTACHMENTS:**

2014 Stock Plan, as amended to the Date of Grant; Performance-Based Restricted Stock Units Agreement and Plan Prospectus

**ANTERIX INC. PERFORMANCE-BASED  
RESTRICTED STOCK UNITS AGREEMENT  
(Executive Form)**

Anterix Inc. (the "**Company**") has granted to the Participant named in the *Notice of Grant of Performance-Based Restricted Stock Units* (the "**Notice of Grant**") to which this Performance-Based Restricted Stock Units Agreement (the "**Agreement**") is attached an Award consisting of Performance-Based Restricted Stock Units (each a "**Unit**") subject to the terms and conditions set forth in the Notice of Grant and this Agreement. The Award has been granted pursuant to and shall in all respects be subject to the terms conditions of the Anterix 2014 Stock Plan (the "**Plan**"), as amended to the Date of Grant, the provisions of which are incorporated herein by reference. By signing the Notice of Grant, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with the Notice of Grant, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the shares issuable pursuant to the Award (the "**Plan Prospectus**"), (b) accepts the Award subject to all of the terms and conditions of the Notice of Grant, this Agreement and the Plan and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Notice of Grant, this Agreement or the Plan.

**1. DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned to such terms in the Notice of Grant or the Plan.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

**2. ADMINISTRATION.**

All questions of interpretation concerning the Notice of Grant, this Agreement, the Plan or any other form of agreement or other document employed by the Company in the administration of the Plan or the Award shall be determined by the Committee. All such determinations by the Committee shall be final, binding and conclusive upon all persons having an interest in the Award, unless fraudulent or made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or the Award or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest in the Award. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

### **3. THE AWARD.**

3.1 **Grant of Units.** On the Date of Grant, the Participant shall acquire, subject to the provisions of this Agreement, the Units set forth in the Notice of Grant, subject to adjustment as provided in Section 9. Each Unit represents a right to receive on a date determined in accordance with the Notice of Grant and this Agreement one (1) share of Stock.

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Units or shares of Stock issued upon vesting or settlement of the Units, the consideration for which shall be past services actually rendered or future services to be rendered to a Participating Company or for its benefit. Notwithstanding the foregoing, if required by applicable law, the Participant shall furnish consideration in the form of cash or past services rendered to a Participating Company or for its benefit having a value not less than the par value of the shares of Stock issued upon settlement of the Units.

3.3 **Issuance of Stock in Compliance with Law.** The issuance of the Stock shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No Stock shall be issued hereunder if their issuance would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Stock shall relieve the Company of any liability in respect of the failure to issue such Stock as to which such requisite authority shall not have been obtained. As a condition to the issuance of the Stock, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

### **4. VESTING OF UNITS.**

Units acquired pursuant to this Agreement shall become Vested Units as provided in the Notice of Grant. For purposes of determining the number of Vested Units following an Ownership Change Event, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after the Ownership Change Event.

### **5. COMPANY REACQUISITION RIGHT.**

5.1 **Grant of Company Reacquisition Right.** Except to the extent otherwise provided in the Notice of Grant or a Superseding Agreement, if any, in the event that the Participant's Service terminates for any reason or no reason, with or without cause, the Participant shall forfeit and the Company shall automatically reacquire all Units that are Unvested Units as of the time of such termination, and the Participant shall not be entitled to any payment therefor. In addition, on the date that the Company's Board of Directors or its Compensation Committee determines that the Vesting Conditions set forth in the Notice of Grant were not satisfied, all Units that are then Unvested Units shall forfeit and the Company shall automatically reacquire all such Unvested Units without any payment therefore unless the Board or Compensation Committee decides to permit vesting on an alternate basis. The right of the Company to reacquire Unvested Units described in this Section 5.1 is referred to as the "***Company Reacquisition Right.***"

## 5.2 **Ownership Change Event, Non-Cash Dividends, Distributions and Adjustments.**

Upon the occurrence of an Ownership Change Event, a dividend or distribution to the stockholders of the Company paid in shares of Stock or other property, or any other adjustment upon a change in the capital structure of the Company as described in Section 9, any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of the Participant's ownership of Unvested Units shall be immediately subject to the Company Recquisition Right and included in the terms "Units" and "Unvested Units" for all purposes of the Company Recquisition Right with the same force and effect as the Unvested Units immediately prior to the Ownership Change Event, dividend, distribution or adjustment, as the case may be. For purposes of determining the number of Vested Units following an Ownership Change Event, dividend, distribution or adjustment, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after any such event.

## 6. **SETTLEMENT OF THE AWARD.**

6.1 **Issuance of Shares of Stock.** Subject to the provisions of Section 3.3, the Company shall issue to the Participant with respect to each Vested Unit one (1) share of Stock. The date on which the Participant shall receive such share of Stock with respect to a Unit shall be the date on which such Unit becomes a Vested Unit as provided by the Notice of Grant (an "**Original Settlement Date**"); provided, however, that if the Original Settlement Date would occur on (i) a date which is not a business day, the settlement of such Vested Unit shall occur on the next business day or (ii) a date on which a sale by the Participant of the shares to be issued in settlement of the Vested Units would violate the then applicable Insider Trading Policy of the Company or on a date which a sale is not otherwise not permitted, the settlement of such Vested Units shall be deferred until the next day on which the sale of such shares by the Participant would not violate the then applicable Insider Trading Policy, but in any event on or before the 15th day of the third calendar month following the fiscal year in which the Units became Vested Units. Shares of Stock issued in settlement of Units shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 3.3, Section 7 or the Company's then applicable Insider Trading Policy.

6.2 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit any or all shares acquired by the Participant pursuant to the settlement of the Award with the Company's transfer agent, including any successor transfer agent, to be held in book entry form, or to deposit such shares for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice. Except as provided by the foregoing, a certificate for the shares acquired by the Participant shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

6.3 **Fractional Shares.** The Company shall not be required to issue fractional shares upon the settlement of the Award.

## 7. **TAX WITHHOLDING.**

7.1 **General.** At the time the Notice of Grant is executed, or at any time thereafter as requested by a Participating Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Participating Company, if any, which arise in connection with the Award, the vesting of Units or the issuance of shares of Stock in settlement thereof. The Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Participating Company have been satisfied by the Participant.

7.2 **Assignment of Sale Proceeds.** Subject to compliance with applicable law and the Company's Trading Compliance Policy, if permitted by the Company, the Participant may satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the shares being acquired upon settlement of Units.

7.3 **Withholding in Shares.** The Company shall have the right, but not the obligation, to require the Participant to satisfy all or any portion of a Participating Company's tax withholding obligations by deducting from the shares of Stock otherwise deliverable to the Participant in settlement of the Award a number of whole shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates.

## **8. EFFECT OF CHANGE IN CONTROL.**

Subject in all cases to any accelerated vesting provisions provided in the Notice of Grant and any Superseding Agreement, in the event of a Change in Control, except to the extent that the Committee determines to cash out the Award in accordance with Section 13.1(c) of the Plan, the surviving, continuing, successor, or purchasing entity or parent thereof, as the case may be (the "**Acquiror**"), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under all or any portion of the outstanding Units or substitute for all or any portion of the outstanding Units substantially equivalent rights with respect to the Acquiror's stock. For purposes of this Section, a Unit shall be deemed assumed if, following the Change in Control, the Unit confers the right to receive, subject to the terms and conditions of the Plan and this Agreement, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Committee may, with the consent of the Acquiror, provide for the consideration to be received upon settlement of the Unit to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Stock pursuant to the Change in Control. The Award shall terminate and cease to be outstanding effective as of the time of consummation or the Change in Control to the extent that Units subject to the Award are neither assumed or continued by the Acquiror in connection with the Change in Control nor settled as of the time of the Change in Control.

**9. ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company and the requirements of Section 409A to the extent applicable, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number of Units subject to the Award and/or the number and kind of shares or other property to be issued in settlement of the Award, in order to prevent dilution or enlargement of the Participant's rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any and all new, substituted or additional securities or other property (other than regular, periodic cash dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of ownership of Units acquired pursuant to this Award will be immediately subject to the provisions of this Award on the same basis as all Units originally acquired hereunder. Any fractional Unit or share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee, and its determination shall be final, binding and conclusive.

**10. RIGHTS AS A STOCKHOLDER, DIRECTOR, EMPLOYEE OR CONSULTANT.**

The Participant shall have no rights as a stockholder with respect to any shares which may be issued in settlement of this Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date the shares are issued, except as provided in Section 9. If the Participant is an Employee, the Participant understands and acknowledges that, except as otherwise provided in a separate, written employment agreement between a Participating Company and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of a Participating Company or interfere in any way with any right of the Participating Company Group to terminate the Participant's Service at any time.

**11. LEGENDS.**

The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of stock issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares acquired pursuant to this Award in the possession of the Participant in order to carry out the provisions of this Section.

**12. COMPLIANCE WITH SECTION 409A.**

It is intended that any election, payment or benefit which is made or provided pursuant to or in connection with this Award that may result in Section 409A Deferred Compensation shall comply in all respects with the applicable requirements of Section 409A (including applicable regulations or other administrative guidance thereunder, as determined by the Committee in good faith) to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Section 409A, the following shall apply:

**12.1 Separation from Service; Required Delay in Payment to Specified Employee.** Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Participant's termination of Service which constitutes a "deferral of compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A (the "**Section 409A Regulations**") shall be paid unless and until the Participant has incurred a "separation from service" within the meaning of the Section 409A Regulations. Furthermore, to the extent that the Participant is a "specified employee" within the meaning of the Section 409A Regulations as of the date of the Participant's separation from service, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "**Delayed Payment Date**") which is first day of the seventh month after the date of the Participant's separation from service or, if earlier, the date of the Participant's death following such separation from service. All such amounts that would, but for this Section, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

**12.2 Other Changes in Time of Payment.** Neither the Participant nor the Company shall take any action to accelerate or delay the payment of any benefits under this Agreement in any manner which would not be in compliance with the Section 409A Regulations.

**12.3 Amendments to Comply with Section 409A; Indemnification.** Notwithstanding any other provision of this Agreement to the contrary, the Company is authorized to amend this Agreement, to void or amend any election made by the Participant under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with the Section 409A Regulations without prior notice to or consent of the Participant. The Participant hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Participant in connection with the Award, including as a result of the application of Section 409A.

**12.4 Advice of Independent Tax Advisor.** The Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Section 409A to the Award, and the Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Participant, including as a result of the application of Section 409A to the Award. The Participant hereby acknowledges that he or she has been advised to seek the advice of his or her own independent tax advisor prior to entering into this Agreement and is not relying upon any representations of the Company or any of its agents as to the effect of or the advisability of entering into this Agreement.

### **13. MISCELLANEOUS PROVISIONS.**

**13.1 Termination or Amendment.** The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may have a materially adverse effect on the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

**13.2 Nontransferability of the Award.** Prior to the issuance of shares of Stock upon vesting and settlement, neither this Award nor any Units subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of the Participant or the Participant's beneficiary, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

13.3 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

13.4 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

13.5 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by a Participating Company, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Notice of Grant or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Notice of Grant, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, if permitted by the Company, the Participant may deliver electronically the Notice of Grant to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.



(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 13.5(a) of this Agreement and consents to the electronic delivery of the Plan documents and, if permitted by the Company, the delivery of the Notice of Grant, as described in Section 13.5(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 13.5(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 13.5(a).

13.6 **Clawback Policy.** Notwithstanding anything to the contrary in this Agreement, all Units payable or shares of Stock issued in settlement of this Award shall be subject to any clawback policy adopted by the Company from time to time (including, but not limited to, any policy adopted in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws), regardless of whether the policy is adopted after the date on which the Units are granted, vest, or are settled by the issuance of shares of Stock.

13.7 **Integrated Agreement.** The Notice of Grant, this Agreement and the Plan, together with the Superseding Agreement, if any, shall constitute the entire understanding and agreement of the Participant and the Participating Company Group with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Participating Company Group with respect to such subject matter. To the extent contemplated herein or therein, the provisions of the Notice of Grant, this Agreement and the Plan shall survive any settlement of the Award and shall remain in full force and effect.

13.8 **Applicable Law.** This Agreement shall be governed by the laws of the State of New Jersey as such laws are applied to agreements between New Jersey residents entered into and to be performed entirely within the State of New Jersey.

13.9 **Counterparts.** The Notice of Grant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

## CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Robert H. Schwartz, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2020 of Anterix Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

By: /s/ Robert H. Schwartz

Robert H. Schwartz

President and Chief Executive Officer  
(Principal Executive Officer)

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## CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Timothy A. Gray, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2020 of Anterix Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - a) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2020

By: /s/ Timothy A. Gray

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Timothy A. Gray

Chief Financial Officer

(Principal Financial and Principal Accounting Officer)

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**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Anterix Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert H. Schwartz, President and Chief Executive Officer of the Company, certify, solely for purposes of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 16, 2020

By: /s/ Robert H. Schwartz

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Robert H. Schwartz

President and Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Anterix Inc. and will be retained by Anterix Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification that accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission, and is not to be incorporated by reference into any filing of Anterix Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

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## CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

## AS ADOPTED PURSUANT TO

## SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Anterix Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy A. Gray, Chief Financial Officer of the Company, certify, solely for purposes of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 16, 2020

By: /s/ Timothy A. Gray  
Timothy A. Gray  
Chief Financial Officer  
(Principal Financial and Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Anterix Inc. and will be retained by Anterix Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification that accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission, and is not to be incorporated by reference into any filing of Anterix Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

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