Anterix Second Quarter Fiscal 2027 Earnings Conference Call
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Corporate Speakers

- Natasha Vecchiarelli, Anterix, Vice President of Investor Relations & Corporate Communications
- Scott Lang, Anterix, President & Chief Executive Officer
- Christopher Guttman-McCabe, Anterix, Chief Regulatory & Corporate Communications Officer
- Elena Marquez, Anterix, Chief Financial Officer

Participants

- Gregory Pendy, Clear Street, Analyst
- Michael Crawford, B. Riley Securities, Analyst
- Sebastiano Petti, J.P. Morgan, Analyst
- Unidentified Participant, Craig-Hallum Capital Group

PRESENTATION

Operator: Good day and thank you for standing by. Welcome to the Anterix Second Quarter Fiscal 2027 Earnings Conference Call. (Operator Instructions). Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Natasha Vecchiarelli, Vice President of Investor Relations and Corporate Communications. Please go ahead.

Natasha Vecchiarelli: Good morning, everyone. Thank you for joining us today for Anterix's second quarter fiscal year 2027 investor update call. I am Natasha Vecchiarelli, Vice President of Investor Relations and Corporate Communications.

Joining me today are Scott Lang, President and CEO; Christopher Guttman-McCabe, Chief Regulatory and Communications Officer; and Elena Marquez, CFO. Please note that our second quarter financial results were issued yesterday afternoon and the related materials are available on our Investor Relations website.

Today's call will begin with prepared remarks from management, followed by a question and answer session. We may also discuss our business outlook and make forward-looking statements. These statements are based on our current expectations and predictions.

Actual events or results could differ materially due to risks and uncertainties described in our SEC filings including our most recent Form 10-K and Form 10-Q. With that, I will turn the call over to Scott.

Scott Lang: Thank you, Natasha. And thank you all for joining us. Last quarter, we said Anterix was no longer a single-path value story. The last three months have made that clearer. The market for spectrum is moving, strategic capital is flowing into the sector, and the number of available nationwide low-band assets is down to 1. It is Anterix.

Since August 2025, nearly $70 billion has been committed to spectrum and spectrum-rich assets. The buyers include some of the largest and most respected visionary companies in the

world, such as SpaceX, Amazon, and AT&T--companies that consistently skate to where the puck is going to be, not where it has been.

They're securing the spectrum that will be needed for the networks of today and into the future. Even more important, these transactions have expanded their positions, but have not fulfilled their need. Licensed low-band spectrum is hardest to come by, and we have it. It travels farther, reaches inside buildings, and covers more ground with less infrastructure.

Once a long-term strategic owner secures it, that spectrum is theirs and theirs alone. The Grain transaction shows what that scarcity is worth. Grain acquired a nationwide 800 MHz portfolio in August in a transaction reported at $3.6 billion. Two months later, it agreed to sell that portfolio to SpaceX for a reported $8 billion.

Critical infrastructure is where Anterix started. Our pipeline has grown from nearly a dozen active opportunities in August to 16 today that include 7-, 8-, and 9-digit deals. Utilities have consistently paid a premium for this spectrum.

What has changed is the companies I mentioned earlier and others view spectrum as a key component of their forward-looking strategy, and that raises the bar for everyone. In this environment, strategic interest in our spectrum continues, and we are speaking with all the relevant parties.

We are not dependent on one buyer, one structure, or one timeline. We have a real utility business, a growing set of opportunities, an asset that is becoming more capable and more scarce, and a device ecosystem that now includes multiple Apple devices. We understand what we own, and we are evaluating where it can create the greatest value. With that, I will turn it over to Chris.

Christopher Guttman-McCabe: Thank you, Scott. I love the Wayne Gretzky reference and the focus on value. Let me give you some updates on our spectrum. We have now crossed the 6-month milestone of the FCC's decision to provide us with the full 10 megahertz.

In those six months, we have worked with CGPD to standardize the 10 megahertz for 5G. We have secured and successfully completed an investigation of satellite connectivity with Lynk. We have been included in an FCC NPRM to expand direct-to-device opportunities.

We have continued to clear incumbents nationwide, and as Scott mentioned, we have secured Apple products as part of our device ecosystem. That is an amazing number of accomplishments in a 6-month period, further enhancing the value of our spectrum asset.

Let me turn to two topics that naturally come up in discussions with investors and analysts: clearing and monetization. On clearing, we remain confident in our ability to clear the full 10 megahertz nationwide.

Let me repeat that. We believe we can unlock the entirety of the country across the full 10 megahertz. Our approach continues to be strategic and market-driven. Approximately 85% of our nationwide spectrum remains available including significant coverage across the majority of the largest metropolitan markets.

On monetization, we see a broader opportunity than we did even a year ago. Utilities remain an important part of that opportunity, but the expanded capacity, established technology ecosystem, and emerging applications create additional possibilities across the satellite sector as well as other critical infrastructure and enterprise markets. On the satellite front, the FCC has taken another step that enhances opportunities for Anterix.

On October 29th, the Commission advanced a notice of proposed rulemaking to modify its supplemental coverage from space rules which includes consideration of adding 900 MHz to the list of bands. This is a significant development that can support the evolution of our band and our opportunities.

Ultimately, our objective is to make sure we are putting this spectrum to its highest and best use. The FCC's decision has expanded what the band can do, the technology ecosystem continues to develop and evolve, and we're actively working to advance the opportunities that it creates. With that, I will turn it over to Elena.

Elena Marquez: Thanks, Chris. My comments today are going to be fairly short because it was another solid quarter. As a company, we continue to make great progress across a number of fronts, and more broadly, the spectrum environment continues to be active.

Starting with our financials and looking at our income statement, GAAP revenue for the quarter was approximately $2 million, and operating expenses were approximately $9.4 million.

We also recorded a $6.1 million gain on license exchanges in six counties. Our balance sheet is strong. We ended the quarter with approximately $107.5 million in cash and no debt. We have approximately $33.1 million in contract proceeds outstanding including approximately $9.6 million expected over the remainder of fiscal '27.

During the quarter, we also invested $5.4 million in clearing. We remain disciplined on costs and invest where it makes the spectrum more valuable. With that foundation in place, let me take you through how we think about the value of our 900 MHz spectrum. Double-clicking on one recent transaction, the SpaceX purchase of 800 MHz spectrum at a reported $8 billion works out to roughly $1.70 per megahertz-POP.

What did that demonstrate? two things. First, the only other readily available low-band spectrum option is off the table. Second, a new price comparable has been set. So where does that place us? We recognize that we are at this moment the only remaining licensed low-band spectrum available nearly nationwide at a value that far exceeds our current market cap.

As Scott said, we are not dependent on one buyer, one structure, or one timeline. Our balance sheet gives us the flexibility to make decisions carefully. We can be patient and disciplined while continuing to consider a range of monetization options.

Patient, not passive. We're extremely disciplined in how we allocate capital. Capital goes where it creates the greatest long-term value per share, whether that is share repurchases, clearing and license acquisition, or preserving liquidity.

Our board's $250 million share repurchase authorization runs through September 2029. We did not repurchase shares in the quarter, and the full authorization remains available. It is clear

to see why we believe this asset is worth significantly more than the market reflects today. We're focused on maximizing the potential of this scarce asset that has just become more scarce. With that, I will turn the call back over to Scott.

Scott Lang: Thank you, Elena. As you have heard from the team today, we are in a great spot. Our responsibility is to protect and increase the value of this asset and deliver the best outcome for shareholders. We love the position we are in. With that, Operator, please open the line for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions). Please stand by while we compile the Q&A roster. Our first question comes from Greg Pendy with Clear Street. Your line is open.

Gregory Pendy: A couple, just on the Apple iPhone arrangement regarding Band 106, can you just give us any color? Are there any customers using this, and when might we find out that customers are using this?

Christopher Guttman-McCabe: Yes, hey, Greg. It's Chris. And thank you. Great question. Yes. We actually do have several customers that are taking the phone through a trial internally. And you'll probably hear us talk about it from time to time.

I don't think there'll be any press releases about the use or anything directly about that, but we definitely have multiple existing customers that are actively pursuing utilization of the iPhone. So it's a good outcome for Anterix, for our customers, for the ecosystem.

Gregory Pendy: And then just another one, just on the buyback, I know you didn't use any of it this quarter, but how are you ranking your priorities, I guess, over the next, say, six months with your cash position? Is it clearing the band, buybacks, or possibly investing in new products?

Elena Marquez: Yes, Greg, thank you. I would say probably none of the above, potentially, as we're currently very focused on preserving liquidity and having a strong balance sheet to ensure that we can be patient as we consider different monetization options for our spectrum.

And with $107.5 million in the bank, lower operating expenses, and an opportunistic approach to clearing costs, we're really in a great position to be able to exercise that patience. Of course, that is not equal to being passive, and the buybacks ultimately will continue being in our toolkit.

I know I've commented in the past, we so far have returned $57 million in share repurchases over the past several years. And our board and management wanted to reauthorize the program as it expired in September to ensure that should there be the right time to pull that trigger, the program is available and no governance steps are required.

Gregory Pendy: And then just one more, just on the deal pipeline. Can you just kind of tell us how many you think are in late stages? Just give us an update on how that pipeline has changed perhaps now that you've gone to 10 megahertz, and what those conversations are looking like on the utility side.

Scott Lang: Yes. Hi there, this is Scott. Thanks for the question. As I stated in the prepared remarks, the active pipeline has gone from about a dozen to 16 during this last quarter. And I think your question is regarding the 16 which ones would we consider advanced, late stage, very active? I would say at least half.

And those have been interesting, because with the dynamic happening regarding the value of the asset and the value of the spectrum, and as we alluded to in the prepared remarks, there's a couple of things that happened in the quarter, not least of which is we're the last man standing in low-band spectrum.

And we have gone back to some of the utilities that we've been talking to for quite some time and have had to address the gap in pricing increases that have happened as a result of the value of spectrum and what both utilities and other potential strategics see that value to be.

And so those conversations are very active. The utilities have had to sharpen their pencil. They're engaged. That takes a little bit of time. But as you heard us say in the last quarter and Elena emphasized, that patience we believe is paying off, and those conversations are active.

But I would say about half of them I would put in a category of moving very quickly and very advanced as we continue to look at the other options that we have in front of us. They're nice, high-quality options that we're looking at, and we spend a lot of time on those every single day and looking at the best outcome for Anterix.

Operator: (Operator Instructions). Our next question comes from Michael Crawford with B. Riley Securities. Your line is open.

Michael Crawford: If you're successful in your goal of clearing a full 10 by 10, can you just break down for us in terms of megahertz-POPs how much remains to be cleared or acquired pursuant to the report and order at 600 MHz auction clearing prices, and then how much would have to be negotiated in transactions with owners of spectrum in markets like Boston where there are other holders of similar spectrum?

Christopher Guttman-McCabe: Yes, Mike. So we have about 3 billion megahertz-POPs available to monetize still. We are aware and have had conversations with every incumbent. We know what it will take to clear them and move them including the folks up in Boston who have been--in fact, we have teams with some of these folks right now at the EWA events in Tucson, Arizona.

We're comfortable. We're going to get there in a way that is very valuable and accretive to our shareholders. You know a lot of folks talk about the recent 800 MHz transaction and how it secured $8 billion for David Grain and his funds.

What a lot of people don't talk about is he paid $3.6 billion to secure that, and he gave 50% of the upside return back to T-Mobile, right? These are the things that are reported. So when we look at a transaction like that, that's what he invested to secure that return.

What we invest is our clearing costs, and I assure you, they are not going to approach $3.6 billion plus half of what remains. And so what we've said repeatedly is we're not going to give very specific numbers because it will help us hold down those clearing costs.

With regard to your question about clearing costs versus unjust enrichment payments, it's a little bit of a sliding scale. The more we secure entities that we clear, we get their channels, and that allows us to offset what would ultimately be unjust enrichment payments.

So if we pay $1 million to retune and clear someone out of the market, oftentimes we get $600,000, $700,000, or $800,000 in value in channels. So that $1 million in cost is actually only a net $200,000 or $300,000 off our balance sheet.

So I'm going to take it back up a level and not fully answer your question. We are absolutely comfortable that we can clear the country, that yes, it will cost money, and yes, it will take some time with certain incumbents.

But the fact of the matter is we are going to monetize the entirety of this nation in the spectrum, and if some of the folks want to work with us and secure a return, then they're going to do that. But we're going to negotiate an outcome that is absolutely valuable to our shareholders, and it is not going to approach the numbers that just happened with the 800 MHz transaction.

Operator: (Operator Instructions). Our next question comes from Sebastiano Petti with J.P. Morgan. Your line is open.

Sebastiano Petti: As conversations widen to critical infrastructure and satellite or direct-to-device counterparties, is a nationwide transaction now more likely than a market-by-market approach?

Because Chris, dovetailing on what you just talked about regarding the 20 metros, does that anchor a nationwide deal? Does that command a relative premium compared to going market by market?

And then Scott, a follow-up on your prepared remarks: you mentioned that strategic interest in your spectrum continues and you're talking with all relevant parties. Any color perhaps on the number of strategic counterparties you're speaking with, and as you talk about the pipeline, does that include non-utilities?

Scott Lang: Thanks, Sebastiano. Thanks for the question. We're not ready to talk about the number of strategics at this point, but it is plural. As I mentioned in the prepared remarks, all of the relevant parties that are in the market and have been active in the market, we know well and they know us, and those conversations have happened. Regarding the nationwide versus regional, we do the math on that every day which has kind of led us to sharpening the pencil and asking utilities to sharpen the pencil.

When I started here two years ago, the spectrum portion of these investments was very different than the spectrum portion of the investments that the utilities are making today. And this is an asset that will continue to go up in time. The network portion is a very strategic portion of this. And we've spent quite a bit of time educating and advocating that.

I've seen a huge shift in the last two years from where utilities thought about the spectrum as a commodity to a very strategic portion of it. And now with the strategics coming in and showing the vision and the opportunity, and the spectrum being such a strategic portion of the investment, that really raises the bar for everyone.

So that's a long answer, but to the extent it goes down a regional utility option, our goal is multiple utilities at once that look as much like a nationwide transaction versus individually fragmented long periods of time between each one that is not priced in a relationship to the value where we own it, whereas strategics are looking at it in one fell swoop.

And so the NPVs might be a little different for a strategic on one fell swoop and might back us into a little bit of a different number that makes it something that we would want to do and consider versus the utility side.

But I have active conversations with the highest level of the utility industry nearly every day--in fact, I had another one last night--and they see this opportunity, and they're working on it. We want the right place, the right infrastructure, the right critical assets to have this spectrum.

We realize how scarce it is, and we realize how valuable this is to multiple players. And we are working very hard every day as a team with our prospects and with our board to ensure that it returns the greatest value for our shareholders and we don't miss this opportunity. That's what has led to our stance of being patient and not passive. We like to move fast, but we like to measure twice, cut once, and really do the right thing.

Sebastiano Petti: If I could ask a quick follow-up piggybacking on those comments and Elena's comments about the market not necessarily reflecting the price of the asset: why aren't you buying back stock then? And can you comment on whether you are in some sort of blackout period because of the strategic review and strategic process in some of your conversations? It's a question we're getting increasingly this morning.

Scott Lang: The reality of blackouts always hangs around the heads of Section 16 officers, but that's really not what's driving this. It's really, as Elena said, $100 million is a nice dry powder, and given the number of options that we have, to be able to have the flexibility to go execute on those options--whether it's potentially buybacks, whether it's potentially clearing, whether it's potentially investing in opportunities that would bring immediate accretive value to us in other ways--is a nice place to be.

So I'd say it's really more of just keeping the optionality of a $100 million bag there that's ready on standby to execute, because this market, as you know moves very fast. When you do a buyback, that's something that doesn't necessarily align with the flexibility and the freedom to move very quickly when things happen.

And in the last six months, a lot of things have happened at a very fast speed, and we want to be prepared for the next six to nine months which we expect the activity in this market to continue to grow and stay as active as we've seen. We don't see it slowing down.

Operator: Thank you. Our next question comes from George Sutton with Craig-Hallam Capital Group. Your line is open.

Unidentified Participant: Hi. Good morning, guys. [Logan] on for George. Scott, you made a comment about the transactions we've seen in the market expanding those buyers' positions but not necessarily fulfilling their needs.

I was just hoping you could expand on that a little bit, maybe help us understand how we should think about what those needs will ultimately be based on what's been disclosed from those companies and just how that is showing up in your conversations.

Scott Lang: Yes, good to hear from you, Logan. I'm going to ping it over here to Chris, as he's dying to get in.

Christopher Guttman-McCabe: Yes. I'm like itching. Hi, Logan. When we say that it doesn't satisfy their needs, when you think of each of the different entities--let's say the satellite entities or even the carriers--what you see is a consistent pattern of expansion. You see carriers continuously participating in auctions, putting capital in play in order to secure greater capacity.

What we're seeing with the satellite providers is obviously a range of deals. SpaceX had a range of deals and then they went back and bought 800 [MHz]. I think many of us believe that there was more than one entity that was bidding for that 800.

So you've got Rocket Lab, you've got Amazon Kuiper, you've got SpaceX, you have AST, you have Lynk, you sort of can keep going. These are all entities that desire to have some form of spectrum connectivity to go after a total addressable market in the direct-to-device space.

So when we talk about the new technology needs not yet being fully met, that's what we're referencing: that at the micro level we're seeing it and reading about it with satellite providers, but at the macro level we're experiencing, as Scott referenced, a range of interest that matches with what we're all reading.

Unidentified Participant: Understood, helpful. And then maybe just a quick follow-up going back to the addition of iPhones to the compatible device list: I'm curious to what degree that maybe lends itself to your plans to explore infrastructure customers outside of utilities, and just how should we think about the compatible device set expanding going forward?

Christopher Guttman-McCabe: Yes. The focus of the company and our technology teams for a half dozen years was on enterprise specifically and particularly utilities, like we really drilled down. And so everything was around that--modules, devices, chipsets, things like that.

We started getting inbounds where some of our customers desired to be able to integrate consumer-focused devices, and obviously the one that jumps out and screams out to everyone is the iPhone.

And so our technology team, led by our fantastic Chief Technology Officer Carlos L'Abbate, really worked hard to get Apple on board. And that was a pivot from where we were before but the neat thing is it clearly opens up the direct-to-device world. So it happened in a great alignment relationship with some of the other things we were looking to do with our spectrum.

Operator: Thanks, [Logan]. Thank you. Our next question comes from David Barden with New Street Research. Your line is open.

Gregory Pendy: Hi guys, thanks so much for taking the questions. I guess maybe a couple more follow-ups for Chris. Chris, could you elaborate a little bit now on next steps for the SCS review at the FCC and the advocacy that you can make, any pushback that you're getting, and what timetable we could look at that happening over?

I guess the second question would be for Scott: to the extent you're having multiple strategic conversations, are any of these conversations contingent on SCS authorization? And then my final question: if you look through the depth chart of regulatory changes, a lot of that happened at PUCs in different states around the country, so there's a little bit of regime change going on.

One of the reasons why spectrum values are going up is the space guys, specifically Elon Musk and SpaceX, have been bidding up prices of spectrum which makes it more expensive for utilities to get that spectrum. And I'm wondering if you've kind of had any conversations that inform a view that the utilities and the PUCs that regulate them are supportive of the exercise that you guys are undertaking.

Scott Lang: I'll take the last two and then Chris can take the first one. On your second one, no issue with SCS. On your last one, I have not picked up any indications that this is a political decision influenced by politics or a party.

This is driven by capitalism, critical infrastructure, and needs for connectivity to support business plans that are long-term journeys and visions. I have not picked up any hesitation from any of the players, whether it's strategics or utilities, that affects their plans going forward.

Christopher Guttman-McCabe: And I'll pile on there. First of all, David, how are you doing? It's good to hear your voice, and we're excited to have you on the call asking some questions, so welcome to the Anterix earnings environment.

I fully agree with everything Scott said. If you look at the macro issue of satellite connectivity, it is something that both political parties want to win--they want to win the race to space, in a corny sort of way.

But the idea is sensible, right? No matter who's in control politically, they're going to want our technology ecosystem to be the best on the planet. So I'm comfortable, Scott's comfortable, we're all comfortable that there isn't a political element to that.

Certainly SpaceX and Elon Musk take up a fair amount of the oxygen, but they're one of a half-dozen companies that are pursuing this. Specifically with the FCC's notice of proposed rulemaking on supplemental coverage from space, we are very excited to be part of the consideration.

Chairman Carr has been very upfront about his desire to fuel that evolution of the satellite opportunity, satellite products, and connectivity, and I expect that this is a pretty quick-moving NPRM. I anticipate that we ultimately will be part of it.

I think there's every expectation that our band, like others that are referenced, fits well into this form of expanded opportunity and connectivity. We will clearly weigh in, and I'm sure others in the satellite and utility space will weigh in in favor of that. So stay tuned, but we're

excited about each of the things that have come out from the FCC over the last 12 months that have benefited our spectrum and our shareholders.

Operator: Thank you. I'm showing no further questions at this time. I would now like to turn it back to Scott Lang, President and CEO, for closing remarks.

Scott Lang: I'd like to thank everyone for joining us today, and a call-out--I want to thank this team and all of our partners for the entire quarter and all the hard work they got done. Reflecting, this quarter marks my second year as the CEO of this company, and it's been a radical shift I've seen from where we were and where this company was two years ago, when spectrum was considered a commodity to plug in at some point in time and now it's considered one of the most strategic parts of the investment journey and the investment thesis for a much broader group of players, not just utilities.

So it's been an exciting time for this company and to see this company mature and rejuvenate. I think the core underlying foundation of this company is as solid as it's ever been with the work we've done in operating expenses, the talent we have around the table, the focus we have on taking these messages to the industry and the value of spectrum.

And so we're really at the crosshairs of something that we believe is very exciting that's shaping up, and the spectrum is at the heart of that. So we will look forward to seeing you and talking, I'm sure, in between now and the next quarter. But thank you again for your time today. And we'll be in touch soon.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.