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# Anterix, Inc. (ATEX)

Q3 2023 Earnings Call

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**Robert Schwartz**

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## OTHER PARTICIPANTS

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**George Frederick Sutton**

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**Mike Crawford**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day, everyone, and welcome to the Anterix Third Quarter Investor Update. At this time, all participants have been placed on a listen-only mode and the floor will be open for your questions and comments after the presentation. It is now my pleasure to turn the floor over to your host, Natasha Vecchiarelli. Ma'am, the floor is yours.

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**Natasha Vecchiarelli**

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

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

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

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

After Rob and Ryan provide their prepared remarks, we'll open the call for questions. With that, I'll turn the call over to Rob.

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## Robert Schwartz

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

Thanks, Natasha. Good morning, everyone, and thank you for joining us today.

As our first call of 2023, I want to take stock on where we are as a company. We fully understand that this was a difficult past year for investors, both in the markets overall and specifically for Anterix stockholders. Like any pioneering business to finding a new market, we embarked on this journey several years ago, we made some initial assumptions, some that we got right and some that we got wrong. To be clear, the value of our pipeline remains strong, with potential contract proceeds of well over \$3 billion. As I said in the past, I am confident we have the right product, driven by the right team and are pursuing the right sector at the right time.

Today, I'm going to talk you through a few of the lessons we've learned in this past year and describe how we've evolved our efforts to put that knowledge to use. We're also going to give greater transparency on our current customer progress with a measure we call demonstrated intent. And we'll discuss why we no longer intend to provide projections on contracts given the challenges of predicting contract timing.

First, as we've elaborated upon previously, the process to get to contract with utility is incredibly more complex in many cases than we originally envisioned. Leasing spectrum is deeply interwoven into a growing list of disparate, yet significant grid modernization issues facing utility leaders, including resiliency, cybersecurity and decarbonization.

While these act as a major force to implement change, they also dramatically expand the breadth of analysis, costs and decision making process each utility undertakes. This decision making process requires us to obtain broad support from executives throughout the utility, including leaders in holding companies, operating companies and functional areas. While this process continues to escalate and enhance the visibility of our value proposition, it has substantially increased the complexity of their decision making, and as a result, makes timing less predictable.

Accordingly, to support this broad and complex decision making process, we've realized that consistent and extensive education is critical. We support the utility decision making by engaging and educating across the entire organization to get to yes, even including utility regulators and industry associations. These efforts to do help ensure that we're on the right path towards completion, but they don't necessarily give us greater clarity on timing.

We also continue to see that solutions are key to utility adoption. We've accordingly initiated several well-received programs. Many of our utility discussions have pivoted from spectrum to use cases that demonstrate the strategic and economic benefits of 900 megahertz private broadband and become a necessary element of business case justifications on the path to contracting. We continue to widen the lens to share a range of these valuable outcomes with our potential utility customers through numerous forums, including the Utility Strategic Advisory Board, the Anterix Active Ecosystem, Utility Broadband Alliance, EEI, EPRI and other major industry groups. And while there are some similarity of process and procedure between utilities, each has their own distinct way of approaching a private wireless broadband opportunity. We need to clearly identify and adapt to each of the utility's processes.

So, while we are not seeing necessarily a shortening of the cycle time in getting the contract, we do see a strong influence from existing customers to their peers that impacts the desire and intent to move forward. We set up

believing that we could have some greater influence on the timing of getting a utility to contract and therefore an ability to predict within a range of certainty. But the reality is we can't do that with any real precision. The complexity of the unique nature of each opportunity directly impacts the timing of the process. That said, we can see with greater clarity and measure is the total scale of the market opportunity.

We are creating a market that previously did not exist. We are taking utilities through a broadband adoption process that they've not been through before. We've experienced and learned to manage through unforeseen issues, causing delays like CEO successions, procurement process changes, competitive actions and more. While this pioneering role can mean a slower pace of adoption, for us it confirms that we know we have a unique product with unique value proposition at unique time for the utility industry.

All of these learnings do challenge us on how to give appropriate guidance to investors on a business, in a market in which we have a high level of confidence, but not a high level of control of timing. As a result, we've determined that we should evolve the way we communicate to investors about our future customer opportunities. We've concluded that starting today and going forward Anterix will not provide timing projections, but instead will provide what we believe is a transparent and fact-based scorecard that we've defined as demonstrated intent. What we know is that we see significant signs of customer intent before we get to contract. It's why we say that it's not a matter of if, but when. This intent is tangible, at times publicly visible and is measurable.

I'll now turn it over to Ryan to take you through this in further detail, and then I'll wrap it up with some concluding remarks.

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## Ryan Gerbrandt

*Chief Operating Officer, Anterix, Inc.*

Thanks, Rob, and good morning, everyone.

Previously, I have taken this time during the call to give you details on the status of the three phases of our pipeline. And in addition to the pipeline on each call, we've shared many other examples of the momentum we are experiencing. Whether it'd in the form of experimental licenses, LOIs, participation in key industry events or additional details on specific contracts, our goal has and continues to be to provide investors with a level of transparency that demonstrates the progress we are making and moving each utility and the entire sector to execute on our goal of being the de facto private wireless broadband provider to utilities.

One of the things we have learned and have concluded is that the phases of the pipeline alone do not reflect the full picture of customer progress and confidence we see. And quite, frankly, the movement through the phases doesn't align well with these quarterly updates and our goal of providing investors with a transparent consistent and measurable way to see the combined impact and development of this important market opportunity.

Today, we're going to share an additional way of quantifying and tracking our momentum. In doing so, we're not discarding the phases of our pipeline. They continue as they were designed, to guide and measure our sales process. Just to be clear, we've not lost opportunities from the pipeline. The utilities within all three phases still represent more than 90% of our total addressable market, totaling well over \$3 billion of potential contracted proceeds with more than \$500 million now in Phase 3 and more than \$1.2 billion in Phase 2. Adding just these bottom two phases and their total of \$1.7 billion in potential proceeds to our signed deals worth over \$200 million in contracted proceeds demonstrates why we remain wildly excited about the overall value of this opportunity.

Now, already with the vast majority of the addressable market captured in the pipeline, we believe it's complementary to bring focus to how we measure a customer's demonstrated intent and how will we report this to

you going forward. For this analysis, we track many individual metrics for every customer in our pipeline and proportionally score each based on our assessment of its importance and come up with a combined demonstrated intent score. If the sum of the analysis places a utility over a certain threshold, we conclude that we have a high confidence that a customer has demonstrated intent to move forward with Anterix on a 900 megahertz contract.

Today, we're sharing several of these key metrics with you. A number of these are based on publicly available information while others are based on the information utilities have shared with us under NDA. For the data and information that is publicly available, these metrics include things like regulatory or rate case filings or public statements of intent made through participation on panels or in interviews and articles, membership in our Utility Strategic Advisory Board, active participation in the Utility Broadband Alliance or filing for a 900 megahertz experimental license and more.

For the metrics supported by private data, many are very definitive and measurable such as has the utility requested and received 900 megahertz pricing? Or has the utility issued an RFP where 900 megahertz is defined as the primary spectrum band? Is there a verbal agreement on deal terms or has the utility pursued BIL funding to support a private LTE project or one of the top indicators are we engaged in contract negotiations?

While the significance of the metrics does vary, several are highly validating all on their own. However, many of these metrics in isolation don't confirm a contract with Anterix is highly likely. It is the totality of the analysis that confirms our confidence that the utility is demonstrating considerable intent to proceed with deploying 900 megahertz spectrum. The scorecard enables us to quantify the signs that we regularly see and that you hear us referencing when we say that we see momentum as increasing.

At the moment, 15 utilities cross our threshold for the highest level of customer demonstrated intent, representing more than \$800 million in potential contracted value. You won't be surprised to learn that these are the same set of customers we've been describing as our near-term opportunities in our projections and that these utilities are part of the approximately \$1.7 billion combined value we currently see in Phase 3 and 2. The remainder of our pipeline customers outside of these 15 are also being tracked for their demonstrated intent. Several fall just outside the threshold with the remainder of our pipeline on a graduated set of scores.

Each quarter going forward, we plan to report on the progress of our demonstrated intent scorecard against our pipeline, so that you can measure our progress. To give you some more color on the 15 that crossed the threshold, 13 in this category have specifically named and made accountable a senior executive sponsor with the capability to progress a deal through their process; 9 have made public statements on industry panels or interviews about their development of private LTE for their utility, including recently as reported on panels at DISTRIBUTECH; 9, whom we've had and continue to have discussions on 900 megahertz spectrum deal terms; and 6 that have already established regulatory filings or rate cases to fund their pending private LTE program. Five of the group have already released or completed network infrastructure RFPs, either identifying 900 megahertz as the sole source spectrum option or the exclusive low band option in a hybrid network model; and five have 900 megahertz experimental licenses. Notably highlighting the different journeys utilities continue to take in their pursuit of private LTE.

While these are just part of the indicators we see and track. The intentions are obvious, for an industry that is generally risk averse and very deliberate, the full range of data we are tracking and the indications of intent we are seeing is very meaningful and I hope gives you a level of confidence in our momentum and future contracts. And lastly, before I pass it back to Rob I'd be remiss not to mention last week's Seminole Utility Technology event DISTRIBUTECH with over 12,000 attendees and having communication networks as a main track topic with at

least a dozen specific sessions. It once again has proven the elevated role a broadband network has taken across the utility landscape.

The fact that more than 30 of our technology partners were present in collaborating with customers in our booth is amazing. It is a testament to the importance of the Anterix active ecosystem that we have built in a sign of the power of and demand for our solution. I'm proud of all of the accomplishments of our team at Anterix and the combined contributions of our entire ecosystem who remain steadfast focused on ensuring private broadband networks unlock the most significant outcomes possible to ensure we are able to address the generational challenges faced with today's electric grid.

I'll now turn it back over to Rob.

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## Robert Schwartz

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

Thanks, Ryan.

We hope that by presenting you with the transparent details on how we measure demonstrated intent, we provided a clear picture about how we measure movement with the individual utilities and throughout the sector and how we define our confidence. While we are moving away from just updating the pipeline and for making any timing projections, we will continue to share with you details regarding how we are progressing with this new framework.

In this last year, we've made great headway in that effort. We closed our largest customer to-date, Xcel. Our active ecosystem grew to over 100 members to robust collection of leading vendors that all have a stake in making 900 megahertz private broadband solutions more valuable to the utility sector and beyond. We put in place several groundbreaking initiatives designed to enhance the value of 900 megahertz to utilities, including the launch of our platform, the creation of the Utility Strategic Advisory Board and the introduction of our first product, CatalyX. We saw an incredible increase in engagement and demand across the whole sector, reflected in the largest participation in the Utility Broadband Alliance Conference and an extremely successful DISTRIBUTECH event just this last week that I know some of our investors actually had the opportunity to experience first-hand.

And before we move to Q&A, I want to share some additional good news. This morning, we announced that Jeff Altman, a long time Anterix investor and founder of Owl Creek, has been appointed to our board of directors. We've had a long and constructive relationship with Jeff and the Owl Creek team since our first equity offering. I've gotten to know Jeff over the years and through our regular conversations, the Owl Creek team's direct investor input has been very helpful to us. I'm looking forward to incorporating Jeff's insight directly into our board's discussions as we continue to grow and expand in this important year.

That concludes our prepared remarks. I'll now turn it back over to the operator for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Certainly. At this time, we will be conducting a question-and-answer session. [Operator Instructions] Your first question is coming from James Ratcliffe from Evercore ISI. Your line is live.

**James Ratcliffe**

*Analyst, Evercore Group LLC*

Q

Good morning. Thanks for taking the question. Just sort of in a big picture sense, I remember a couple of years ago when the company was first going public and the like, the story was very heavily, essentially sell the spectrum or at least in a long-term basis and go home effectively that's been a long-term business with just cashing the checks. It sounds like it's much become notably more involved and more of a service provider. So, can you give us an idea of just sort of long-term what this business looks like and how involved do you expect to be in the operations of your customers? Thanks.

**Robert Schwartz**

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

A

Yeah. Good morning.

[Technical Difficulty] (00:18:11-00:18:44)

**James Ratcliffe**

*Analyst, Evercore Group LLC*

Q

I can hear you, but there are static.

**Robert Schwartz**

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

A

Okay.

[Technical Difficulty] (00:18:49-00:24:06)

**Robert Schwartz**

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

A

Can you hear us? Is it better?

**James Ratcliffe**

*Analyst, Evercore Group LLC*

Q

Yes. I can hear you.

**Robert Schwartz**

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

A

Okay. Sorry about that, James. [Technical Difficulty] (00:24:16-00:24:25) so I think I answered the initial part of your question. Were you able to hear that?

[Technical Difficulty] (00:24:33-00:24:38)



**James Ratcliffe**

*Analyst, Evercore Group LLC*

Yes. [indiscernible] (00:24:39) you answer my question. Thanks.

Q

**Robert Schwartz**

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

Thanks, James. Operator, [indiscernible] (00:24:47)

A

**Operator:** Your next question is coming from Simon Flannery from Morgan Stanley. Your line is live.

**Simon Flannery**

*Analyst, Morgan Stanley & Co. LLC*

Great. All right. Well, hopefully we can get through this one. The demonstrated interest is helpful. Thank you for that. The first thing is, did anything change in the last three months to move to this, because a lot of the issues that you've talked about, Rob, have been something that we've heard from you for a few months now. So, was there something or is it just the turn of the calendar and saying we'll have a different approach? And maybe to that point, maybe, Ryan, just if we were to look at demonstrated interest three months ago, I don't know if you have a historical kind of reference point for that, but would we still be at the \$800 million, give or take, or has there been any change in that? And I know you've talked about a handful of demonstrated targets that were very close to the finish line. Any updates on that would be great.

Q

**Robert Schwartz**

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

Great. Thank you, Simon. And again, I apologize for the connectivity challenges here. There's a joke in there somewhere about how many telecommunications investors and executives it takes to connect a phone call. What's changed, it's just the continued evolution. You're absolutely right. We've been talking about these issues and recognize them and learning a lot from the customers. For us, what we realized is our goal, our mission of becoming the de facto provider of these services to utilities, I consider that to be the war that we're winning and the progress we're making. What's challenging and more so all the time is predicting the timing of the individual battles to get us there. And so, we really decided it just doesn't make sense for us to provide those projections on contracts going forward, but instead really focusing on what we see as a much more transparent and fact-based scorecard, focusing on our demonstrated intent.

A

And just one thing before I pass over to Ryan, what's unusual in this kind of conservative audience of utility executives is to see them well ahead of a contracting process and demonstrating this intent through so many kinds of factors that we're going to go through, there's well over 20 factors that we measure in this demonstrated intent. But let me let Ryan talk about that a little further and maybe the historical reference point.

**Ryan Gerbrandt**

*Chief Operating Officer, Anterix, Inc.*

Hey, good morning, Simon.

A

**Simon Flannery**

*Analyst, Morgan Stanley & Co. LLC*

Good morning.

Q



**Ryan Gerbrandt**

*Chief Operating Officer, Anterix, Inc.*

A

Yeah. So, as we've seen kind of as we've been tracking the opportunities through and just for a little bit of reflection, as I said in the prepared remarks, we're continuing the activities that go along with the pipeline. And what we found is these different indicators [indiscernible] (00:27:27) play out through many of the phases of the pipeline. But the pipeline itself, and just having three categories, isn't overly granular in terms of how we can provide information and transparency to you. So, these elements, give us more granularity and more ability to be able to track the change over time. And absolutely, we've seen significant changes looking back over the last three, six, nine months, and couple of the things that I'll highlight, a few of the metrics, didn't even exist as categories, frankly, until some initiatives played out for ourselves in the market.

For example, with the activities, that we've seen with [indiscernible] (00:28:06) where we see speakers, that we just came out of the event last week. And so, again, a significant amount of utilities out in the public speaking about what they're doing opportunistically with their private LTE network. Same thing with like BIL funding, which is another one that I referenced in terms of active engagement that we're seeing with utilities pursuing their opportunities with funding associated with broadband networks. We've also seen, more regulatory filings progressed granted those don't happen quite as often as we see with some of the other metrics. But there are consistent signs that we continue to see as they're putting most publications out and making their financing available around what they're trying to do with broadband.

Now, specifically to your other question around the other deals that we've been talking about, obviously, we're talking about four deals and contracts to give some transparency to what we're seeing in the near-term opportunities in the pipeline. One of those is, as we've discussed on the last call, was clearly Xcel. The other three, as you would anticipate, are clearly, front and center in this [ph] hyped (00:29:12) category of demonstrated intent, we were continuing to see [ph] pretty good (00:29:17) progress. In fact, a couple of data points on those, coming out of our model, two of them specifically, do have their rate cases funded. All of them have capital plans in place that are driving their internal programs for PLT. And one is pursuing an infrastructure RFP, but we do continue to see good progress on those as they're continuing to work through their individual processes in the pursuit of broadband.

**Robert Schwartz**

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

A

And, Simon, just to wrap up. What I want to make sure is really clear here is that we've never been more excited about the opportunity and this demonstrated intent we're seeing. We've talked a lot qualitatively over the past calls about all of these elements. But what we wanted to do was to be able to roll this up into a scorecard to really measure this demonstrated intent. For those of you – I know several investors I mentioned were at DISTRIBUTECH just last week – I mean if you can see the level of interest excitement and engagement of utilities and the ecosystem – there were over 10,000 people at this show.

The recognition of Anterix's solutions set, the recognition of the need for this to enable so many important use cases, the awareness now that there's a need for connecting the dots between all of these disparate systems that the communication is a vital piece of that. It's clear evidence of the success we're having in moving the industry forward. And that's what the intention of this demonstrated intent is just to be able to show a measurement of the success that we're seeing with the customers.

**Simon Flannery**

*Analyst, Morgan Stanley & Co. LLC*

Q

Great. And one quick follow up. If you take the \$800 million and \$15 million, you got \$53 million average contract size. I think it sort of said \$60 million was your median. I mean it's not far off that but is there any changes there? I thought that you said in the past you might see some new records in terms of some bigger than average deals being signed and what you've done so far in the not too distant future?

**Ryan Gerbrandt**

*Chief Operating Officer, Anterix, Inc.*

A

Absolutely, no change there at all, Simon. All are still in play. Obviously, there are larger deals that are still out there, but absolutely, there's a disbursement of those values across a variety of different deal sizes.

**Simon Flannery**

*Analyst, Morgan Stanley & Co. LLC*

Q

Great. Thank you.

**Operator:** Thank you. [Operator Instructions] Your next question is coming from George Sutton from Craig-Hallum. Your line is live.

**George Frederick Sutton**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Thank you. One of the key takeaways for me at DISTRIBUTECH was the robustness of the ecosystem and in particular, the CatalyX and the utility provisioning system. The easy button are those types of things that make it a lot easier for the utility to actually provision and actually move forward. Are those doing anything to accelerate the conversations?

**Robert Schwartz**

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

A

Great question, George. It was great to see you last week. Thanks for making the trip out to San Diego for DISTRIBUTECH. You're spot on. Look, first of all, the ecosystem overall, as I mentioned, not just over 100 companies that we actually brought together in an event out at DISTRIBUTECH, but also well over 30 of them at our booth showing the valuable use cases. That is exactly what drives decision making, right. It's not about megahertz. It's not about spectrum. It's not about infrastructure. It's about the solutions set that are being brought with this network, with a private broadband network, what it can enable. And so in our booth, you could see enablement of cybersecurity vendors with over a half dozen vendors demonstrating the specific capabilities. And just to be clear, if you were there we had CTOs, all levels of executives coming through there, being able to see that and understand connecting the dots, having those aha moments that we saw of this is the value that's being brought by this broadband wireless network and why they need it. It went into [ph] mutually (00:33:30) resiliency.

And so, we had these categories and ways to really be able to demonstrate, you call it, the easy button, but it's exactly that that these networks that were built, I mean, one specific CTO who already moved forward with their systems said to us, can you come in and talk to our leadership about all the other things that this network that we've already put in place can do, because I don't think they have any idea about all the capabilities.

And so, it really has become kind of a Swiss Army knife of functionality, often pulled through with one primary use case, and that's how they're justifying it. But what's really starting to come to fruition is the multiple blades of value of all the capabilities that these networks can provide and we're seeing that absolutely creating growing momentum and understanding of what private LTE enables for utilities.

**George Frederick Sutton**

*Analyst, Craig-Hallum Capital Group LLC*

Q

One other question related to use cases. It was clear in talking to both utilities and some of your partners that these recent transformer attacks and concern about security have really highlighted the use case that private LTE serves very well. Can you talk about that in terms of how common that's become in your conversations and perhaps could accelerate some conversation?

**Ryan Gerbrandt**

*Chief Operating Officer, Anterix, Inc.*

A

Yeah. Hey, George, Ryan here. I mean, as you've heard, certainly at the show and certainly from us before, security tends to elevate as one of probably the top one, if not top two things that we hear driving the need for private. And whether that be in the form of cyber, which we also had on display at DISTRIBUTECH, which is clearly looking at more how do we add a more robust capability, to the existing inherent technology advantages that LTE brings. But in addition to that, you're right, kind of the physical security side of the use cases is a conversation that I'm hearing come up more and more.

Obviously, the – I live in North Carolina and seeing the impacts of the physical attack on the substations there and the ability for that to highlight the urgency in a utility decision maker's mind is apparent. And we've run into that now in a few different places where similar attacks have happened or utility members in sharing their experiences and lessons learned are really focusing on how to enhance their capabilities. There's a lot of advanced technology out there that's already in the realm of either video for physical security or proximity detection, motion detection that can help utility with more proactively managing the physical security around the borders and the fences of these substations that I'm sure will become part of a set of use cases that ultimately move forward.

**George Frederick Sutton**

*Analyst, Craig-Hallum Capital Group LLC*

Q

Perfect. Thanks, guys.

**Robert Schwartz**

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

A

Thanks, George.

**Operator:** Thank you. Your next question is coming from Mike Crawford from B. Riley Securities. Your line is live.

**Mike Crawford**

*Analyst, B. Riley Securities, Inc.*

Q

Thank you. At DISTRIBUTECH, one of your executives, Steve Ryan, who is Vice President of Ecosystem and Partnerships, spoke on a panel with Erickson regarding FirstEnergy Corporation, which is a \$44 billion IOU that uses 700 megahertz spectrum for LTE. So is FirstEnergy one that fell out of your pipeline or is that one that's additionally considering 900 megahertz?

**Robert Schwartz**

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

A

Yeah. Good morning, Mike. Without talking about utility specifically under NDA, the 700 megahertz, I would say, alternative was something – was a legacy spectrum available before we have broadband. And my perspective is

most folks who committed to that were doing so prior to our offering. We have not lost anybody in our pipeline to-date since we've had availability of our spectrum to that alternative at this time.

And I'm glad you mentioned our presence on that panel. At DISTRIBUTECH, we had numerous executives really being able to talk about various topics. And importantly, as you said, with utility executives really talking about the value they're getting from broadband, there's always choices, narrowband choices like 700 megahertz and broadband like 900 megahertz. And to us, there are a lot of things that probably are interim solutions. But in the long term, broadband is really the only thing we'll provide, the breadth of capabilities that will be required to solve the growing list of challenges from cybersecurity just talked about, resiliency, and importantly, the decarbonization of connecting of all the distributed energy sources.

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**Ryan Gerbrandt**

*Chief Operating Officer, Anterix, Inc.*

A

Yeah. Mike, let me just add. It's Ryan here. I mean, we categorize, we can hear about the evolution of utility networking. Obviously, there's a lot of legacy systems out there. And a big part of that legacy portfolio are what we described as narrowband. And narrowband, leveraging 700 megahertz is one example. The mesh networks or the dedicated [ph] scaler (00:38:44) networks are other examples, but they all fit into that category. And absolutely, I see them as actually opportunity creating as utilities have experienced what the limitations are of those systems in terms of what they can do and how do they drive future growth of digitization of assets over time and definitely, continue to see kind of how broadband then becomes a complement and/or a lifecycle replacement to those technologies, as we start looking to higher end, more broadband intensive or lower latency demanding applications starts really driving the conversation towards, where broadband LTE comes into play.

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**Mike Crawford**

*Analyst, B. Riley Securities, Inc.*

Q

Okay. Thank you. And then I have one final question. So, given that NextNav has pivoted from transmitting its terra point timing signal from over GPS to over LTE using this 900 megahertz spectrum of which it has 8 megahertz. What percent of your customers do you think would benefit from considering a 5 x 5 LTE solution if that was available versus just the 3 x 3 that you're offering?

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**Robert Schwartz**

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

A

Yeah. So, Mike, I know we've talked about this before. You should assume that we actively follow all of the spectrum opportunities and are always seeking opportunities for expansion of our business model. Specifically, our understanding is there are some technical and encumbrance challenges that that band can't really be used for the same sort of unencumbered private broadband systems on LTE, 4G, 5G. But I know we've had our conversation about that before and happy to take any more of that offline, if you'd like.

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**Chris Guttman-McCabe**

*Chief Regulatory & Communications Officer, Anterix, Inc.*

A

Yeah. Rob, I'll just – I mean, I'll jump in and it's Chris. And as we look at spectrum opportunities, that's a core of who we are. If we see opportunities to enhance our spectrum position, we look at it, we investigate it. Mike, the one you're referencing, it's not in our band. It wouldn't roll up to 5 x 5. So, we appreciate the team at NextNav but that's not an opportunity that we see gives us additional value. And, but we do look at – we're open-minded and we look at all sorts of potential opportunities to expand our spectrum portfolio.

**Mike Crawford**

*Analyst, B. Riley Securities, Inc.*

All right. Thank you.



**Operator:** Thank you. [Operator Instructions] Your next question is coming from Walter Piecyk from LightShed. Your line is live.

**Walter Piecyk**

*Analyst, LightShed Ventures*

Thanks. I think Ryan may have answered this under Simon's question, but the words didn't quite penetrate my brain. So, let me try and ask it in a different way. When will your spectrum or the spectrum you used to own and you're currently leasing be used in a radio by any of those of your existing customers? If that's not already happening?



**Robert Schwartz**

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

Yes. So, Walt, I got to start conversation with sharing my sympathies on the Eagles and Chris feels that well, but...



**Walter Piecyk**

*Analyst, LightShed Ventures*

And my sympathies on your conference call. Maybe I should switch to Zoom. Is this like some form of Microsoft teams?



**Robert Schwartz**

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

I think so. But just to answer your question, our spectrum is already in use in radios if that's what you're asking. I mean several of our customers have already deployed brand and are already operating sites. Am I understanding your question correctly?



**Walter Piecyk**

*Analyst, LightShed Ventures*

Yeah, that's perfect. So then, you have this opportunity to show these other utility companies that it's in use in a network, what further development is required of existing customers to provide an adequate use case to get people off the [indiscernible] (00:42:49) if that's part of the issue of why they're not moving forward with whatever next step you have to move forward on?



**Robert Schwartz**

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

Yeah, I think look the complexity of decision-making is a lot more than just piloting. The piloting is a unique aspect of the utility journey. Most utilities still want to stand up and kick the tires on their own systems. I've got to say with this – the beauty of this sector is that they absolutely are working together. I mean through the Utility Broadband Alliance, through our own efforts with the Utility Strategic Advisory Board, we've met with numerous utilities this past week at DISTRIBUTECH, and they are all hosting and inviting in their brother and their fellow utilities to come see their deployments and talk about it.



We were happened to be in San Diego where San Diego Gas & Electric is and they've already deployed a private LTE systems and they had visitors from other utilities that could go and see. And it's not just seeing the physical assets out there. It's what we were talking about earlier. It's about the end to end connectivity. So, in San Diego's case, they're showing that they're deploying wildfire mitigating sensors to be able to depower lines before they hit the ground. They're showing that they're connecting a battery storage facilities, that they're rapidly deploying then they can – and they can provision private LTE much faster than anything else they've ever had in their arsenal.

And so it's not just about kicking the tires on the wireless network. It's about understanding the use cases that are being enabled. But it's absolutely a catalyst to getting through the process. But there's a lot of other complicated steps, right. These are large, complex organizations that you have holding company executives that need to understand and opine on this. You've got operating company executives often that have to do the same and functional areas in this, because, as I said earlier, this is not just a spectrum decision or a private LTE decision. These are often embedded in large rate cases that also include the costs of upgrades of the network overall. That's the electric grid. And so that could be anything from reclosers to AMI systems to cybersecurity capabilities that are embedded into the rate cases, along with our spectrum purchase decisions.

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**Walter Piecyk**

*Analyst, LightShed Ventures*

Q

I think it was [ph] SPGEP (00:45:09) whatever it is that also bought CBRS. Do you have any visibility in terms of where they are with that deployment? How, if at all, it's been integrated with the lower band spectrum? Just any visibility on that.

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**Robert Schwartz**

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

A

Yeah. A couple of thoughts. One is, without getting into any specifics of kind of how they're deploying, compared before, but having just met with that team this past week in San Diego, it's absolutely a compliment. It's like having, again, Wi-Fi in your offices and you walk outside and you're using a cellular network. CBRS has a specific great broadband capability, but as you know, very limited range at the band where it is. And so, it's an overlay, it's a capability. If you're in a substation or in an area where you need more capacity as an overlay, it can be used, licensed or unlicensed, as you know.

But for covering wide areas, as they said, the underlying spectrum, it has to be low band, as you know from your past, the need to be able to cover vast areas of territories, often where there is no other cellular coverage, you need low band to cost effectively do that and that's really been the model that they've used and why they have the complement. And by the way, it's no different than the other complement of Fiber, like Fiber is a great tool and an asset that a lot of utilities have and it complements their communications offering, but it's expensive and gets to very high value assets. Can't give you the breadth of coverage that you get out of private broadband wireless.

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**Walter Piecyk**

*Analyst, LightShed Ventures*

Q

Got it. And I know in the discussions that you have with these utility companies that they use spectrum consultants, lawyers, whatever. I'm just curious if in those discussions or those consultants, has part of that analysis involved the potential interest by LEO constellation to use low band spectrum as dedicated spectrum to obviously supplement phones or so what Apple has done initially with Globalstar [indiscernible] (00:47:12) and their discussions with Qualcomm. I understand that's not something that you would necessarily want your spectrum to be used for because of your focus on the utility companies. But as it relates to the discussion over



evaluation and demand for spectrum bands, narrow and low, I'm just curious if that has entered into that dialogue over the past year, six months?

**Robert Schwartz**

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

A

Yeah. I don't – I wouldn't say we've seen it. I know it's a relatively new phenomenon in the carrier space. And clearly, everyone is scrambling for their own solution to complement terrestrial wireless with some form of satellite coverage. You understand that these critical infrastructure companies, including utilities, have used satellite for remote capabilities for a long time; and so, it's not necessarily new to them. Clearly, the breadth of availability and the integration, I think, [ph] at LTE (00:48:07) is where it's capable. I think it's a complement.

When we talk about our new product of CatalyX, as an example, which is really giving utilities the ability to integrate their own private networks into public networks and be able to seamlessly migrate between them when necessary, whether it's for an on-ramp as they're building out their systems or for backup, I see satellite just being able to add to some of that resiliency. We'll see how well integrated and where the costs end up, but I think generally [indiscernible] (00:48:36)

**Walter Piecyk**

*Analyst, LightShed Ventures*

Q

Rob, I don't think I asked the question properly. Let me try again. I think I worded it poorly as usual. But it was not about like whether the utilities are considering integrating satellite connectivity. It was more to the extent of if there's a dialog about, hey, am I paying you \$1 a pop, \$1.50, \$3, like anything, supply and demand of a limited asset is impacted by the – what supply and demand, there's a fixed amount of supply. But if there is now potentially increased demand because of the interest to implementing some of these spectrum bits into LEO constellations, theoretically that should drive up the valuation discussion as you kind of proceed forward. Is that not happening?

**Robert Schwartz**

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

A

[indiscernible] (00:49:25) question. I think there's no doubt that the demand from spectrum has never been stronger, right, and we continue to see increased interest across other sectors as well for private systems, whether it's terrestrial or satellite. So, I think, the rising tide of demand and obviously, the scarcity of low band specifically, absolutely, continues to support valuation conversations; and yes, you're spot on in that regard.

**Walter Piecyk**

*Analyst, LightShed Ventures*

Q

And then just one final one for Chris. Biden, I think, talked a bit about infrastructure, I guess. I perceive some of that in his words. And then, I think [indiscernible] (00:50:07) has talked about in terms of in the fixed broadband world fiber, the government funding of a lot of stuff. Can you just refresh us on if things seem to be moving forward with a lot of these large funding programs, stuff that may start to have an impact that did not have an impact in 2022 for you guys technically?

**Chris Guttman-McCabe**

*Chief Regulatory & Communications Officer, Anterix, Inc.*

A

Yeah. Hey, Walt. Great question. I'm going to hit it at the macro then go into the micro really quickly. At the macro level, everything that that we see, whether it is the State of the Union from President Biden, whether it's the work we did to get language into the legislation, which was in there and then came out in the form of the Department of



Energy RFPs and NTIA broadband RFPs, all of that macro messaging about the importance of communications to a modern grid. We like to say our modern grid needs modern communications. So, all of that macro messaging from policymakers – and I spent the entire day yesterday at [indiscernible] (00:51:12) and there are discussions happening there, so at the state regulatory level. So, all of that macro messaging is fantastic.

At the micro level, we did – I think, it's fair to say we did participate in the production and submission of a number of concept papers with regard to the IIJA/BIL GRIP funding opportunities. And so, we were part of it. And as we have more information – when we have more information to share, we'll put that out there. But we're seeing it at the individual utility and utility organization level interest in private LTE as part of the concept papers for these different programs. So, I'm happy. I know we are happy collectively that it's progressed the way that it's had from macro messaging to micro opportunities; and we're excited to see where it goes from here.

And remember, a bunch of these programs are five-year programs. So, what we see come out of DOE over the next 6 months to 12 months in terms of full answers, can be replicated or enhanced over the next several years. So...

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**Walter Piecyk**

*Analyst, LightShed Ventures*

Q

Do these organizations have those resources to recognize that? Or that you and your team kind of basically going to these people and educate them [ph] and kind of look at (00:52:37) you've got this money, it's there that can be part of this project to help you move forward? Or is it like door number 3, where they're like it's part of working into our cost basis. So, that would complicate things. So, let's just stay – let's stay away from that rather than involve that stuff and just work it into the cost basis which we're able to do.

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**Chris Guttman-McCabe**

*Chief Regulatory & Communications Officer, Anterix, Inc.*

A

Yeah. No. It's a great – again, a great question. So, it's a little bit of all of the above. So, I'll take the first half of the question. We do with great team internally. They proactively have conversations with both individual utilities and some of the utility focused organizations. We've integrated some third parties and so some consulting firms and some others who can help them put together products and these concept papers and submissions. And then, what we like to say is we sort of set the table with our work on the legislation. Some utilities participate and sit down and enjoy that opportunity. And others choose the path that you just said that \$1 from the federal government offsets the \$1 that can be capitalized and they can earn a return on. So, it sort of a combination of all of the above.

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**Walter Piecyk**

*Analyst, LightShed Ventures*

Q

Got it. Go birds. Thank you.

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**Chris Guttman-McCabe**

*Chief Regulatory & Communications Officer, Anterix, Inc.*

A

Yes.

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**Operator:** Thank you. That concludes our Q&A session. I will now hand the conference back to Rob Schwartz for closing remarks. Please go ahead.

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## Robert Schwartz

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

Thanks, operator, and thank you, everybody, for the patience on the call today with our difficulties. Just summarizing, we couldn't be any more excited both about the opportunity and the pipeline and really being able to share this new measurement of what I think of as utilities demonstrated intent but also the sign of our confidence in a much more statistical way. And we're happy to take any follow-on questions and looking forward to the conversations in the weeks to follow. So, thanks again. Have a good day.

**Operator:** Thank you everyone. This concludes today's event. You may disconnect at this time and have a wonderful day. Thank you for your participation.

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