

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(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, 2021

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

**Anterix Inc.**

(Exact name of registrant as specified in its charter)

**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 (Nasdaq Capital Market)</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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 October 28, 2021, 18,366,428 shares of the registrant's common stock were outstanding.

**Anterix Inc.**  
**FORM 10-Q**  
**For the quarterly period ended September 30, 2021**

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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, but not limited to, “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “goal,” “intend” “may,” “might,” “ongoing,” “plan,” “possible,” “project,” “predict,” “potential,” “seek,” “should,” “strategy,” “target,” “will,” “would” and similar expressions or phrases, or the negative of those expressions or phrases, or other words that convey the uncertainty of future events or outcomes, which are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We have based these forward-looking statements on our current expectations and projections and related assumptions, about future events and financial 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, 2021 filed with the SEC on June 15, 2021. 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)

	September 30, 2021 (Unaudited)	March 31, 2021 (Audited)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 100,866	\$ 117,538
Accounts receivable	—	4
Prepaid expenses and other current assets	5,514	3,508
<b>Total current assets</b>	<b>106,380</b>	<b>121,050</b>
Property and equipment, net	3,049	3,574
Right of use assets, net	4,522	5,100
Intangible assets	130,886	122,117
Other assets	1,657	1,214
<b>Total assets</b>	<b>\$ 246,494</b>	<b>\$ 253,055</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 4,685	\$ 6,256
Due to related parties	120	152
Operating lease liabilities	1,432	1,470
Deferred revenue	737	737
<b>Total current liabilities</b>	<b>6,974</b>	<b>8,615</b>
Noncurrent liabilities		
Operating lease liabilities	4,903	5,601
Contingent liability	20,000	20,000
Deferred revenue	7,319	2,246
Deferred income tax	3,506	3,209
Other liabilities	743	876
<b>Total liabilities</b>	<b>43,445</b>	<b>40,547</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, 2021 and March 31, 2021	—	—
Common stock, \$0.0001 par value per share, 100,000,000 shares authorized and 18,333,721 shares issued and outstanding at September 30, 2021 and 17,669,905 shares issued and outstanding at March 31, 2021	2	2
Additional paid-in capital	487,366	472,854
Accumulated deficit	(284,319)	(260,348)
<b>Total stockholders' equity</b>	<b>203,049</b>	<b>212,508</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 246,494</b>	<b>\$ 253,055</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,	
	2021	2020	2021	2020
<b>Operating revenues</b>				
Service revenue	\$ —	\$ 66	\$ —	\$ 140
Spectrum revenue	182	182	364	364
Total operating revenues	<u>182</u>	<u>248</u>	<u>364</u>	<u>504</u>
<b>Operating expenses</b>				
Direct cost of revenue (exclusive of depreciation and amortization)	—	515	—	1,063
General and administrative	9,825	13,955	19,555	21,499
Sales and support	993	693	2,048	1,394
Product development	930	988	1,933	1,789
Depreciation and amortization	257	1,190	535	2,398
Restructuring costs	—	8	—	21
Impairment of long-lived assets	112	—	127	29
Total operating expenses	<u>12,117</u>	<u>17,349</u>	<u>24,198</u>	<u>28,193</u>
(Gain)/loss from disposal of intangible assets, net	—	(829)	—	3,849
(Gain)/loss from disposal of long-lived assets, net	16	(5)	19	(6)
Loss from operations	<u>(11,951)</u>	<u>(16,267)</u>	<u>(23,853)</u>	<u>(31,532)</u>
Interest income	20	31	46	72
Other income	62	113	134	222
(Loss)/income on equity method investment	—	(12)	—	(16)
Loss before income taxes	<u>(11,869)</u>	<u>(16,135)</u>	<u>(23,673)</u>	<u>(31,254)</u>
Income tax expense	152	145	298	156
Net loss	<u>\$ (12,021)</u>	<u>\$ (16,280)</u>	<u>\$ (23,971)</u>	<u>\$ (31,410)</u>
Net loss per common share basic and diluted	<u>\$ (0.67)</u>	<u>\$ (0.94)</u>	<u>\$ (1.34)</u>	<u>\$ (1.82)</u>
Weighted-average common shares used to compute basic and diluted net loss per share	17,876,440	17,350,386	17,951,885	17,279,349

See accompanying notes to consolidated financial statements.

**Anterix Inc.**  
Consolidated Statement of Stockholders' Equity  
(dollars and shares in thousands)  
(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, 2021	18,038	\$ 2	\$ 481,521	\$ (272,298)	\$ 209,225
Equity based compensation*	112	—	3,221	—	3,221
Equity payment of prior year accrued employee related expenses	—	—	—	—	—
Stock option exercises	206	—	3,932	—	3,932
Shares withheld for taxes	(22)	—	(1,308)	—	(1,308)
Net loss	—	—	—	(12,021)	(12,021)
Balance at September 30, 2021	<u>18,334</u>	<u>\$ 2</u>	<u>\$ 487,366</u>	<u>\$ (284,319)</u>	<u>\$ 203,049</u>
Balance at March 31, 2021	17,670	\$ 2	\$ 472,854	\$ (260,348)	\$ 212,508
Equity based compensation*	185	—	6,516	—	6,516
Equity payment of prior year accrued employee related expenses	—	—	—	—	—
Stock option exercises	501	—	9,304	—	9,304
Shares withheld for taxes	(22)	—	(1,308)	—	(1,308)
Net loss	—	—	—	(23,971)	(23,971)
Balance at September 30, 2021	<u>18,334</u>	<u>\$ 2</u>	<u>\$ 487,366</u>	<u>\$ (284,319)</u>	<u>\$ 203,049</u>

\* includes restricted shares issued.

See accompanying notes to consolidated financial statements.

**Anterix Inc.**  
Consolidated Statement of Stockholders' Equity  
(dollars and shares in thousands)  
(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, 2020	17,289	\$ 2	\$ 455,489	\$ (221,044)	\$ 234,447
Equity based compensation*	168	—	8,618	—	8,618
Equity payment of prior year accrued employee related expenses	4	—	—	—	—
Stock option exercises	26	—	513	—	513
Shares withheld for taxes	—	—	—	—	—
Net loss	—	—	—	(16,280)	(16,280)
Balance at September 30, 2020	<u>17,487</u>	<u>\$ 2</u>	<u>\$ 464,620</u>	<u>\$ (237,324)</u>	<u>\$ 227,298</u>
Balance at March 31, 2020	17,185	\$ 2	\$ 450,978	\$ (205,914)	\$ 245,066
Equity based compensation*	206	—	10,573	—	10,573
Equity payment of prior year accrued employee related expenses	24	—	1,537	—	1,537
Stock option exercises	72	—	1,532	—	1,532
Shares withheld for taxes	—	—	—	—	—
Net loss	—	—	—	(31,410)	(31,410)
Balance at September 30, 2020	<u>17,487</u>	<u>\$ 2</u>	<u>\$ 464,620</u>	<u>\$ (237,324)</u>	<u>\$ 227,298</u>

\* includes restricted shares issued.

See accompanying notes to consolidated financial statements.

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

	<b>Six months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (23,971)	\$ (31,410)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	535	2,398
Non-cash compensation expense attributable to stock awards	6,516	10,573
Deferred income taxes	298	156
Net loss from disposal of intangible assets	—	3,849
(Gain)/loss on disposal of long-lived assets, net	19	(6)
Impairment of long-lived assets	127	29
Loss/(income) on equity method investment	—	16
Changes in operating assets and liabilities		
Accounts receivable	4	2
Prepaid expenses and other assets	701	(163)
Right of use assets	578	841
Accounts payable and accrued expenses	(1,572)	505
Due to related parties	(32)	4
Restructuring reserve	—	(547)
Operating lease liabilities	(735)	(961)
Deferred revenue	5,073	(369)
Other liabilities	(133)	342
Net cash used by operating activities	<u>(12,592)</u>	<u>(14,741)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of intangible assets, including refundable deposits	(11,866)	(7,829)
Purchases of equipment	(209)	(205)
Net cash used by investing activities	<u>(12,075)</u>	<u>(8,034)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from stock option exercises	9,304	1,532
Payments of withholding tax on net issuance of restricted stock	(1,308)	—
Net cash provided by financing activities	<u>7,996</u>	<u>1,532</u>
Net change in cash and cash equivalents	<u>(16,671)</u>	<u>(21,243)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the period	<b>117,538</b>	<b>137,453</b>
End of the period	<b>\$ 100,866</b>	<b>\$ 116,210</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the period:		
Taxes paid	\$ 7	\$ 33
Non-cash investing activity:		
Network equipment provided in exchange for wireless licenses	\$ 53	\$ 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 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”). 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. At the same time, the Company is pursuing opportunities to lease the spectrum for which broadband licenses are secured 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. In August 2019, the Company changed its name from pdvWireless, Inc. to Anterix Inc. The Company maintains offices in Woodland Park, New Jersey and McLean, Virginia.

In December 2020, the Company entered into its first long-term lease agreement of 900 MHz spectrum authorized for broadband use (“900 MHz Broadband Spectrum”), with Ameren Corporation (“Ameren”), (“Ameren Agreements”). The Ameren Agreements will enable Ameren to deploy a private LTE network in its service territories in Missouri and Illinois, covering approximately 7.5 million people. Each Ameren Agreement is for a term of up to 40 years, consisting of an initial term of 30 years, with a 10-year renewal option for an additional payment. The scheduled prepayments for the 30-year initial terms of the Ameren Agreements total \$47.7 million, of which \$0.3 million was received by the Company in February 2021, \$5.4 million in September 2021 and \$17.2 million in October 2021. The prepayments received to date encompass the initial upfront payment(s) due upon signing of the Ameren Agreements and payments for delivery of the relevant 1.4 x 1.4 cleared spectrum in several metropolitan counties throughout Missouri and Illinois, in accordance with the terms of the Ameren Agreements. The remaining prepayments for the 30-year initial term are due by mid-2026, per the terms of the Ameren Agreements and as the Company delivers the relevant cleared 900 MHz Broadband Spectrum and the associated broadband licenses. The Company is working with incumbents to clear the 900 MHz Broadband Spectrum allocation in Ameren’s service territory. In August 2021, the FCC granted the first 900 MHz broadband licenses to the Company for several counties in Ameren’s service territory, for which the Ameren Agreements were also subsequently approved by the FCC. The Company expects to recognize revenue from the Ameren Agreements commencing in the second half of fiscal year 2022. Revenue will be recognized as cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered based on straight-line amortization over the initial 30-year terms of the Ameren Agreements. The Company’s board of directors (the “Board”) approved the Ameren Agreements on April 23, 2021, and Ameren’s board of directors approved the Ameren Agreements on May 6, 2021.

In February 2021, the Company entered into an agreement with SDG&E (the “SDG&E Agreement”), to provide 900 MHz Broadband Spectrum throughout SDG&E’s California service territory, including San Diego and Imperial Counties and portions of Orange County for a total payment of \$50.0 million. The SDG&E Agreement will support SDG&E’s deployment of a private LTE network for its California service territory, with a population of approximately 3.6 million people. As part of the SDG&E Agreement, the Company and SDG&E are collaborating to accelerate the utility industry momentum for private networks. The SDG&E Agreement includes the assignment of 6 MHz of 900 MHz Broadband Spectrum, 936.5 – 939.5 MHz paired with 897.5 – 900.5 MHz, within SDG&E’s service territory following the FCC’s issuance of the broadband licenses to the Company. Delivery of the relevant 900 MHz Broadband Spectrum and the associated broadband licenses by county is expected to commence in fiscal year 2023 and is scheduled for completion before the end of fiscal year 2024. The total payment of \$50.0 million is comprised of an initial payment of \$20.0 million received in February 2021 and the remaining \$30.0 million payment, which is due through fiscal year 2024 as the Company delivers the relevant cleared 900 MHz Broadband Spectrum and the associated broadband licenses to SDG&E. The Company is working with incumbents to clear the 900 MHz Broadband Spectrum allocation in the SDG&E’s California service territory. The SDG&E Agreement is subject to customary provisions regarding remedies, including reduced payment amounts and/or refund of amounts paid, and termination rights, if a party fails to perform its contractual obligations. Both SDG&E and Anterix obtained all necessary internal approvals prior to executing the SDG&E Agreement. A gain or loss will be recognized in each county once the cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered to SDG&E.

In September 2021, the Company entered into a long-term lease agreement of 900 MHz Broadband Spectrum with Evergy Services, Inc. (“Evergy”), (“Evergy Agreement”). The Evergy service territories covered by the Evergy Agreement are in Kansas and Missouri with a population of approximately 3.9 million people. The Evergy Agreement is for a term of up to 40 years, comprised of an initial term of 20 years with two 10-year renewal options for additional payments. Prepayment in full of the \$30.2 million for the 20-year initial term, which was due and payable within thirty (30) days after execution of the Evergy Agreement, was received by the Company in October 2021. The Evergy Agreement is subject to customary provisions regarding remedies for non-delivery, including refund of amounts paid and termination rights, if Anterix fails to perform its contractual obligations, including failure to deliver the relevant cleared 900 MHz Broadband Spectrum, in accordance with the terms of the Evergy Agreement. The Company is working with incumbents to clear the 900 MHz Broadband Spectrum allocation covered by the Evergy Agreement. Evergy and Anterix obtained all necessary internal approvals prior to executing the Evergy Agreement. The Company expects to recognize revenue from the Evergy Agreement commencing in the second half of fiscal year 2022. Revenue will be recognized as the relevant 900 MHz Broadband Spectrum is delivered based on straight-line amortization over the initial 20-year term of the Evergy Agreement.

## 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, 2021, as filed on June 15, 2021 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.

### *Correction of Immaterial Errors*

In connection with preparing its financial statements for the year ended March 31, 2021, the Company determined that it incorrectly presented stock-based compensation and loss on disposal of long-lived assets, net in its Consolidated Statement of Operations for the three and six months ended September 30, 2020.

The Company previously reported stock compensation expense as a separate line item in the Consolidated Statement of Operations. Stock compensation expense should have been included in the same income statement line or lines as the cash compensation paid to the individuals receiving the stock-based awards such as general and administrative costs, product development and sales and support. For the three months ended September 30, 2020, the separate line item of \$8.6 million in stock compensation expense has been changed and split out to report as \$8.4 million in general and administrative, \$0.2 million in product development, and \$62,000 in sales and support in the Consolidated Statement of Operations. For the six months ended September 30, 2020, the separate line item of \$10.6 million in stock compensation expense has been changed and split out to report as \$10.2 million in general and administrative, \$0.3 million in product development, and \$0.1 million in sales and support in the Consolidated Statement of Operations.

The following table is a comparison of the reported results of operations for the three and six months ended September 30, 2020 as a result of the correction of immaterial errors (in thousands):

Consolidated Statement of Operations	For the three months ended September 30, 2020		
	As Originally Reported	Impact of Prior Period Errors	As Revised
	General and administrative	5,582	\$ 8,373
Product development	805	183	988
Sales and support	631	62	693
Stock compensation expense	8,618	(8,618)	—
	For the six months ended September 30, 2020		
	As Originally Reported	Impact of Prior Period Errors	As Revised
General and administrative	\$ 11,320	\$ 10,179	\$ 21,499
Product development	1,497	292	1,789
Sales and support	1,292	102	1,394
Stock compensation expense	10,573	(10,573)	—

### Intangible Assets

Intangible assets are wireless licenses that are used to provide the Company with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. While licenses are issued for only a fixed time, generally ten to fifteen 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.

Historically, wireless licenses were tested for impairment on an aggregate basis, consistent with the Company's dispatch business at a national level. Effective in the year ended March 31, 2021, ("Fiscal 2021"), the Company determined the unit of accounting for impairment testing purposes should be based on geographical markets and accordingly, tested the wireless licenses for impairment based on these individual markets. The change in the unit of accounting was due to the Company's expected use and marketability of its wireless licenses to support broadband operations at an individual market level as a result of the Report and Order. Due to the change in the unit of accounting, the Company performed a step one quantitative impairment test in Fiscal 2021 to determine if the fair value of the wireless licenses exceed the carrying value at the geographical market level. The estimated fair values of each unit of accounting were determined using a market-based approach based on the 600 MHz auction price as noted in the Report and Order. The Company also performed a step zero qualitative assessment on an aggregate basis to test the wireless licenses for impairment due to the change in the unit of accounting in Fiscal 2021. There are no triggering events indicating impairment in the six months ended September 30, 2021.

### Long-Lived Asset and Right of Use Assets 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 from 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 three and six months ended September 30, 2021, the Company recorded \$0.1 million for both periods in non-cash impairment charges to reduce the carrying values to zero for long-lived assets consisting of network equipment. During the six months ended September 30, 2020, the Company recorded a \$29,000 non-cash impairment charge to reduce the carrying values to zero for long-lived assets consisting of network site costs. There was no impairment charge for the three months ended September 30, 2020.

### *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, 2021 and 2020, 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 1,454,000 and 1,540,000 at September 30, 2021 and 2020, 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**

**Long-Term Leases of 900 MHz Broadband Spectrum.** In December 2020, the Company entered into its first long-term lease agreement of 900 MHz Broadband Spectrum with Ameren. The Ameren Agreements will enable Ameren to deploy a private LTE network in its service territories in Missouri and Illinois, covering approximately 7.5 million people. Each Ameren Agreement is for a term of up to 40 years, consisting of an initial term of 30 years, with a 10-year renewal option for an additional payment. The scheduled prepayments for the 30-year initial terms of the Ameren Agreements total \$47.7 million, of which \$0.3 million was received by the Company in February 2021, \$5.4 million in September 2021 and \$17.2 million in October 2021. The prepayments received to date encompass the initial upfront payment(s) due upon signing of the Ameren Agreements and payments for delivery of the relevant 1.4 x 1.4 cleared spectrum in several metropolitan counties throughout Missouri and Illinois, in accordance with the terms of the Ameren Agreements. The remaining prepayments for the 30-year initial term are due by mid-2026, per the terms of the Ameren Agreements and as the Company delivers the relevant cleared 900 MHz Broadband Spectrum and the associated broadband licenses. The Company is working with incumbents to clear the 900 MHz Broadband Spectrum allocation in Ameren's service territory. In August 2021, the FCC granted the first 900 MHz broadband licenses to the Company for several counties in Ameren's service territory, for which the Ameren Agreements were also subsequently approved by the FCC. The Company expects to recognize revenue from the Ameren Agreements commencing in the second half of fiscal year 2022. In accordance with ASC 606, the payments of prepaid fees under the Ameren Agreements will be accounted for as deferred revenue on the Company's Consolidated Balance Sheets and will be recognized ratably as cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered by county over the contractual term of approximately 30-years. The Company's Board approved the Ameren Agreements on April 23, 2021, and Ameren's board of directors approved the Ameren Agreements on May 6, 2021.

In September 2021, the Company entered into a long-term lease agreement of 900 MHz Broadband Spectrum with Evergy. The Evergy service territories covered by the Evergy Agreement are in Kansas and Missouri with a population of approximately 3.9 million people. The Evergy Agreement is for a term of up to 40 years, comprised of an initial term of 20 years with two 10-year renewal options for additional payments. Prepayment in full of the \$30.2 million for the 20-year initial term, which was due and payable within thirty (30) days after execution of the Evergy Agreement, was received by the Company in October 2021. The Evergy Agreement is subject to customary provisions regarding remedies for non-delivery, including refund of amounts paid and

termination rights, if Anterix fails to perform its contractual obligations, including failure to deliver the relevant cleared 900 MHz Broadband Spectrum, in accordance with the terms of the Evergy Agreement. The Company is working with incumbents to clear the 900 MHz Broadband Spectrum allocation covered by the Evergy Agreement. Evergy and Anterix obtained all necessary internal approvals prior to executing the Evergy Agreement. The Company expects to recognize revenue from the Evergy Agreement commencing in the second half of fiscal year 2022. In accordance with ASC 606, the payments of prepaid fees under the Evergy Agreement will be accounted for as deferred revenue on the Company's Consolidated Balance Sheets and will be recognized ratably as cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered by county over the contractual term of approximately 20-years.

**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. 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. The Company did not recognize any service revenue for the three and six months ended September 30, 2021. The Company recognized \$66,000 and \$140,000, respectively, for the three and six months ended September 30, 2020.

**Narrowband 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 narrowband 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, 2021 and 2020 was approximately \$182,000 and \$364,000, respectively for each period.

**Contract Assets.** The Company recognizes a contract asset for the incremental costs of obtaining a contract with a customer. These costs include sales commissions. These costs are amortized ratably using the portfolio approach over the estimated customer contract period. The Company will review 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.

For the six months ended September 30, 2021, the Company incurred commission and stock compensation costs to obtain its long-term 900 MHz Broadband Spectrum lease agreements amounting to approximately \$127,000, which was capitalized and will be amortized over the contractual term of approximately 30-years.

The following table presents the activity for the Company's contract assets (in thousands):

	<b>Contract Assets</b>	
Balance at March 31, 2021	\$	381
Additions		127
Amortization		—
Impairment		—
Balance at September 30, 2021		508
Less amount classified as current assets - prepaid expenses and other current assets		(102)
Noncurrent assets - included in other assets	\$	406

**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 following table presents the activity for the Company's contract liabilities (in thousands):

	<b>Contract Liabilities</b>
Balance at March 31, 2021	\$ 2,983
Additions	5,438
Revenue recognized	(364)
Balance at September 30, 2021	8,056
Less amount classified as current liabilities	(737)
Noncurrent liabilities	\$ 7,319

#### 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, 2021 and 2020.

During the six months ended September 30, 2021, the Company acquired wireless licenses for cash consideration of \$8.8 million, after receiving FCC approval, of which \$6.8 million was spent on licenses acquired by entering into agreements with several third parties in multiple U.S. markets and \$2.0 million was paid to the U.S. Treasury for Anti-Windfall payments, i.e. payments to secure the broadband channels to cover any shortfall of channels needed in a given county to reach the requisite 240 channels to be surrendered to secure a broadband license for such county, for 11 U.S. counties. As of September 30, 2021 and March 31, 2021, the Company recorded initial deposits to incumbents amounting to approximately \$5.4 million and \$2.3 million, respectively, that are refundable if the FCC does not approve the sale of the spectrum. Of the \$5.4 million initial refundable deposit balance as of September 30, 2021, \$4.8 million was included in prepaid expenses and other current assets and the remaining \$0.6 million in other assets in the Consolidated Balance Sheets. Of the \$2.3 million initial refundable deposit balance as of March 31, 2021, \$1.9 million was included in prepaid expenses and other current assets and the remaining \$0.5 million in other assets in the Consolidated Balance Sheets.

Intangible assets consist of the following at September 30, 2021 and March 31, 2021 (in thousands):

	<b>Wireless Licenses</b>
Balance at March 31, 2021	\$ 122,117
Acquisitions	8,769
Balance at September 30, 2021	\$ 130,886

#### 5. Related Party Transactions

Under the terms of the MOU, the Company was obligated to pay the LLC a monthly service fee for a 24-month period that ended 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, 2021 the Company incurred \$15,000 and \$30,000 under the MOU, respectively. For the three and six months ended September 30, 2020 the Company incurred \$176,000 and \$353,000 under the MOU, respectively. As of September 30, 2021, the Company did not have any outstanding liabilities to the LLC. As of March 31, 2021, the Company owed \$32,000 to the LLC.

The Company did not purchase any equipment from Motorola for the three and six months ended September 30, 2021 and 2020, respectively. The revenue recognized for the three and six months ended September 30, 2021 and 2020 was approximately \$182,000 and \$364,000, respectively for each period. As of September 30, 2021 and March 31, 2021, the Company owed \$120,000 to Motorola at the end of each period.

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 and as a member of the Board's Nominating and Corporate Governance Committee. During the three and six months ended September 30, 2021 the Company incurred \$36,000 and \$72,000 in consulting fees to Ms. Chong, respectively. During the three and six months ended September 30, 2020 the Company incurred \$36,000 and \$60,000 in consulting fees to Ms. Chong, respectively. As of September 30, 2021 and March 31, 2021, the Company did not owe Ms. Chong fees for consulting services.

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 (the “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 was 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 was extended by an additional twelve (12) months with a termination date of September 1, 2022. 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. For the three and six months ended September 30, 2021, the Company incurred approximately \$10,000 and \$20,000, respectively, in consulting fees to Mr. McAuley. For the three and six months ended September 30, 2020, the Company did not incur any consulting fees to Mr. McAuley. As of September 30, 2021, the Company owed \$40,000 to Mr. McAuley. As of March 31, 2021, the Company did not have any outstanding liabilities to Mr. McAuley.

## 6. Impairment and Restructuring Charges

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

During the three and six months ended September 30, 2021, the Company recorded \$0.1 million for both periods in non-cash impairment charges to reduce the carrying values to zero for long-lived assets consisting of network equipment. During the six months ended September 30, 2020, the Company recorded a \$29,000 non-cash impairment charge to reduce the carrying values to zero for long-lived assets consisting of network site costs. There was no impairment charge for the three months ended September 30, 2020.

### *Restructuring Charges.*

**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 charges 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. The Company did not incur restructuring charges for the three and six months ended September 30, 2021.

## 7. 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 31, 2024 through June 30, 2027, which includes a 10-year lease extension for its corporate headquarters. The Company entered into multiple lease agreements for tower space. The lease expiration dates range from October 31, 2021 to November 30, 2027.

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:

	Six months ended September 30,	
	2021	2020
Weighted average term - operating lease liabilities	4.04 years	4.69 years
Weighted average incremental borrowing rate - operating lease liabilities	13%	13%

Rent expense amounted to approximately \$0.5 million and \$1.0 million, respectively, for the three and six months ended September 30, 2021 and are included in general and administrative expenses in the Consolidated Statements of Operations. Rent expense amounted to approximately \$0.6 million for the three months ended September 30, 2020, of which approximately \$0.4 million was included as direct cost of revenue and the remainder of approximately \$0.2 million was included in general and administrative 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 included as direct cost of revenue and the remainder of approximately \$0.5 million was included in general and administrative 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.

The following table presents net lease cost for the three and six months ended September 30, 2021 and 2020 (in thousands):

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
Lease cost				
Operating lease cost (cost resulting from lease payments)	\$ 495	\$ 612	\$ 1,008	\$ 1,271
Short term lease cost	6	40	10	43
Sublease income	-	(3)	-	(6)
Net lease cost	<u>\$ 501</u>	<u>\$ 649</u>	<u>\$ 1,018</u>	<u>\$ 1,308</u>

The following table presents supplemental cash flow and non-cash activity information for the three and six months ended September 30, 2021 and 2020 (in thousands):

	Six months ended September 30,	
	2021	2020
<b>Operating cash flow information:</b>		
Operating lease - operating cash flows (fixed payments)	\$ 1,155	\$ 1,411
Operating lease - operating cash flows (liability reduction)	\$ 735	\$ 961
<b>Non-cash activity:</b>		
Right of use assets obtained in exchange for new operating lease liabilities	\$ 66	\$ 18

The following table presents supplemental balance sheet information as of September 30, 2021 and March 31, 2021 (in thousands):

	September 30, 2021	March 31, 2021
Non-current assets - right of use assets, net	\$ 4,522	\$ 5,100
Current liabilities - operating lease liabilities	\$ 1,432	\$ 1,470
Non-current liabilities - operating lease liabilities	\$ 4,903	\$ 5,601



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, 2021 are as follows (in thousands):

Fiscal Year	Operating Leases
2022 (excluding the six months ended September 30, 2021)	\$ 1,100
2023	2,099
2024	1,953
2025	1,553
2026	866
After 2026	596
Total future minimum lease payments	8,167
Amount representing interest	(1,832)
Present value of net future minimum lease payments	\$ 6,335

## 8. Income Taxes

The Company's net operating losses ("NOLs") generated after March 31, 2018 may be used as an indefinite-lived asset to offset its deferred tax liability, but limited to 80 percent of future taxable income. The deferred tax liabilities as of September 30, 2021 are approximately \$2.1 million for federal and \$1.4 million for state.

For the year ended March 31, 2021, the Company had federal and state NOL carryforwards of approximately \$266.3 million and \$152.3 million, respectively. Of these federal and state NOLs, approximately \$125.1 million and \$114.4 million respectively, are expiring in various amounts from 2021 through 2041. The remaining federal and state NOLs of approximately \$141.2 million and \$37.9 million, respectively, have an indefinite life but the federal NOLs may only offset 80% of taxable income when used.

For the six months ended September 30, 2021, the Company incurred federal and state net operating losses of approximately \$45.7 million and \$36.8 million, respectively, to offset future taxable income, of which \$58.4 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, 2021. 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, 2021, the Company recorded a total deferred tax expense of \$0.2 million and \$0.3 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.

## 9. Stockholders' Equity and Stock Compensation

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.

The Board has reserved 5,027,201 shares of common stock for issuance under the 2014 Stock Plan as of September 30, 2021, of which 1,205,398 shares are available for future issuance. Historically, the number of shares reserved under the 2014 Stock Plan were increased, based on Board approval, each January 1 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 (the "evergreen provision"). Effective January 1, 2021, the Board elected to increase the shares authorized under the 2014 Stock Plan by 879,216 shares, which represented 5% of the of the Company's common stock issued and outstanding as of December 31, 2020. On June 15, 2021, the Compensation Committee of the Board approved Amendment No. 1 to 2014 Stock Plan to eliminate the evergreen provision for all future years (i.e., January 1, 2022 through January 1, 2024).

**Restricted Stock and Restricted Stock Units**

A summary of non-vested restricted stock activity for the six months ended September 30, 2021 is as follows:

	Restricted Stock	Weighted Average Grant Day Fair Value
Non-vested restricted stock outstanding at March 31, 2021	475,759	\$ 42.48
Granted	348,683	46.79
Vested	(177,356)	(39.38)
Forfeited	(39,588)	(45.25)
Non-vested restricted stock outstanding at September 30, 2021	<u>607,498</u>	<u>\$ 45.70</u>

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 \$2.4 million for the three months ended September 30, 2021 of which \$2.0 million is included in general and administrative expenses, \$0.2 million is included in product and development and \$0.2 million is included in sales and support expenses in the Consolidated Statement of Operations. Stock compensation expense related to restricted stock was approximately \$5.0 million for the six months ended September 30, 2021 of which \$4.3 million is included in general and administrative expenses, \$0.4 million is included in product and development and \$0.3 million is included in sales and support expenses in the Consolidated Statement of Operations. Stock compensation expense related to restricted stock was approximately \$4.0 million for the three months ended September 30, 2020 of which \$3.7 million is included in general and administrative expenses, \$0.2 million is included in product and development and the remainder of the expense, \$62,000, is included in sales and support in the Consolidated Statement of Operations. Stock compensation expense related to restricted stock was approximately \$5.7 million for the six months ended September 30, 2020 of which \$5.3 million included in general and administrative expenses, \$0.3 million is included in product and development and \$0.1 million is included in sales and support in the Consolidated Statement of Operations.

On August 23, 2021, the Compensation Committee approved the grant of restricted stock units to the Company's President and CEO of 50,000 units. These restricted stock units vest in four equal annual installments measured from the grant date based on the CEO's continued services to the Company.

At September 30, 2021, there was \$24.5 million of unvested compensation expense for restricted stock, which is expected to be recognized over a weighted average period of 3.0 years.

**Performance Stock Units**

A summary of the performance stock unit activity for the six months ended September 30, 2021 is as follows:

	Performance Stock	Weighted Average Grant Day Fair Value
Performance stock outstanding at March 31, 2021	75,049	\$ 58.65
Granted	—	—
Vested	—	—
Forfeited/cancelled	—	—
Performance stock outstanding at September 30, 2021	<u>75,049</u>	<u>\$ 58.65</u>

**President & CEO Performance Stock Units****Cumulative Spectrum Proceeds Monetized**

On December 31, 2020, the Compensation Committee awarded performance-based restricted units to the Company's President and Chief Executive Officer ("CEO") as part of the Succession Plan, (the "CEO Performance Units"). The performance-based restricted units will vest on a determination date of June 24, 2024 ("Determination Date") (unless sooner triggered by an earlier involuntary termination), based on Cumulative Spectrum Proceeds Monetized ("CSPM") metric over a four-year measurement period commencing on June 24, 2020, with 15,025 units vesting if the minimum CSPM level is achieved, 30,049 units vesting if the target CSPM metric is achieved and up to 60,098 vesting if the maximum CSPM metric is achieved.

For the three and six months ended September 30, 2021, the Company recorded approximately \$0.1 million and \$0.2 million, respectively, of stock compensation expense included in general and administrative expenses reported in the Consolidated Statements of Operations relating to the CEO Performance Units – CSPM. As of September 30, 2021, there was approximately \$1.0 million of unvested compensation expense for the outstanding performance-based restricted stock units related to the December 31, 2020 CEO Performance Units, which is expected to be recognized over a weighted average period of 3.0 years.

#### **Total Stockholder Return**

On February 1, 2021, the Compensation Committee awarded performance-based restricted units to the CEO based on Total Stockholder Return metrics (“TSR Performance Units”). The performance-based restricted units will vest upon continued service and achievement of certain stock price levels calculated using a four-year compound annual growth rate and based on the average closing bid price per share of the Company’s common stock measured over a sixty-trading day period (“Stock Price Levels”). Shares will vest in a range of 25% to 350% of the 45,000 target reported units based on achieving specified Stock Price Levels. The vesting end measurement date is February 1, 2025, with earlier vesting determination dates upon a change in control of the Company, involuntary termination of the CEO or twelve months following the achievement of the maximum stock price level. If after February 1, 2023, the CEO achieves a Stock Price Level, there will be a vesting determination date the earlier of twelve months thereafter or February 1, 2025.

For the three and six months ended September 30, 2021, the Company recorded approximately \$0.2 million and \$0.4 million, respectively, of stock compensation expense relating to the TSR Performance Units included in general and administrative expenses reported in the Consolidated Statements of Operations. As of September 30, 2021, there was approximately \$2.6 million of unvested compensation expense for the outstanding performance-based restricted stock units related to the February 1, 2021 TSR Performance Units, which is expected to be recognized over a weighted average period of 3.42 years.

#### **Performance-Based related to Report and Order and Long-Term Agreement(s)**

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

(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. As of December 31, 2020, not all of these conditions had been achieved by December 30, 2020, and therefore, the applicable 50% of the performance shares expired unvested.

Additionally, on February 28, 2020, the Company awarded 43,446 performance-based restricted stock units. The performance goal related to these units was: 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 September 30, 2020, the Company recorded stock compensation expense amounting to approximately \$4.3 million included in general and administrative expenses reported in the Consolidated Statements of Operations based on the achievement of the Target Goal or approximately 91,216 shares under the performance-based restricted stock units, upon the Report and Order becoming effective in August 2020.

**Stock Options**

A summary of stock option activity for the six months ended September 30, 2021 is as follows:

	Options	Weighted Average Exercise Price
Options outstanding at March 31, 2021	1,663,223	\$ 24.96
Options granted	165,768	58.56
Options exercised	(548,767)	(21.53)
Options forfeited/expired	—	—
Options outstanding at September 30, 2021	<u>1,280,224</u>	<u>\$ 30.77</u>

On August 23, 2021, the Compensation Committee approved the grant of a stock option to the Company's CEO for 100,000 shares of common stock at an exercise price of \$57.00 per share. These option shares vest in four equal annual installments measured from the grant date based on the CEO's continued services to the Company. 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 for this grant were: the expected life of the award was 6.02 years; the risk free interest rate was 0.92%; the expected volatility rate was 53.18%; the expected dividend yield was 0.0%; and the expected forfeiture rate was 0%.

On September 7, 2021, the Compensation Committee approved the grant of a stock option to the Company's Executive Chairman for 65,768 shares of common stock at an exercise price of \$60.92 per share. These option shares vest in three equal annual installments measured from the grant date based on the Executive Chairman's continued services to the Company. 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 for this grant were: the expected life of the award was 5.92 years; the risk free interest rate was 0.96%; the expected volatility rate was 53.45%; the expected dividend yield was 0.0%; and the expected forfeiture rate was 0%.

In May 2021, the Company reacquired 20,132 shares when a participant surrendered already-owned shares of the Company's common stock to cover the exercise price of an outstanding stock option exercised by the participant. The 20,132 shares surrendered are constructively retired by the Company as of September 30, 2021 which resulted in the reduction of approximately \$1.0 million in additional paid in capital in the Consolidated Statement of Stockholders' Equity.

For the three and six months ended September 30, 2021, stock compensation expense related to the amortization of the fair value of stock options issued was approximately \$0.5 million and \$0.9 million, respectively, and is included in general and administrative expenses reported in the Consolidated Statements of Operations. For the three and six months ended September 30, 2020, stock compensation expense related to the amortization of the fair value of stock options issued was approximately \$0.3 million and \$0.5 million, respectively, and is included in general and administrative expenses reported in the Consolidated Statements of Operations.

As of September 30, 2021, there was approximately \$5.8 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 1.9 years.

**Performance Stock Options**

A summary of the performance stock options as of September 30, 2021 is as follows:

	Performance Options	Weighted Average Exercise Price
Performance Options outstanding at March 31, 2021	48,417	\$ 46.85
Performance Options granted	—	—
Performance Options exercised	(6,635)	(46.85)
Performance Options forfeited/expired	—	—
Performance Options outstanding at September 30, 2021	<u>41,782</u>	<u>\$ 46.85</u>

There were no performance stock options granted for the six months ended September 30, 2021.

### ***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.

### ***Share Repurchase Program***

On September 29, 2021, the Company's Board authorized a share repurchase program (the "Share Repurchase Program") pursuant to which the Company may repurchase up to \$50.0 million of the Company's common stock on or before September 29, 2023. The manner, timing and amount of any share repurchases will be determined by the Company based on a variety of factors, including price, general business and market conditions and alternative investment opportunities. The share repurchase program authorization does not obligate the Company to acquire any specific number of shares. Under the program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934.

## **10. Contingencies**

### ***Contingent Liability***

In February 2021, the Company entered into an agreement with SDG&E to provide 900 MHz Broadband Spectrum throughout SDG&E's California service territory, including San Diego and Imperial Counties and portions of Orange County for a total payment of \$50.0 million. The SDG&E Agreement will support SDG&E's deployment of a private LTE network for its California service territory, with a population of approximately 3.6 million people. As part of the SDG&E Agreement, the Company and SDG&E are collaborating to accelerate the utility industry momentum for private networks. The SDG&E Agreement includes the assignment of 6 MHz of 900 MHz Broadband Spectrum, 936.5 – 939.5 MHz paired with 897.5 – 900.5 MHz, within SDG&E's service territory following the FCC's issuance of the broadband licenses to the Company. Delivery of the relevant 900 MHz Broadband Spectrum and the associated broadband licenses by county is expected to commence in fiscal year 2023 and is scheduled for completion before the end of fiscal year 2024. The total payment of \$50.0 million is comprised of an initial payment of \$20.0 million received in February 2021 and the remaining \$30.0 million payment, which is due through fiscal year 2024 as the Company delivers the relevant cleared 900 MHz Broadband Spectrum and the associated broadband licenses to SDG&E. The Company is working with incumbents to clear the 900 MHz Broadband Spectrum allocation in the SDG&E's California service territory. The SDG&E Agreement is subject to customary provisions regarding remedies, including reduced payment amounts and/or refund of amounts paid, and termination rights, if a party fails to perform its contractual obligations. Both SDG&E and Anterix obtained all necessary internal approvals prior to executing the SDG&E Agreement. A gain or loss will be recognized in each county once the cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered to SDG&E.

As the Company is required to refund the initial payment in the event of termination or non-delivery of the 900 MHz Broadband Spectrum, it recorded \$20.0 million for the upfront payment received from SDG&E in February 2021 as contingent liability in the Consolidated Balance Sheet as of March 31, 2021. There was no additional contingent liability incurred for the quarter ended September 30, 2021.

### ***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 Company instituted numerous precautionary measures intended to help ensure the well-being as majority of the Company’s employees continue to work from home, remotely negotiate and work with customers, covered incumbents and the FCC. Virtually all employees remain subject to travel restrictions and access to the Company’s premises is restricted. The Company will continue to closely monitor the risks posed by COVID-19 and adjust its practices accordingly.

In order to manage the financial impact caused by the pandemic, the Company also deferred payroll taxes under the CARES Act amounting to approximately \$0.3 million as of September 30, 2021. As a result of prioritizing the use of our cash and measures implemented, no significant adverse impact on our results of operations through and financial position as of September 30, 2021, has occurred as a result of the pandemic.

The ultimate extent of the impact of COVID-19 on future 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 ongoing developments, including the duration and further spread of COVID-19, the laws, orders and restrictions imposed by federal, state and local governmental agencies, and the overall economy, all of which remain 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 managing its cash flow and believes that it has adequate liquidity.

### **11. Concentrations of Credit Risk**

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

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

### **12. Business Concentrations**

For the three and six months ended September 30, 2021, the Company’s operating revenue was entirely from the upfront, fully-paid fee received from Motorola, as discussed in Note 3 to the Consolidated Financial Statements in this Quarterly Report. 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.

As of September 30, 2021, the Company does not have an outstanding accounts receivable balance. As of March 31, 2021, the Company had one Tier 1 domestic carrier that accounted for the entire 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, 2021, filed with the Securities and Exchange Commission (the “SEC”) on June 15, 2021 (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 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. 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, the Company is pursuing opportunities to lease the spectrum for which these broadband licenses are secured to our targeted utility and critical infrastructure customers.

### Securing Broadband Licenses

In the Report and Order, the FCC reconfigured the 900 MHz land mobile radio 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 3,233 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 900 MHz band 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. Only after we satisfy the 50% Licensed Spectrum Test are we permitted to apply for a broadband license. As of the date of this filing, we satisfy the 50% Licensed Spectrum Test in more than 3,100 counties of the 3,233 counties in the United States and its territories.

**2. 90% Broadband Segment Test.** As a condition precedent to the FCC issuing 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. This test requires we hold, protect 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. In some situations, a single channel is licensed more than once within the 70 mile radius, and therefore could be counted more than once. The broadband segment in the 900 MHz band has a total of 240 channels. The 90% Broadband Segment Test is calculated using outstanding licensed channels, which means that if the FCC has licensed 240 channels, we will be required to protect, have control of or agreements covering 216 channels within the broadband segment. In many counties in the United States, the FCC has licensed fewer than 240 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. As of the date of this filing, we satisfy the 90% Broadband Segment Test in approximately 2000 counties.

Only after we satisfy the 90% Broadband Segment Test will the FCC issue a broadband license to us. Once the license is issued we can initiate the “Mandatory Retuning” period by notification to the Covered Incumbent. During this Mandatory Retuning 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.

This 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, which the FCC defines as a radio system that has at least 45 integrated sites).

**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 the applicant does not have sufficient channels in the county to return 240 channels to the FCC, they must make an “Anti-Windfall Payment” to the U.S. Treasury to secure the broadband channels to cover the shortfall of channels needed to reach the requisite 240. The Anti-Windfall Payment for the number of channels below 240 will be based on prices paid in the applicable county in the 600 MHz auction previously conducted by the FCC.

**Treatment of Complex Systems.** The Report and Order exempts Complex Systems from the mandatory retuning process—even if the Broadband applicant meets the 90% Broadband Segment Test. 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 Complex 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 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 AAR (the “AAR Agreement”), pursuant to which we agreed to cancel licenses in the 900 MHz band to enable the AAR to relocate its operations outside the 900 MHz broadband segment. The Report and Order provides that the FCC will make the channels associated with these cancelled licenses available to the AAR. 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 and the AAR Agreement, we cancelled our licenses and recorded a loss on the disposal of intangible assets, in the year ended March 31, 2021.

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

As a broadband applicant, we can satisfy the three eligibility requirements discussed above by including our existing licensed channels and by acquiring, protecting 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 of 900MHz channels 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, the broadband applicant 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. When the broadband applicant does not surrender 240 channels, they will pay for the difference between the spectrum held



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 each 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 from our fiscal year 2021 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.

### **Broadband Spectrum Agreements**

In December 2020, we entered into our first long-term lease agreement of 900 MHz Broadband Spectrum with Ameren. The Ameren Agreements will enable Ameren to deploy a private LTE network in its service territories in Missouri and Illinois, covering approximately 7.5 million people. Each Ameren Agreement is for a term of up to 40 years, consisting of an initial term of 30 years, with a 10-year renewal option for an additional payment. The scheduled prepayments for the 30-year initial terms of the Ameren Agreements total \$47.7 million, of which \$0.3 million was received by us in February 2021, \$5.4 million in September 2021 and \$17.2 million in October 2021. The prepayments received to date encompass the initial upfront payment(s) due upon signing of the Ameren Agreements and payments for delivery of the relevant 1.4 x 1.4 cleared spectrum in several metropolitan counties throughout Missouri and Illinois, in accordance with the terms of the Ameren Agreements. The remaining prepayments for the 30-year initial term are due by mid-2026, per the terms of the Ameren Agreements and as we deliver the relevant cleared 900 MHz Broadband Spectrum and the associated broadband licenses. We are working with incumbents to clear the 900 MHz Broadband Spectrum allocation in Ameren's service territory. In August 2021, the FCC granted the first 900 MHz broadband licenses to us for several counties in Ameren's service territory, for which the Ameren Agreements were also subsequently approved by the FCC. We expect to recognize revenue from the Ameren Agreements commencing in the second half of fiscal year 2022. Revenue will be recognized as cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered based on straight-line amortization over the initial 30-year terms of the Ameren Agreements. Our Board approved the Ameren Agreements on April 23, 2021, and Ameren's board of directors approved the Ameren Agreements on May 6, 2021.

In February 2021, we entered into an agreement with SDG&E to provide 900 MHz Broadband Spectrum throughout SDG&E's California service territory, including San Diego and Imperial Counties and portions of Orange County for a total payment of \$50.0 million. The SDG&E Agreement will support SDG&E's deployment of a private LTE network for its California service territory, with a population of approximately 3.6 million people. As part of the SDG&E Agreement, SDG&E and Anterix are collaborating to accelerate the utility industry momentum for private networks. The SDG&E Agreement includes the assignment of 6 MHz of 900 MHz Broadband Spectrum, 936.5 – 939.5 MHz paired with 897.5 – 900.5 MHz, within SDG&E's service territory following the FCC's issuance of the broadband licenses to us. Delivery of the relevant 900 MHz Broadband Spectrum and the associated broadband licenses by county is expected to commence in fiscal year 2023 and is scheduled for completion before the end of fiscal year 2024. The total payment of \$50.0 million is comprised of an initial payment of \$20.0 million received in February 2021 and the remaining \$30.0 million payment, which is due through fiscal year 2024 as we deliver the relevant cleared 900 MHz Broadband Spectrum and the associated broadband licenses to SDG&E. We are working with incumbents to clear the 900 MHz Broadband Spectrum allocation in the SDG&E's California service territory. The SDG&E Agreement is subject to customary provisions regarding remedies, including reduced payment amounts and/or refund of amounts paid, and termination rights, if a party fails to perform its contractual obligations. Both SDG&E and Anterix obtained all necessary internal approvals prior to executing the SDG&E Agreement. A gain or loss will be recognized in each county once the cleared 900 MHz Broadband Spectrum and the associated broadband licenses are delivered to SDG&E.

In September 2021, we entered into a long-term lease agreement of 900 MHz Broadband Spectrum with Evergy. The Evergy service territories covered by the Evergy Agreement are in Kansas and Missouri with a population of approximately 3.9 million people. The Evergy Agreement is for a term of up to 40 years, comprised of an initial term of 20 years with two 10-year renewal options for additional payments. Prepayment in full of the \$30.2 million for the 20-year initial term, which was due and payable within thirty (30) days after execution of the Evergy Agreement, was received by us in October 2021. The Evergy Agreement is subject to customary provisions regarding remedies for non-delivery, including refund of amounts paid and termination rights, if we fail to perform our contractual obligations, including failure to deliver the relevant cleared 900 MHz Broadband Spectrum, in accordance with the terms of the Evergy Agreement. We are working with incumbents to clear the 900 MHz Broadband Spectrum allocation covered by the Evergy Agreement. Evergy and Anterix obtained all necessary internal approvals prior to executing the Evergy Agreement. We expect

to recognize revenue from the Evergy Agreement commencing in the second half of fiscal year 2022. Revenue will be recognized as the relevant 900 MHz Broadband Spectrum is delivered based on straight-line amortization over the initial 20-year term of the Evergy Agreement.

### **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 (“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.

## Results of Operations

### Comparison of the three and six months ended September 30, 2021 and 2020

The following tables set forth our results of operations for the three and six months ended September 30, 2021 (“Fiscal 2022”) and 2020 (“Fiscal 2021”). 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	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Service revenue	\$ —	\$ 66	\$ (66)	-100%	\$ —	\$ 140	\$ (140)	-100%
Spectrum lease revenue	182	182	—	0%	364	364	—	0%
Total operating revenues	<u>\$ 182</u>	<u>\$ 248</u>	<u>\$ (66)</u>	<u>-27%</u>	<u>\$ 364</u>	<u>\$ 504</u>	<u>\$ (140)</u>	<u>-28%</u>

Operating revenues decreased by \$0.1 million, or 27%, to \$0.2 million for the three months ended September 30, 2021 from \$0.3 million for the three months ended September 30, 2020. For the six months ended September 30, 2021, operating revenue decreased by \$0.1 million, or 28%, to \$0.4 million from \$0.5 million for the six months ended September 30, 2020. The decrease in our operating revenues was attributable to the transfer of our TeamConnect customers to A BEEP and Goosetown as part of our December 2018 restructuring efforts as discussed in Note 3 to the Consolidated Financial Statements in this Quarterly Report, as well as the loss of customers in our historical pdvConnect business.

#### Operating expenses

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Direct cost of revenue (exclusive of depreciation and amortization)	\$ —	\$ 515	\$ (515)	-100%	\$ —	\$ 1,063	\$ (1,063)	-100%
General and administrative	9,825	13,955	(4,131)	-30%	19,555	21,499	(1,944)	-9%
Sales and support	993	693	300	43%	2,048	1,394	654	47%
Product development	930	988	(58)	-6%	1,933	1,789	145	8%
Depreciation and amortization	257	1,190	(933)	-78%	535	2,398	(1,863)	-78%
Restructuring costs	—	8	(8)	-100%	—	21	(21)	-100%
Impairment of long-lived assets	112	—	112	100%	127	29	97	333%
Total operating expenses	<u>\$ 12,117</u>	<u>\$ 17,349</u>	<u>\$ (5,232)</u>	<u>-30%</u>	<u>\$ 24,198</u>	<u>\$ 28,193</u>	<u>\$ (3,995)</u>	<u>-14%</u>

**Direct cost of revenue.** Direct cost of revenue decreased by \$0.5 million, or 100%, for the three months ended September 30, 2021 from \$0.5 million for the three months ended September 30, 2020. For the six months ended September 30, 2021, direct cost of revenue decreased by \$1.1 million, or 100%, to \$0 from \$1.1 million for the six months ended September 30, 2020. The decreases in the three and six months ended September 30, 2021 primarily resulted from lower support costs related to the transfer of pdvConnect customers to the LLC as part of our December 2018 restructuring efforts as discussed in Note 3 to the Consolidated Financial Statements in this Quarterly Report.

**General and administrative expenses.** General and administrative expenses decreased by \$4.1 million, or 30%, to \$9.8 million for the three months ended September 30, 2021 from \$14.0 million for three months ended September 30, 2020. For the six months ended September 30, 2021, general and administrative expenses decreased by \$1.9 million, or 9%, to \$19.6 million from \$21.5 million for the six months ended September 30, 2020. The decrease of \$4.1 million for the three months ended September 30, 2021, resulted primarily from \$1.2 million in higher headcount and professional service costs offset by \$5.6 million in lower stock compensation expense. The three months ended September 30, 2020 included a one-time stock compensation expense of \$5.1 million related to the vesting of performance share units upon grant of the FCC Report & Order. The decrease of \$1.9 million for the six months ended September 30, 2021 resulted mainly from a \$2.2 million increase in headcount and professional service costs offset by a \$4.4 million decrease in stock compensation expense.

**Sales and support expenses.** Sales and support expenses increased by \$0.3 million, or 43%, to \$1.0 million for the three months ended September 30, 2021 from \$0.7 million for three months ended September 30, 2020. For the six months ended September 30, 2021, sales and support expenses increased by \$0.6 million, or 47%, to \$2.0 million from \$1.4 million for the six months ended September 30, 2020. The increase, in the three months ended September 30, 2021, principally resulted from a \$0.2 million increase in headcount and related costs and \$0.1 million higher marketing costs. The increase in the six months ended September 30, 2021, primarily resulted from a \$0.5 million increase in headcount and related costs and \$0.1 million in higher marketing costs.

**Product development expenses.** Product development expenses decreased by \$0.1 million, or 6%, to \$0.9 million for the three months ended September 30, 2021 from \$1.0 million for three months ended September 30, 2020. For the six months ended September 30, 2021, product development expenses increased by \$0.1 million, or 8%, to \$1.9 million from \$1.8 million for the six months ended September 30, 2020. The decrease in the three months ended September 30, 2020 principally resulted from \$0.1 million in lower consulting costs. The increase in the six months ended September 30, 2021, primarily resulted from a \$0.1 million increase in consulting costs.

**Depreciation and amortization.** Depreciation and amortization decreased by \$0.9 million, or 78% to \$0.3 million for the three months ended September 30, 2021 from \$1.2 million for the three months September 30, 2020. For the six months ended September 30, 2021, depreciation and amortization decreased by \$1.9 million, or 78%, to \$0.5 million from \$2.4 million for the six months ended September 30, 2020. The decrease for both the three and six months ended September 30, 2021 was due to the change in the useful life for our market network sites during Fiscal 2020 that resulted in higher depreciation expense for the three and six months ended September 30, 2020. Market network site assets for our historical business were fully depreciated by December 31, 2020.

**Impairment of long-lived assets.** Impairment of long-lived assets increased by \$0.1 million to \$0.1 million for the three and six months ended September 30, 2021. The increase for both the three and six months ended September 30, 2021 resulted from a \$0.1 million non-cash impairment charge for network site equipment.

#### Loss from disposal of intangible assets

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
(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 were 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. 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.

#### Loss from disposal of long-lived assets, net

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
(Gain)/loss from disposal of long-lived assets, net	\$ 16	\$ (5)	\$ 21	-452%	\$ 19	\$ (6)	\$ 25	-441%

Loss on disposal of long-lived assets, net remained insignificant for the three and six months ended September 30, 2021 and 2020.

### Interest income

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Interest income	\$ 20	\$ 31	\$ (11)	-36%	\$ 46	\$ 72	\$ (27)	-37%

Interest income remained insignificant and relatively flat for the three and six months ended September 30, 2021 as compared to the three and six months ended September 30, 2020.

### Other income

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Other income	\$ 62	\$ 113	\$ (51)	-45%	\$ 134	\$ 222	\$ (88)	-40%

Other income decreased a modest amount during the three and six months ended September 30, 2021 as compared to the three and six months ended September 30, 2020.

### Loss on equity method investment

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
(Loss)/income on equity method investment	\$ —	\$ (12)	\$ 12	-100%	\$ —	\$ (16)	\$ 16	-100%

The loss on equity method investment for the three and six months ended September 30, 2020 relates to the 19.5% ownership interest in TeamConnect LLC that we acquired in connection with the transfer of our historical business.

### Income tax expense

(in thousands)	Three months ended September 30,		Aggregate Change		Six months ended September 30,		Aggregate Change	
	2021	2020	2021 from 2020		2021	2020	2021 from 2020	
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)		
Income tax expense	\$ 152	\$ 145	\$ 7	5%	\$ 298	\$ 156	\$ 142	91%

For the three and six months ended September 30, 2021, we recorded a total deferred tax expense of \$0.2 million and \$0.3 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.

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 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.

## Liquidity and Capital Resources

At September 30, 2021, we had cash and cash equivalents of \$100.9 million.

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

(in thousands)	Six months ended September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Net cash used by operating activities	\$ (12,592)	\$ (14,741)
Net cash used by investing activities	\$ (12,075)	\$ (8,034)
Net cash provided by financing activities	\$ 7,996	\$ 1,532

**Net cash used by operating activities.** Net cash used in operating activities was \$12.6 million for the six months ended September 30, 2021, as compared to \$14.7 million for the six months ended September 30, 2020. The majority of net cash used by operating activities during the six months ended September 30, 2021 resulted from a net loss of \$24.0 million and a decrease in accounts payable and accrued expenses by \$1.6 million, partially offset by non-cash stock-based compensation of \$6.5 million and deferred revenue of \$5.1 million. 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 of \$2.4 million.

We received additional \$47.4 million in proceeds from our 900 MHz Broadband Spectrum customer prepayments in October 2021.

**Net cash used by investing activities.** For the six months ended September 30, 2021 and 2020, net cash used by investing activities was \$12.1 million and \$8.0 million, respectively, primarily to acquire wireless licenses in markets across the United States.

**Net cash provided by financing activities.** For the six months ended September 30, 2021 and 2020, net cash provided by financing activities was \$8.0 million and \$1.5 million, respectively, primarily 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 departments 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. 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 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.

### ***Share Repurchase Program***

On September 29, 2021, our Board authorized a share repurchase program pursuant to which we may repurchase up to \$50.0 million of our common stock on or before September 29, 2023. The manner, timing and amount of any share repurchases will be determined by the Company based on a variety of factors, including price, general business and market conditions and alternative investment opportunities. The share repurchase program authorization does not obligate us to acquire any specific number of shares. Under the program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934. We currently anticipate the cash used for the share repurchase program will come primarily from our prepaid customer agreements.

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

As of September 30, 2021 and March 31, 2021, 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. 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.**

We did not sell any equity securities not registered under the Securities Act of 1933, as amended, during the three and six months ended September 30, 2021.

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

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
<a href="#">3.1(1)</a>	<a href="#">Amended and Restated Certificate of Incorporation of 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="#">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	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)

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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.

**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 3, 2021

**Anterix Inc.**

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

Date: November 3, 2021

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

## 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, 2021 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 3, 2021

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, 2021 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 3, 2021

By: /s/ Timothy A. Gray

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, 2021 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 3, 2021

By: /s/ Robert H. Schwartz

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, 2021, 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 3, 2021

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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