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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

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

For the fiscal year ended March 31, 2017

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

pdvWireless, 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)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☒		

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

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

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant based on the closing stock price of its common stock on the NASDAQ Capital Market on the last business day of its most recently completed second fiscal quarter, September 30, 2016, was $144,115,035.70. For purposes of this computation only, all executive officers, directors and 10% or greater stockholders have been deemed affiliates of the registrant.

As of May 16, 2017, 14,398,949 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be filed within 120 days of the Company's fiscal year ended March 31, 2017 are incorporated by reference into Part III of this Form 10-K where indicated.

pdvWireless, Inc.
FORM 10-K
For the fiscal year ended March 31, 2017

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Various statements contained in this Annual Report on Form 10-K (the "Annual Report"), including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. Our forward-looking statements are generally, but not always, accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "should," "will," "may," "plan," "goal," "can," "could," "continuing," "ongoing," "intend" or other words that convey the uncertainty of future events or outcomes. We have based these forward-looking statements on our current expectations and projections, and related assumptions, about future events and financial trends. While our management considers these expectations, projections and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. There can be no assurance that actual developments will be those anticipated by us. Actual results may differ materially from those expressed or implied in these statements as a result of significant risks and uncertainties, including, but not limited to:

- our spectrum initiatives, including our Federal Communications Commission ("FCC") petition aimed at modernizing and realigning the spectrum band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services, may not be successful on a timely basis or at all, and may require significant time and attention from our senior management team and our expenditure of significant resources;
- we may not be successful in identifying, developing and commercializing network and mobile communication solutions utilizing our current and future spectrum and commercially available technologies;
- we have a limited operating history with respect to our commercial push-to-talk ("PTT") service, which we market as DispatchPlus™, which makes it difficult to evaluate the prospects of this business and our future financial results;
- the size of the market we are targeting with our DispatchPlus service may not prove to be as large as and/or it may be more difficult to obtain customers for our DispatchPlus service than we initially expected;
- we rely on Motorola to supply the network equipment and devices we utilize to provide our DispatchPlus service;
- we primarily rely on the selling efforts of third-party wireless dealers, including Motorola's dealer network, to sell our DispatchPlus service;
- the wireless communications industry is highly competitive and we may not compete successfully;
- many of the third parties who have objected to our broadband initiatives or with whom we are competing against for spectrum opportunities have more resources, and greater political and regulatory influence, than we do;
- our spectrum is our key asset and spectrum values may fluctuate significantly based on supply and demand, as well as the results of spectrum auctions and technical and regulatory changes;
- spectrum is a limited resource, and we may not be able to obtain sufficient spectrum to support our planned business operations and any opportunities we elect to pursue; and
- government regulation could adversely affect our business and prospects.

These and other important factors, including those discussed under "Business" "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except to the extent required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or otherwise.

ITEM 1. BUSINESS

Overview

We are a wireless communications carrier focused on utilizing our spectrum assets to develop and offer next generation network and mobile communication solutions to critical infrastructure and enterprise customers. Our Chairman, Brian McAuley, and Vice Chairman, Morgan O'Brien, were the co-founders of Nextel Communications ("Nextel") and have over 60 years of combined experience in successfully developing regulatory driven spectrum initiatives to address the unmet wireless communications needs of businesses.

We are the largest holder of licensed spectrum in the Part 90 900 MHz band (i.e., 896-901 MHz paired with 935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, we hold approximately 60% of the channels in our portion of the 900 MHz band in the top 20 metropolitan market areas in the United States.

As our first priority, we have initiated and are currently pursuing a regulatory proceeding at the Federal Communications Commission ("FCC") aimed at modernizing and realigning the Part 90 900 MHz spectrum band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services. At the same time, we are exploring and developing network and mobile communication solutions, leveraging our spectrum, that address the unmet needs of our targeted critical infrastructure and enterprise customers. For our first offering, we have deployed push-to-talk ("PTT") networks and offer our DispatchPlus™ two-way radio service in seven major metropolitan market areas, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. DispatchPlus allows our enterprise customers to increase the productivity of their field-based workers and the efficiency of their dispatch and call center operations. We are pursuing opportunities to offer additional network and mobile communication solutions to critical infrastructure and enterprise customers with our existing spectrum and currently available non-broadband technologies and, if we are successful with our FCC efforts, through the deployment of broadband and other advanced wireless service offerings.

Our Business Strategy

Our goal is to become the leading wireless communications carrier focused on developing and offering private network and mobile communication solutions dedicated to serving the needs of critical infrastructure and enterprise customers. We intend to pursue this goal by executing on the following business strategies:

1. Increase the Efficiency and Capacity of Our Spectrum. Our spectrum is our most valuable asset. While our current licensed spectrum can support our deployment of narrowband and wideband wireless services, including our DispatchPlus service, many of the future business opportunities we have identified will require contiguous spectrum that allows for greater bandwidth than the less efficient current configuration of our spectrum band. As a result, our first priority is to continue to pursue initiatives to increase the usability, efficiency and capacity of our spectrum assets.

We acquired our nationwide spectrum position from Sprint Corporation ("Sprint") in September 2014, and shortly thereafter, petitioned the FCC to modernize the 900 MHz band to permit us and other licensees in the band to introduce new technologies, including the global mobile broadband standard of LTE, to more efficiently support the market demand for high speed data, video and voice services. Please see the section titled "*Our Joint Petition for Rulemaking*" below for a discussion of the status of our FCC proceeding.

2. Identify and Evaluate Next Generation Private Network and Mobile Communication Solutions. Complementing our pursuit of our regulatory initiatives, we are engaged in a number of business activities to prepare us for deploying next generation network and mobile communication solutions utilizing our current and, if we receive FCC authorization, future spectrum, including:

Identify and Evaluate Available Technologies. Currently, we can utilize our spectrum, without obtaining further regulatory authorizations or rule modifications, with existing narrowband and wideband technologies, including the technologies we are utilizing to provide our existing DispatchPlus service, and services for machine-to-machine ("M2M") and related Internet of Things ("IoT") applications. In addition, our current licensed frequencies are located within a portion of the 900 MHz spectrum band that the FCC has designated for various land mobile radio ("LMR") uses. Our licensed frequencies are also within the 3GPP global standard of Band 8 (also known as the E-GSM band, or 880 - 915 MHz paired with 925 - 960 MHz). Band 8 has been internationally approved for the deployment of LTE technologies in numerous global regions, and so there is an ecosystem of existing LTE broadband devices and network components that we believe can be adapted for use on the contiguous spectrum we are seeking in our FCC proceeding. We also believe that many of these devices and network components would be well suited for the work environment of our targeted critical infrastructure and enterprise customers, including network base stations, ruggedized smart phones, hardened data gateways and communications modules for IoT applications. In our lab, we are continuing to test and evaluate the potential use of these devices and network components to assess their capabilities, functionality, pricing and any specification, modification or adaptation requirements to meet our target customers' needs.

Identify and Evaluate Potential Use Cases. At the same time, our team and the key industry consultants we have retained have engaged in an intensive outreach program to potential critical infrastructure customers to identify possible use cases for our spectrum. These activities resulted in a number of discussions with prospective customers who are investigating ways to fulfill their existing and future network and mobile communication needs leveraging the benefits of our spectrum position.

As we expected, we identified a wide variety of both mobile and fixed use cases through these discussions that appear to be well suited to the coverage, penetration and capacity characteristics of our potential broadband offerings if we receive FCC authorization. We anticipate that the FCC's review process will afford these companies and other similarly situated companies with the opportunity to put on the record their needs and unique requirements for networks and services utilizing broadband and other next generation technologies.

A number of the potential critical infrastructure and enterprise customers we contacted have historically built, maintained and operated their own disparate and siloed communications networks, including private LMR and supervisory control and data acquisition ("SCADA") networks on frequencies licensed exclusively to them by the FCC. These entities commonly expressed their desire to retain the positive elements of their aging LMR and SCADA operations, namely tight control and custom features (such as specialized coverage and priority access), while adding the benefits of broadband and other advanced technologies (such as solving a broader set of use cases, providing high speed data and video services and economies of scale). However, due to the general unavailability of low band spectrum (i.e., below 1GHz) that is not already licensed, these entities have limited opportunities to license or acquire the spectrum required to deploy broadband and other advanced technologies on their own.

Without the opportunity to develop their own next generation network and mobile communication solutions, many of our potential critical infrastructure and enterprise customers are pursuing other options, including considering the services offered by Tier 1 carriers. The large consumer-focused carriers, in two instances well exceeding a hundred million subscribers each, enjoy clear economy of scale benefits. However, the networks designed and operated by these carriers to primarily address the needs of their consumer customers may fail to satisfy the highly specialized requirements of large complex business organizations. We believe that security, priority access, latency, redundancy control and unique coverage requirements are just some of the reasons critical infrastructure and large enterprise customers would be interested in obtaining the private network and mobile communications solutions we plan to deploy and offer if we receive FCC authorization.

We are continuing active discussions with our potential critical infrastructure and enterprise customers to better understand their requirements and determine how we can potentially deploy wireless network and communications solutions, utilizing current and future technologies, to meet their needs. For example, we are currently exploring the development of a 900 MHz virtualized LTE and 5G network solution that could address the needs and use cases of our potential customers. This approach could empower our critical infrastructure and enterprise customers to create and implement their own virtual private network and mobile communications services from a secure hosted cloud environment. This approach could allow these entities to effectively keep pace with the evolution of mobile technologies and develop new services to offer to their customers, while leveraging the efficiencies of shared resources.

In addition to identifying potential future customer use cases, we are exploring opportunities to cost-effectively offer network coverage and mobile communication solutions utilizing our existing nationwide spectrum position. We have deployed and currently operate our DispatchPlus networks in seven major metropolitan market areas, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. In addition to supporting our DispatchPlus business, we are evaluating our ability to leverage this network infrastructure to support the next generation network and mobile communication solutions we elect to pursue in the future.

Continue to Identify and Evaluate New Opportunities. The wireless communications industry is highly competitive, and subject to rapid regulatory, technological and market changes. A key part of our business strategy is to continually monitor changes in the wireless industry, and evaluate how these changes could enable us to maximize the use of our spectrum assets. For example, recent FCC decisions have created significant opportunities for blocks of shared, unlicensed spectrum, both below 1 GHz to a limited extent and, in very large amounts, above 1 GHz. While we intend to build our existing and future business strategies around our 900 MHz licensed spectrum, our ability to combine our licensed 900 MHz spectrum with additional spectrum in one or more unlicensed bands could provide us with a chance to offer potential customers the best of both worlds. On the one hand, our licensed 900 MHz spectrum offers us absolute control over access to and use of that spectrum, allowing us to provide customers with guaranteed levels of service and the ability to prescribe and enforce purpose-built "rules of the road" for the provision of services. On the other hand, the addition of unlicensed spectrum, particularly in large swaths that support very high speed services, could bring capacity and capabilities that exceed the limits of our licensed spectrum. As a result, we are evaluating potential combinations of unlicensed spectrum with our 900 MHz licensed spectrum to enable us to develop and to market optimum services for our potential critical infrastructure and enterprise customers.

As another example, we are exploring potential opportunities to provide IoT services. Our team, assisted by our industry consultants, are evaluating the many ways we could potentially address future IoT opportunities. In particular, we are focusing on opportunities related to key elements of modernizing the smart grid, including field area networks, sensors and meters and similar end-point devices that may perform best on a private wireless network. Although these activities, and the precise contours of specific IoT business opportunities, remain in the very preliminary stages, we are orienting our efforts in this area around identifying those customers who would likely place the highest value on obtaining services from a private wireless carrier dedicated to their needs.

3. Differentiate Our Near-Term Communication Solutions with pdvConnect™ and Continue to Develop Our DispatchPlus Business. pdvConnect is our proprietary, cloud-based mobile resource management solution that enables businesses to locate, communicate and manage their field workers and assets. As part of our DispatchPlus service offerings, we include our

pdvConnect solutions, that were designed for dispatch communications. These solutions help to provide a differentiated offering when compared to our competition. We continue to believe in the competitive advantages of our DispatchPlus service and our ability to increase the revenues and operating results from this business. At the same time, we intend to remain disciplined in our approach to investing strategically in our DispatchPlus business. Once we have successfully demonstrated acceptable levels of sales productivity and financial performance in our initial markets, we intend, subject to developments regarding FCC action on our petition, to further expand and enhance our geographic market presence in other attractive market areas.

4. Continue to Leverage the Experience and Relationships of Our Executive Team. Our senior executive team has a long, proven track record in the network and mobile communications industry. Brian McAuley and Morgan O'Brien, our Chairman and Vice Chairman, respectively, were the co-founders of Nextel. At Nextel, they were responsible for developing and operating the first all-digital nationwide wireless network that brought PTT to the mass business market. Nextel built its business by identifying an underserved market segment, and despite the competition, creating a better solution for potential customers in this market segment. After growing the total number of subscribers to approximately 23 million, Nextel merged with Sprint in August 2005 at a stand-alone value of approximately $36 billion. Mr. McAuley went on to found NeoWorld Communications in 1999, which was subsequently purchased by Nextel in 2003. In addition, several members of our current management team held leadership roles at Nextel, including John Pescatore, our President and Chief Executive Officer. We intend to leverage the experience of our executive team to refine and execute on our business strategy, to achieve our regulatory spectrum goals and to identify and pursue business opportunities to provide next generation network and mobile communications solutions for critical infrastructure and enterprise customers.

Our Joint Petition for Rulemaking.

FCC Proceeding. In November 2014, we and the Enterprise Wireless Alliance ("EWA") submitted a Joint Petition for Rulemaking to the FCC to propose the realignment of a portion of the 900 MHz band from narrowband to broadband. We welcomed EWA's partnership because of its multi-decade role as a trade association representing the spectrum interests of a broad range of business enterprise, critical infrastructure and commercial service providers. We and EWA believe this realignment is consistent with the FCC's mandate to promote more efficient use of limited spectrum resources generally and its ongoing efforts to make more spectrum available for broadband services specifically, particularly in the spectrum bands below 1 GHz. In response to the Joint Petition for Rulemaking, the FCC issued a public notice requesting comments from interested parties and asked a number of questions about the proposal. A number of parties, including several incumbent licensees, filed comments with the FCC expressing their views, including both support and opposition. Some raised technical and other questions about the proposal. In May 2015, we and the EWA filed proposed rules with the FCC related to our Joint Petition for Rulemaking. Comments on the proposed rules were filed in June 2015 and reply comments in July 2015. The proposed rules outline our recommended procedural and technical operating parameters, including field strength limits, processes related to the administration and sequencing of the proposed realignment of the 900 MHz band, and requirements for the broadband operators to provide comparable facilities to incumbent licensees, to pay the cost of their realignment, and to utilize an emission mask with advanced filtering capability specifically designed to protect licensees adjacent to the proposed broadband portion of the 900 MHz band.

In September 2016, an item was placed on circulation with the Commissioners' offices at the FCC related to the Joint Petition. We are currently waiting for the FCC to vote on and, if adopted, release the text of its decision. The FCC's action may take a number of forms ranging from a Notice of Proposed Rulemaking, to a Notice of Inquiry, to a dismissal of the Joint Petition without further action. Although the FCC has not announced a decision on the Joint Petition, we currently believe that the most likely outcome is that the FCC will adopt a Notice of Inquiry as the next step in the process. A Notice of Inquiry is a vehicle for the FCC to gather additional information for the record. If the FCC elects to adopt a Notice of Inquiry, it could request additional information and input on the optimal use of the 900 MHz band generally. A Notice of Inquiry could also request information on the specific issues and proposed solutions raised by us and other commentators in the Joint Petition proceeding, as well as in other proceedings involving the 900 MHz spectrum that were initiated by third parties. The adoption of a Notice of Inquiry would not mean that the FCC has accepted or denied our Joint Petition, or that our Joint Petition will or will not ultimately result in a Notice of Proposed Rulemaking. We continue to believe in the merits of our proposal, and that our Joint Petition is consistent with the FCC's practices and policies. Nevertheless, obtaining a favorable result from the FCC may take a significant amount of time and resources. Moreover, there is no assurance that the FCC will ultimately approve our Joint Petition or will conduct a rulemaking proceeding along the lines originally advocated by us.

Meetings with Incumbents. To support our Joint Petition, we have met, and intend to continue to meet, with a number of incumbent licensees, critical infrastructure enterprises, and other interested parties in the 900 MHz band, including a number of those who submitted comments to the FCC regarding our Joint Petition for Rulemaking. Our goals with these discussions are: to develop a better understanding of their business needs and overall requirements for wireless solutions; to gain a better understanding of the size of the incumbent base and the nature of the systems they are currently operating; to determine the interest that particular critical infrastructure entities might have in gaining access to wireless broadband capabilities to complement their own business operations and initiatives (for example, supporting power grid modernization requirements or monitoring and/or controlling their own system or network elements via machine-to-machine type services); and to propose voluntary license relocation opportunities to certain incumbents. With certain incumbent licensees, we are continuing to attempt to build consensus and to resolve any concerns they have expressed regarding our Joint Petition; with others, we are soliciting their support and cooperation to structure and implement mutually beneficial relocations; and with select critical infrastructure enterprises, we are jointly investigating how our contemplated

future broadband capabilities could be employed to meet their anticipated needs and future operating plans. We anticipate that the next stage of the FCC's review process will afford these companies and other similarly situated companies with the opportunity to put on the record their needs and unique requirements for broadband and other next generation technologies.

Technology Evaluation. Our engineering team has also evaluated the technical requirements for our deployment of both current narrowband and wideband solutions, as well as future broadband technologies in the 900 MHz band and specifically, whether existing technologies can be utilized to support our planned network buildout and business plans. Based on these evaluations, we believe we can deploy a broadband network using spectrum in the 900 MHz band with technologies that are commercially available. Further, based on our evaluation and testing of available technologies and equipment, we believe that success in achieving appropriate contiguous spectrum holdings is and will remain the most critical factor in determining whether we will be able to deploy and offer broadband or other advanced wireless services in the future.

Acquiring Spectrum Assets. In addition, we have completed a limited number of spectrum acquisitions to support our current and contemplated realignment efforts and the deployment of a future broadband network. We have prioritized, and intend to continue to prioritize, our acquisitions of spectrum licenses, including SMR blocks and site-specific licenses, in major metropolitan areas that we believe will ease the process of realigning a portion of the 900 MHz spectrum from narrowband to broadband, assuming the FCC approves our Joint Petition for Rulemaking. To date, we have pursued these acquisitions opportunistically and selectively to help avoid unduly increasing the cost of the spectrum licenses we acquire.

Our Spectrum Assets

We are the largest holder of FCC licenses in the Part 90 900 MHz band, with a nationwide footprint in the contiguous United States, plus Hawaii, Alaska and Puerto Rico. We acquired our 900 MHz spectrum and certain related equipment from Sprint in September 2014 for $100 million, which we paid in the form of $90 million in cash and $10 million in shares of our common stock. We estimate that we acquired our 900 MHz spectrum for approximately $0.06 per MHz for each person in the U.S. population ("MHz/Pop") in our licensed market areas.

The FCC has allocated approximately 10 MHz of spectrum in our portion of the 900 MHz band, sub-divided into 40, 10-channel blocks of contiguous channels alternating between blocks designated for operation of Specialized Mobile Radio ("SMR") commercial systems and blocks designated for Business/Industrial/Land Transportation ("B/ILT") users, with FCC rules also enabling B/ILT licenses to be converted to SMR use. Subsequently, the FCC conducted overlay auctions on the SMR designated blocks that awarded geographic based licenses on a Major Trading Area ("MTA") basis while affording operational protection to incumbent, site-based licensees in those areas. The 20 blocks of B/ILT channels have not been auctioned and all licenses remain site-based.

We hold, on average, approximately 60% of the total number of 900 MHz SMR and B/ILT channels in the top 20 metropolitan markets in the United States, which includes approximately 70% of the U.S. population. We also hold almost every 900 MHz SMR MTA geographic license in all but a few markets in the United States, as well as certain B/ILT and converted B/ILT licenses in most major markets. As a result, we hold on average, 240 of the 399 total channels in this 10 MHz portion of the 900 MHz band in the top 20 metropolitan markets in the United States.

Our DispatchPlus Business

In Fiscal 2016, we began offering our commercial PTT service, which we market as DispatchPlus, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. We developed DispatchPlus to address the needs of enterprises that value a tailored PTT solution addressing the management of their mobile workforce. These businesses typically operate within industry verticals such as construction, distribution, transportation, field services, waste management and hospitality. Given the nature of their operations, DispatchPlus offers these businesses several advantages over telephony and data-based services, including an easy-to-operate one-touch button, efficiency of communications and rugged equipment optimal for field use. The operation of our DispatchPlus business is separate from, and not contingent on, the initiatives we are pursuing at the FCC or our other spectrum-related activities.

Our DispatchPlus Service. Our DispatchPlus service combines pdvConnect, our proprietary suite of mobile communication and workforce management applications, with state-of-the-art digital network architecture and mobile devices supplied by Motorola Solutions, Inc. and its subsidiaries ("Motorola"). Developed for dispatch-centric businesses, and historically offered to customers who utilize Tier 1 cellular networks, pdvConnect is an easy to use and efficient mobile communication and workforce management solution that enables businesses to locate and communicate with their field workers and improve the documentation of work events and job status. DispatchPlus gives customers the ability to instantly set up PTT communications – either privately (one-to-one) or with a group (one-to-many) – within their calling area with just the touch of a "button." In addition, DispatchPlus can help customers increase productivity through the delivery of real-time information from mobile workers to dispatch operators, including Global Positioning System ("GPS") tracking and real time location, worker status, activity reporting and field event logging. DispatchPlus can also integrate with corporate intranets and back-office systems, such as sales force automation, order entry, inventory tracking and customer relationship management. DispatchPlus allows customers to deliver voice messages to any computer (via the internet), email address or to any phone in the U.S., thereby greatly enhancing the PTT communication capabilities of field workers and allowing them to communicate not only with personnel within their organizations, but also with suppliers, vendors and customers.

Also built with the commercial dispatch customer in mind, Motorola's digital network architecture allows us to provide highly reliable, instant and wide-area PTT communication services to our customers.

Because our mobile workforce applications are cloud-based, there is no requirement for our customers to download software to their two-way radios before beginning to use DispatchPlus. We offer customers our DispatchPlus service at a competitive monthly price that we believe is more attractive than the price they would pay for comparable services and functionality from the large Tier 1 carriers.

We intend to continue to enhance DispatchPlus and our future wireless business solutions to meet the demands of our customers based on their industry and individualized business needs. We also back our services with an enterprise-grade, dedicated customer support team.

Competitive Advantages. Currently, many of our target customers use PTT services provided by Tier 1 cellular carriers via cellular systems or SMR operators via local radio networks. We believe our proprietary DispatchPlus service offers significant advantages to our target customers when compared to the services currently offered by Tier 1 cellular carriers or local SMR operators. Specifically, we believe our DispatchPlus solution is superior to the current services provided by the Tier 1 carriers due to several key factors, including a lower monthly price for comparable functionality (including GPS and mobile workforce solutions), the simplicity and durability of our purpose-built devices that allow for one-button dispatch calls (one-to-one and one-to-many), the quality and functionality of our PTT service and our enterprise-grade, dedicated customer support team with specific expertise in dispatch communications and mobile resource management solutions. Similarly, we believe our DispatchPlus solution is superior to the products offered by local SMR operators due to several key factors, including our opportunity to offer our customers consistent service across a greater coverage area given our national spectrum position, our proprietary DispatchPlus mobile resource management solutions being included as part of our service offerings, a number of which are differentiated and not available on local SMR networks and our substantial spectrum holdings generally being able to support significantly more customers per target market than the limited spectrum held by most SMR operators.

Our Sales and Marketing Strategy. Generally, the markets we have selected to target for our DispatchPlus service are small and medium-sized businesses with fewer than 1,000 employees that operate in industry verticals that, given the nature of their business and their asset and human resource profile, have historically utilized and relied on PTT dispatch services to maintain contact with and manage their dispersed mobile workforces. We believe our DispatchPlus service can provide these businesses with the instant communication services they need, and, coupled with our bundled mobile resource management solution, the speed and simplicity they need to operate efficiently. Our services are primarily billed on a monthly basis.

We market pdvConnect through two Tier 1 carriers in the United States. We previously marketed pdvConnect through an international Tier 1 carrier in Mexico until our agreement with this carrier ended during the second quarter of Fiscal 2016. We have entered into standard reseller, co-marketing and license agreements with these third-party Tier 1 carriers. Our Tier 1 carrier partners market pdvConnect as an available application to complement their wireless service offerings. Generally, pdvConnect has been offered at a monthly price of up to $19.99 per user. For the year ended March 31, 2017, our operating revenues were derived entirely from domestic sales. Revenues from the two domestic carriers accounted for 38% and 10% of our operating revenues for Fiscal 2017, respectively. Given our focus on offering our DispatchPlus service on our PTT network, we believe that sales of pdvConnect through our third-party carriers will continue to decrease as an overall percentage of our operating revenues.

We primarily offer our DispatchPlus service to customers indirectly through third-party sales representatives. We are currently selecting our indirect sales representatives from Motorola's nationwide dealer network and from select other third-party wireless dealers. We support our indirect sales representatives by providing them with training, sales, marketing and advertising support from our internal sales and marketing team. We also support our indirect sales representatives by placing a dealer manager in each market in which we operate. In addition, we are implementing a number of sales initiatives, including multiple types of lead generation programs and hiring additional direct sales resources. We believe this approach of utilizing existing wireless dealers, to serve as our indirect sales representatives, coupled with our direct sales and marketing efforts and initiatives, and creating alternate sales channels, will enable us to be a presence in our markets and help to reduce the costs of maintaining a nationwide sales and distribution network. We normally enter into contracts directly with end users of our DispatchPlus communications solutions, including those introduced to us through our indirect dealer network.

To date, sales of our DispatchPlus service have been slower to ramp-up than our initial expectations for a number of reasons, including but not limited to, the performance of our indirect third-party sales representatives, longer initial sales cycles, and coverage gaps in certain markets due to delays in our deployment of planned sites. We continue to develop and implement sales and marketing programs for our DispatchPlus service to drive increased customer acquisition and revenue growth. Our progress in the growth of our sales funnel and positive customer feedback provide us with optimism about our future sales opportunities. We are currently focusing our resources in the markets where we have commenced service. That focus includes trialing and implementing a number of sales and marketing initiatives and strategies aimed at increasing sales of our DispatchPlus service and continuing to develop and grow a predictable sales funnel and process. These initiatives include:

- Identifying and targeting high-value, business customers that we believe will benefit from our DispatchPlus service;
- Focusing our advertising and marketing efforts to more clearly communicate the benefits of our services to business customers in our targeted market verticals;

- Developing and bringing to market innovative features that continue to differentiate us from other wireless communications service providers that provide PTT solutions;
- Providing additional incentive programs, both to our third-party sales representatives and to our customer prospects;
- Building and trialing a business development direct sales team in one of our seven markets and adding limited direct sales resources in the other markets;
- Orienting our sales and marketing organizational structure to track the distinct channels of distribution we are employing in our market areas and to bring added focus to the different types of potential customer accounts and related sales and marketing processes;
- Developing a centralized business development and telesales team to increase the flow of qualified leads and sales across all of our market areas; and
- Developing alternate third-party sales channel strategies and identifying new sources of sales and leads in our targeted market verticals.

We intend to continue to focus our efforts on the initial seven markets where we have commenced service until we prove out our DispatchPlus business model in those markets. We have prepared for the potential future rollout of our DispatchPlus service in more than thirteen additional markets by completing initial network designs and, in some markets performing additional site development activity. We believe this approach will allow us to more quickly and effectively proceed with new market deployments when we determine it is best to do so. We also believe this approach will provide us with additional time and financial flexibility to refine our longer-term strategies, including those related to our Joint Petition.

Our Competition

The market for network and mobile communication solutions for enterprises has been and will continue to be characterized by intense competition on the basis of price, performance, technology advances and the features, functionality, quality and reliability of the offered services and products. With respect to our DispatchPlus business, we compete with the wireless Tier 1 carriers. Most of these competitors offer some form of PTT service, along with a selection of mobile resource management solutions. In addition to the Tier 1 carriers, our DispatchPlus business also competes with local SMR and other dispatch service providers who offer PTT services to our targeted dispatch-centric business market verticals. With respect to our broadband and other spectrum initiatives, we compete with the Tier 1 carriers, local SMR operators and other public and private companies that are in the business of acquiring and developing spectrum assets. In addition, our Joint Petition is opposed by certain incumbents and other third parties with conflicting business interests. Many of the third parties who offer communication solutions for enterprises or with whom we compete for spectrum opportunities have more resources, longer operating histories, larger sales and marketing teams and greater political and regulatory influence than we do.

Our Significant Business Relationships

Sprint. In May 2014, we entered into an Asset Purchase Agreement with certain wholly-owned subsidiaries of Sprint (the "Sprint APA") to acquire: (i) FCC licenses to operate a nationwide dispatch network in the 900 MHz band and (ii) certain 900 MHz equipment. We paid Sprint an aggregate of $100 million for these assets, consisting of $90 million in cash and $10 million in shares of our common stock at a price equal to $20.00 per share. In September 2014, we obtained the necessary approvals from the FCC to transfer the FCC licenses from Sprint to us, and we then completed the closing of the purchase and sales of the spectrum assets.

Motorola. We signed a reseller agreement with Motorola pursuant to which we agreed to purchase, and Motorola agreed to supply us with, the Motorola digital technology we are utilizing to deploy our PTT network and the mobile handsets and devices we are offering to our customers on that network. Additionally, Motorola invested $10 million in our subsidiary, PDV Spectrum Holding Company, LLC, that we formed to hold our 900 MHz spectrum licenses. Motorola's ownership interest in our subsidiary is convertible, at the option of either Motorola or us, into shares of our common stock at a price equal to $20.00 per share. Motorola is not entitled to any profits, dividends or other distribution from the operations of our subsidiary.

In addition, we entered into a lease agreement with Motorola pursuant to in which our subsidiary agreed to lease a portion of our 900 MHz licenses in exchange for an upfront, fully-paid lease fee of $7.5 million. Under the terms of this lease agreement with Motorola, Motorola can use the leased channels to provide narrowband services to certain qualified end-users. The end-users can only use the leased channels for their own internal communication purposes. The end-users cannot sublease the channels to any other end-users or to any commercial radio system operations or carriers. The lease agreement specifically states that the channels leased to Motorola will not be used in a manner that would be competitive with our services and limits the total number of channels that Motorola can lease in any market area. The lease agreement provides us with flexibility regarding the future use and management of our spectrum, including setting forth relocation and repurposing policies for or affecting the leased channels, which policies are designed to facilitate any necessary re-alignment of frequencies that may be associated with our efforts to assemble contiguous spectrum for broadband uses.

Motorola cannot enter contracts with end-users after December 31, 2020 involving new leases of spectrum from us without our consent and the payment of an additional fee. The initial lease period for any end-user cannot last more than seven years, and the lease can only be renewed for up to three years for an aggregate lease period of up to 10 years. In addition, we agreed to purchase equipment manufactured by Motorola for any future broadband network we deploy, provided that Motorola makes reasonable efforts to ensure the equipment meets our required sourcing criteria.

Our Intellectual Property

To establish and protect our proprietary technologies and service offerings, we rely on a combination of patent, copyright, trademark and trade-secret laws, as well as confidentiality provisions in our contracts. We have implemented a patent strategy designed to protect our pdvConnect and DispatchPlus technologies and facilitate the commercialization of our service offerings. Currently, our patent portfolio is comprised of seven issued U.S. patents, two issued European patents and two issued Canadian patents, all of which have been assigned to and are owned by us. In addition, we have several trademarks and service marks to protect our corporate name, services offerings, goodwill and brand. There are currently no claims or litigation regarding these trademarks, patents, copyrights, or service marks. We also rely on trade-secret protection of our intellectual property. We enter into confidentiality agreements with third parties, employees and consultants when appropriate.

The Regulation of Our Business

The FCC regulates the licensing, construction, operation and acquisition of our wireless operations and wireless spectrum holdings in the United States. We hold FCC spectrum licenses in the 900 MHz band as a non-interconnected, non-common carrier SMR service provider. As such, within the limitations of our spectrum holdings and available technology, we are authorized by the FCC to provide non-interconnected mobile communications services, including two-way radio dispatch, and mobile data and internet services.

Licensing. We are entitled to provide our wireless communication services on specified spectrum frequencies within specified geographic areas and in doing so must comply with the rules, regulations and policies adopted by the FCC. The FCC issues each spectrum license for a fixed period of time, typically 10 years in the case of the FCC licenses we currently hold. While the FCC has generally renewed licenses held by operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if it determines that a license renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such non-compliance is unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations or financial condition.

The Communications Act of 1934, as amended, and FCC rules and regulations require us to obtain the FCC's prior approval before assigning or transferring control of wireless licenses, with limited exceptions. The FCC's rules and regulations also govern spectrum lease arrangements for a range of wireless radio service licenses, including the licenses we hold. These same requirements apply to any licenses or leases we may wish to acquire as part of our broadband initiatives. The FCC may prohibit or impose conditions on any proposed acquisitions, sales or other transfers of control of licenses or leases. The FCC engages in a case-by-case review of transactions that involve the consolidation or sale of spectrum licenses or leases and may apply a spectrum "screen" in examining such transactions. Because an FCC license is necessary to lawfully provide the wireless services we currently offer and plan to offer, if the FCC were to disapprove any such request to acquire, assign or otherwise transfer a license or lease, our business plans would be adversely affected. Approval from the Federal Trade Commission and the Department of Justice, as well as state or local regulatory authorities, also may be required if we sell or acquire spectrum.

900 MHz Band Spectrum Reconfiguration. FCC approval will be required to allow repurposing of 900 MHz spectrum from narrowband to broadband and to allow the realignment of the 900 MHz spectrum so that it is capable of supporting the LTE technology consistent with our long-range broadband initiatives. A decision by the FCC declining to permit the needed spectrum repurposing and subsequent realignment activities could have a significant adverse effect on the value of our spectrum and on our future plans for provision of broadband services.

FCC Regulations. The FCC does not currently regulate rates for services offered by wireless providers. However, we may be subject to other FCC regulations that impose obligations on wireless providers, such as federal Universal Service Fund obligations, which require communications providers to contribute to a fund that supports subsidized communications services to underserved areas and users; rules governing billing, subscriber privacy and customer proprietary network information; roaming obligations; rules that require wireless service providers to configure their networks to facilitate electronic surveillance by law enforcement officials; rules governing spam, telemarketing and truth-in-billing; and rules requiring us to offer equipment and services that are accessible to and usable by persons with disabilities, among others. There are also pending proceedings that may affect spectrum aggregation limits and/or adjustment of the FCC's case-by-case spectrum screens; regulation surrounding the deployment of advanced wireless broadband infrastructure; the imposition of text-to-911 capabilities; and the transition to IP networks, among others. Some of these requirements and pending proceedings (of which the foregoing examples are not an exhaustive list) pose technical and operational challenges to which we, and the industry as a whole, have not yet developed clear solutions. We are unable to predict how these pending or future FCC proceedings may affect our business, financial condition or results of operations. Our failure to comply with any applicable FCC regulations could subject us to significant fines or forfeitures.

State and Local Regulation. In addition to FCC regulation, we are subject to certain state regulatory requirements. The Communications Act of 1934, as amended, preempts state and local regulation of the entry of, or the rates charged by, any wireless provider. State and local governments are permitted to manage public rights of way and can require fair and reasonable compensation from wireless providers for use of those rights of way so long as the compensation required is publicly disclosed by the government. The siting of base stations also remains subject to some degree of control by state and local jurisdiction. States also may impose competitively neutral requirements that, among other things, are necessary for universal service or to defray the costs of state E911 services programs, to protect the public safety and welfare, and to safeguard the rights of customers.

Tower Siting. Although we currently lease tower space from third parties in connection with deploying and operating our PTT network, if, in the future, we chose to deploy broadband facilities on tower facilities that we build or operate, we will be required to comply with various federal, state and local regulations that govern the siting, lighting and construction of transmitter towers and antennas, including requirements imposed by the FCC and the Federal Aviation Administration (FAA). Federal rules subject certain tower site locations to extensive zoning, environmental and historic preservation requirements and mandate consultation with various parties, including State and Tribal Historic Preservation Offices, which can make it more difficult and expensive to deploy facilities. The FCC antenna structure registration process also imposes public notice requirements when plans are made for construction of, or modification to, antenna structures that require FAA approval, potentially adding to the delays and burdens associated with tower siting, including potential challenges from special interest groups. To the extent governmental agencies continue to impose additional requirements like this on the tower siting process, the time and cost to construct towers could be negatively impacted. The FCC has, however, imposed a tower siting "shot clock" that requires local authorities to address tower applications within a specific timeframe, which can assist carriers in more rapid deployment of towers. More recently, the FCC also has initiated proceedings in which it is examining means to accelerate broadband deployment by removing barriers to infrastructure investment.

Motor Vehicle Restrictions. A number of states and localities have banned or are considering banning or restricting the use of wireless handsets and devices while driving a motor vehicle, which in many instances could include the use of PTT devices. Such bans could cause a decline in the number of minutes of use by business customers or make our service less attractive to certain potential subscribers.

Electronic Surveillance. We may be required by law to provide certain surveillance capabilities to law enforcement agencies. If required, we intend to deliver the requisite surveillance capabilities to law enforcement with respect to our PTT service.

National Security. National security and disaster recovery issues continue to receive attention at the federal, state and local levels. For example, Congress is expected to again consider cyber security legislation to increase the security and resiliency of the nation's digital infrastructure. In 2013, the President issued an executive order directing the Department of Homeland Security and other government agencies to take a number of steps to improve the security of the nation's critical infrastructure. The details surrounding the implementation of this order have not been resolved, however, and we cannot predict the cost or other impacts of such measures. Moreover, the FCC continues to examine issues of network resiliency and reliability and may seek to impose additional regulations designed to reduce the severity and length of disruptions in communications.

Our Employees

As of March 31, 2017, we had 95 full-time employees. None of our employees are covered by a collective bargaining agreement. We believe that our relationship with our employees is positive.

Our Corporate Information

Our principal executive offices are located at 3 Garret Mountain Plaza, Suite 401, Woodland Park, New Jersey 07424. Our main telephone number is (973) 771-0300. We were originally incorporated in California in 1997, and reincorporated in Delaware in 2014. In November 2015, we changed our name from Pacific DataVision, Inc., to pdvWireless, Inc. Our internet website is *www.pdvwireless.com.* The information on or accessible through our website is not incorporated into this Annual Report, and you should not consider any information on, or that can be accessed through, our website a part of this Annual Report.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors, together with the other information contained in this Annual Report and our other reports and filings made with the SEC, in evaluating our business and prospects. If any of the risks discussed in this Annual Report occur, our business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected, in which case the trading price of our common stock could decline significantly. Some statements in this Annual Report, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Concerning Forward-Looking Statements."

Risks Related to Our Spectrum Initiatives and the Use of Our Spectrum

Our spectrum initiatives aimed at increasing its usability and capacity may not be successful on a timely basis or at all, and may require significant time and attention from our senior management team and our expenditure of significant resources.

Our spectrum is our most valuable asset. While our current spectrum holdings can support our DispatchPlus business and the deployment of other narrowband and wideband wireless services, many of the future business opportunities that we have identified will require higher bandwidth than we possess, given the current configuration of our spectrum. As our first priority, we have initiated and are currently pursuing a regulatory process at the FCC aimed at modernizing and realigning our spectrum band to increase its usability and capacity, including the future deployment of broadband and other advanced technologies and services. In November 2014, we and the Enterprise Wireless Alliance submitted a Joint Petition for Rulemaking to the FCC to propose the realignment of a portion of the 900 MHz band from narrowband to broadband.

In September 2016, an item was placed on circulation with the Commissioners' offices at the FCC related to the Joint Petition. We are currently waiting for the FCC Commissioners to vote on and, if adopted, release the text of its decision. The FCC's action may take a number of forms ranging from a Notice of Proposed Rulemaking, to a Notice of Inquiry, to a dismissal of the Joint Petition without further action. Although the FCC has not announced a decision on the Joint Petition, we currently believe that the most likely outcome is that the FCC will adopt a Notice of Inquiry as the next step in the process. A Notice of Inquiry is a vehicle for the FCC to gather additional information for the record. If the FCC elects to adopt a Notice of Inquiry, it could request additional information and input on the optimal use of the 900 MHz band generally. A Notice of Inquiry could also request information on the specific issues and proposed solutions raised by us and other commentators in the Joint Petition proceeding, as well as in other proceedings involving the 900 MHz spectrum that were initiated by third parties. The adoption of a Notice of Inquiry would not mean that the FCC has accepted or denied our Joint Petition, or that our Joint Petition will or will not ultimately result in a Notice of Proposed Rulemaking. We continue to believe in the merits of our proposal, and that our Joint Petition is consistent with the FCC's practices and policies. Nevertheless, obtaining a favorable result from the FCC may take a significant amount of time and resources. Moreover, there is no assurance that the FCC will ultimately approve our Joint Petition or will conduct a rulemaking proceeding along the lines originally advocated by us. As a result, our ability to successfully implement our spectrum initiatives may take more time, require more attention from our senior management team and be more expensive than we currently anticipate, and we ultimately may not be able to obtain the necessary regulatory approvals to deploy broadband and other advanced technologies and services.

We may not be successful in identifying, developing or commercializing network and mobile communication solutions utilizing our current and future spectrum and commercially available technologies.

In addition to our DispatchPlus business, we have a separate effort to identify and pursue revenue generating activities leveraging our current licensed spectrum and readily available technologies and, if we are successful with our FCC efforts, through the deployment of broadband and other advanced wireless service offerings. We utilized outside consulting resources to assist us with this evaluation process. Based on our market research, we have identified critical infrastructure as the initial targeted customers for any future private carrier networks we develop and deploy. In addition to the critical infrastructure industry, we have identified a number of potential business opportunities to develop next generation network and mobile communication solutions for our enterprise customers, including wideband wireless services and services for M2M and IoT applications. We intend to selectively pursue those opportunities that will allow us to leverage our nationwide spectrum position and to maximize the value of our spectrum assets and future business opportunities. There is no assurance, however, that we will be successful in our pursuit of any spectrum opportunities that we may identify, in converting our non-contiguous licensed spectrum holdings to contiguous spectrum allocations suitable for broadband and other advanced uses, or in commercializing any network and mobile communication solutions we elect to pursue. Further, there is no assurance that we will be able to utilize existing broadband and other advanced technologies with our spectrum without making modifications to user or end point devices or engaging in product and/or service development efforts, any of which could result in deployment delays, require us to invest in technology or other development activities or otherwise adversely limit the features, reliability and financial results of any future opportunities we elect to pursue. In addition, any future network and mobile communication solutions we pursue may require us to raise significant additional capital or to materially change our business plans and operations.

Many of the third parties who have objected to our spectrum initiatives or with whom we are competing against for spectrum opportunities have more resources, and greater political and regulatory influence, than we do.

Our spectrum initiatives are subject to competition from the Tier 1 carriers, local SMR operators and other public and private companies that are in the business of acquiring and developing spectrum assets. In addition, our FCC proceeding and spectrum initiatives have been and may continue to be opposed by certain incumbents and other third parties with conflicting or competing business interests. Many of the third parties who are not supportive of our broadband initiatives or with whom we compete against for spectrum opportunities may have more resources and greater political and regulatory influence than we do, which could prevent, delay or increase the cost of our spectrum initiatives.

Government regulations or actions taken by governmental bodies could adversely affect our business prospects, future growth and results of operations.

The licensing, construction, operation and sale of wireless telecommunications systems are regulated by the FCC and, depending on the jurisdiction, state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how the spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, including resolution of issues of interference between spectrum bands. If we fail to comply with applicable FCC regulations, we may be subject to sanctions, which may have a material adverse effect on our business. In addition, the FCC grants wireless licenses for terms of generally ten years that are subject to renewal and revocation. There is no guarantee that our licenses will be renewed. Failure to comply with FCC requirements applicable to a given license could result in revocation or non-renewal of the license, depending on the nature and severity of the non-compliance.

Future changes in regulation or legislation could impose significant additional costs on us either in the form of direct out of pocket costs or additional compliance obligations. We may be subject to FCC regulations that impose obligations on wireless providers, such as federal Universal Service Fund obligations, which require communications providers to contribute to a fund that supports subsidized communications services to underserved areas and users; rules governing billing, subscriber privacy and customer proprietary network information; rules prescribing roaming service obligations; rules that require wireless service providers to configure their networks to facilitate electronic surveillance by law enforcement officials; rules governing spam, telemarketing and truth-in-billing; and rules requiring us to offer equipment and services that are accessible to and usable by persons with disabilities, among others. In addition, some state and local jurisdictions have adopted legislation that could affect our costs and operations in those areas, including certain billing practices and consumer-related issues that may not be pre-empted by federal law. Further, the FCC and other federal, state and local governmental authorities could adopt new regulations or take actions, including imposing taxes or fees on our business or that we must pass through to our customers, that could adversely affect our business prospects or results of operations. For example, some jurisdictions have adopted laws restricting or prohibiting the use of portable communications devices while driving motor vehicles, often including PTT devices. If similar laws are enacted in other jurisdictions, we may experience reduced subscriber usage and demand for our services, which could have a material adverse effect on our results of operations.

Further, the FCC and Congress may make additional spectrum available for communications services, which may result in the introduction of additional competitive entrants to the already crowded wireless communications marketplace in which we compete. For example, the federal government recently created and funded the First Responder Network Authority ("FirstNet"), which the federal government authorized to help accomplish, fund and oversee the deployment of a dedicated Nationwide Public Safety Broadband Network ("NPSBN"). Such an NPSBN may provide an additional source of competition to the 900 MHz broadband network we intend to deploy if the FCC approves our Joint Petition for Rulemaking. Please see the risk factor "*Our spectrum initiatives aimed at increasing its usability and capacity may not be successful on a timely basis or at all, and may require significant time and attention from our senior management team and our expenditure of significant resources"* above regarding the impact government regulations and actions may have on our request to realign a portion of the 900 MHz band from narrowband to broadband.

The value of our spectrum may fluctuate significantly based on supply and demand, as well as technical and regulatory changes.

The FCC spectrum licenses we hold are the Company's most valuable asset. The value of our spectrum, however, may fluctuate based on various factors, including, among others: the regulatory status of our Joint Petition for Rulemaking; potential uses of our spectrum based on FCC rules and regulations and available technology; the market availability of spectrum; existing demand for spectrum resources; regulatory changes by the FCC to make additional spectrum available or to promote more flexible uses of existing spectrum; the fluctuation of auction prices of spectrum in neighboring bands or any unsuccessful auctions of such spectrum. Similarly, the price of any additional spectrum we desire to purchase to support our spectrum initiatives or our future business plans and growth will also fluctuate based on similar factors. Any decline in the value of our spectrum or increases in the costs of spectrum we decide to acquire could have an adverse effect on our market value and our business and operating results.

Spectrum is a limited resource, and we may not be able to obtain sufficient contiguous spectrum to support our spectrum initiatives or our planned business operations and future growth.

Spectrum is a limited resource that is regulated in the United States by the FCC. The 900 MHz spectrum licenses we purchased from Sprint are sufficient to allow us to operate our DispatchPlus business as well as services for M2M and related IoT applications. Nevertheless, we will need to acquire additional contiguous spectrum to support our broadband initiatives, and we may need to acquire additional spectrum to support our future business plans and any next generation network and mobile communication solutions we elect to develop and offer. We have acquired, and may continue to acquire, additional spectrum through negotiated purchases. We also may elect to acquire additional spectrum in government-sponsored auctions of spectrum. We cannot assure you, however, that we will be successful in acquiring the additional spectrum we may need to support our realignment efforts, our spectrum initiatives, or any future network or mobile communication solutions we elect to pursue on commercially reasonable terms, or at all. Any failure to obtain the contiguous spectrum required for our current and future business plans will adversely impact our revenues and our future growth potential and may adversely impact our ability to realign our 900 MHz spectrum and pursue our spectrum initiatives.

Risks Related to Our Business

We have a limited history with respect to the implementation of our DispatchPlus business and with the spectrum realignment efforts we are pursuing with the FCC, which makes it difficult to evaluate our prospects and future financial results, and our business activities, strategic approaches and plans may not be successful.

Although we were incorporated in 1997, our business model and strategy changed significantly following our acquisition of 900 MHz spectrum licenses in September 2014. Following this acquisition, we developed and deployed our DispatchPlus service in seven major metropolitan markets in the United States. We also commenced an FCC rulemaking process aimed at increasing the usability and capacity of our spectrum assets. As a result, the ability to forecast our future operating results is limited and subject to a number of risks and uncertainties, including our ability to accurately forecast and estimate our future revenue growth and the expenses and time required to pursue our spectrum initiatives and business opportunities. We have encountered, and expect to continue to encounter, risks and uncertainties frequently experienced by new businesses in highly competitive, technical and rapidly changing markets. If our assumptions regarding these risks and uncertainties are incorrect or change in reaction to changes in our markets, in our FCC rulemaking process, in our business plans or opportunities, in PTT or other communications technologies, in economic conditions, or if we do not manage or address these risks and uncertainties successfully, our results of operations could differ materially and adversely from our expectations.

As a new and unproven business, any future success will depend, in large part, on our ability to, among other things:

- obtain FCC approval for our Joint Petition for Rulemaking requesting a realignment of our spectrum band to increase its usability and capacity, including the future deployment of broadband technologies and services;
- successfully identify, develop and commercialize network and mobile communication solutions utilizing our current and future spectrum assets;
- expand and retain a sufficiently large customer base for our DispatchPlus service on a timely and cost-effective basis;
- attract and incentivize indirect dealers to successfully act as our primary sales representatives for our DispatchPlus service;
- add new DispatchPlus customers and increase revenues from existing DispatchPlus customers;
- establish and maintain commercial, strategic and other key relationships with third parties that may be required to successfully pursue the growth of our DispatchPlus business activities, to deploy future narrowband, wideband or broadband services and to develop and market customized broadband or other advanced wireless service offerings;
- maintain our existing pdvConnect services business, which requires the continuation of our existing relationships with Tier 1 wireless carrier partners;
- successfully compete against competitors with significantly greater resources and pricing flexibility, and with greater political and regulatory influence;
- continue to add features and functionality to our workforce management and other business communications solutions to meet customer demand; and
- scale our internal business, regulatory, technical and commercial operations in an efficient and cost-effective manner.

Any failure to achieve one or more of these objectives could adversely affect our business, our results of operations and our financial condition.

We have had net losses each year since our inception, and may not achieve or maintain profitability in the future.

We have incurred net losses each year since our inception, including net losses of $39.2 million, $21.8 million and $14.7 million in the fiscal years ended March 31, 2017, 2016 and 2015, respectively. We expect to continue to incur significant net losses in the future for a number of reasons, including without limitation the risks and uncertainties described in this Annual Report related to the commercialization of our DispatchPlus service and the pursuit of our spectrum and business initiatives. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in levels of revenue below our current expectations, or losses or expenses that exceed our current expectations. If our losses or expenses exceed our expectations or our revenue growth assumptions are not met in future periods, we may never achieve or maintain profitability in the future.

We may not be able to successfully operate and/or sufficiently grow our DispatchPlus business.

Our PTT networks and our DispatchPlus service target a very specific niche of potential enterprise customers within the existing market for wireless communications services. The subset of the market we are targeting with our PTT networks and our DispatchPlus service may not prove to be as large as or as easy to convert from other competitive service offerings as we initially expected. For example, we have experienced slower customer growth than we initially anticipated in the seven markets in which we have deployed our PTT networks. Because of this, we have implemented a number of sales, marketing and advertising initiatives and programs to increase sales in these markets and to supplement and provide additional support to our indirect sales network. Additionally, we have elected to delay the deployment of our PTT networks in additional markets until we have had time to evaluate these new initiatives and programs and assessed our ability to operate a profitable PTT business. Moreover, we cannot assure you that the past experience of our management team will be sufficient to enable us to successfully deploy and operate our DispatchPlus business. Furthermore, our sales, marketing and advertising strategies and initiatives may not increase our customer base or allow us to increase our revenues at a pace that will enable us to pay our operating expenses or service any indebtedness we may incur. As a result, we cannot assure you that we can grow our PTT business at a rate sufficient to achieve and maintain the profitability of this business.

We rely on the selling efforts of third-party sales representatives, such as Motorola's dealer network, and if these parties do not perform, our business will be adversely affected.

We primarily offer our DispatchPlus services to customers indirectly through third-party sales representatives selected from Motorola's nationwide dealer network and from other select third-party wireless dealers. To date, sales of our DispatchPlus service have been slower to ramp-up than our initial expectations for a number of reasons, including but not limited to, the performance of our indirect third-party sales representatives, longer initial sales cycles, and coverage gaps in certain markets due to delays in our deployment of planned sites. We may not be successful in incentivizing our third-party sales representatives to promote our DispatchPlus services at the levels necessary to grow our business. Moreover, our third-party sales representatives may receive better incentives from our competitors or other service providers. In addition, the efforts and programs we implement, including our sales training, lead generation and marketing and advertising initiatives, may not be successful in increasing sales through our third-party sales representatives. The failure by these parties to meet our sales expectations, or to effectively promote our DispatchPlus services, will adversely affect our business and our results of operations. In addition, if our indirect sales channel fails to perform satisfactorily, we may be required to hire a substantial direct sales force or otherwise increase our spending on initiatives to support our indirect sales channel, which would impose significant additional costs on us and could adversely affect our operations and financial condition.

We may not be able to correctly estimate our future revenues or operating expenses, which could lead to cash shortfalls, and require us to secure additional financing sooner than planned.

We may not correctly predict the amount or timing of our future revenues and our operating expenses may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. These factors include:

- our expectations regarding revenues from our DispatchPlus business;
- the time and resources required to pursue our spectrum initiatives, including our FCC petition;
- the cost and time to identify, develop and commercialize any network and mobile communication solutions we pursue as part of our long-term business plan;
- the cost and time required to create effective commercialization strategies for our DispatchPlus business and any other business opportunities we elect to pursue;
- the expenses we incur to operate, maintain and improve our existing and any future private carrier networks we deploy;
- the cost and time to satisfy unique customer requirements; and
- the costs to attract and retain personnel with the skills required for effective operations.

In addition, our budgeted expense levels are based in part on our expectations concerning the future revenues from our DispatchPlus business and timing of receiving regulatory approvals required to pursue our spectrum initiatives. However, we may not correctly predict the amount or timing of future revenues or the timing or costs required to pursue our regulatory and business initiatives. We may not be able to adjust our operations in a timely manner to compensate for any unexpected shortfall in our revenues, delays in our spectrum initiatives or increases in the expenses required to implement our long-term business plan. As a result, a significant shortfall in our planned revenues, a significant delay in our spectrum initiatives or a significant increase in our planned expenses could have an immediate and material adverse effect on our business and financial condition. In such case, we may be required to issue additional equity or debt securities or enter into other commercial arrangements sooner than anticipated to secure the additional financial resources to support our future operations and the implementation of our business plan.

We may need to secure additional financing to support our long-term business plans.

We have used significant funds to pursue our spectrum initiatives, to deploy our PTT networks and to operate our DispatchPlus business. Our future capital requirements will depend on many factors, including: the timing and amount of the revenues we generate from our DispatchPlus business; the time and costs required to pursue our spectrum initiatives, including our FCC petition; the costs to identify, develop and commercialize any future network and mobile communication solutions we elect to pursue; the costs and success of our commercialization activities and initiatives; and our ability to control our operating expenses. As a result, we cannot provide assurance that we will not require additional funding in the future to support our operations and pursue our business plans. We expect that we may be required to issue additional equity or debt securities or enter into other commercial arrangements, including relationships with corporate and other partners, to secure the additional financial resources to support our development efforts and to implement our long-term business plans. Depending upon market conditions, we may not be successful in raising sufficient additional capital on a timely basis, on favorable terms, or at all. Additionally, the issuance of additional equity securities, including securities convertible into or exercisable for our equity securities, would result in the dilution of the ownership interests of our present stockholders. If we fail to obtain sufficient additional financing, or enter into relationships with others that provide additional financial resources, we may not be able to develop our network and mobile communication solutions in accordance with our long-term business plan, and we may be required to delay significantly, reduce the scope of or eliminate one or more of our business or spectrum initiatives, downsize our general and administrative infrastructure, or seek alternative measures to raise additional funds.

We rely on Motorola to design, develop and supply our PTT network equipment and mobile handsets and devices.

Motorola has developed and designed the digital technology and equipment we are utilizing for our PTT network and the mobile handsets and devices we offer to our DispatchPlus customers. In addition, we have entered into agreements with Motorola in which we have agreed to purchase our existing and future network equipment and the mobile handsets and devices we offer to our customers from Motorola, subject to certain terms and conditions. As a result, our business is substantially dependent on Motorola's ability and willingness to deliver high-quality network equipment and mobile handsets and devices in the quantities and on the time frames we require for our existing and future business. Our business and operations would be negatively impacted by any failure by Motorola to meet our design, development and supply requirements. Moreover, Motorola is also a significant supplier of wireless communications equipment and devices to our competitors. Motorola may elect to focus a greater amount of their financial and other resources on the development of enhanced features and improved functionality for the wireless networks and equipment used by our competitors or on developing alternative technologies, rather than the network, equipment and technology used by us. In such an event, we might be forced to supply our customers with services, equipment or devices that are either more costly or qualitatively inferior to the services, equipment or technologies offered by our competitors. As a result, our arrangements with Motorola may reduce our operational flexibility and may delay or prevent us from employing new or different technologies that perform better or are available at a lower cost, because of the additional economic costs and other impediments to change generally, as well as those that arise under our agreements with Motorola. In the event that Motorola or another one of our suppliers is unable to deliver the network equipment and the mobile devices and handsets required by our existing and future operations, we may not be able to deploy our existing and future networks and offer services to our customers on a timely basis and with the competitive features, functionality and costs our business requires, any of which would adversely affect our future growth and our results of operations. Alternatively, Motorola may decide to phase-out or upgrade and replace the technology we are currently utilizing in our DispatchPlus business. In this case, we could be required to deploy new technology, which also could involve modifying existing infrastructure equipment and user devices, in order to continue to grow our DispatchPlus business, which could increase our deployment and operating costs more than the amount of any revenue or cost savings benefits we might realize.

The wireless communications industry is highly competitive, and in order for us to build a successful business we will need to convert customers to our DispatchPlus service from the services offered by our competitors.

There are currently a number of national wireless communications services providers, including certain Tier 1 carriers and local two-way SMR radio operators that offer two-way PTT dispatch services. We believe that a significant majority of our targeted DispatchPlus customers will be existing users of the PTT services offered by our competitors and may be difficult to attract away from the services offered by our competitors. We have always expected, and we continue to believe, that to build a successful PTT business we will need to convert customers to our DispatchPlus service from the services offered by our competitors. In order for us to compete effectively, we will need to demonstrate the superiority of our service offerings, and may be required to offer competitive or discounted prices in order to convert our targeted customers from the services they are receiving from our competitors. In addition, our targeted customers operate in different industry verticals, and as a result, we will need to tailor our sales and marketing approach to many different categories of customers. If we are unable to convert a sufficient number of customers to our DispatchPlus service from the services they are receiving from our competitors, our ability to grow our DispatchPlus business and our operating results will suffer.

Many of our competitors are financially stronger and have more resources than we do, which may limit our ability to compete with their service and product offerings.

Because of their resources and, in some cases, ownership by larger companies, many of our competitors are financially stronger and have more resources than we do, which may enable them to offer services and products to our targeted customers at prices that are below the prices at which we can offer comparable services or products. In addition, these competitors may be able to use their greater resources to build networks and offer devices that are more robust, provide higher quality operation or offer enhanced features and functionality than the services and products we can offer to our targeted customers. If we cannot compete effectively based on the price, quality and functionality of our service and product offerings, our revenues and growth may be adversely affected.

Additionally, national wireless communications service providers that offer cellular phone services that do not incorporate a PTT function, or that incorporate a PTT function that we consider inferior to our own in important areas, often provide customers with free or significantly discounted or subsidized handsets as an enticement to sign up for their particular suite of services, which can include services in addition to those offered by us. In contrast, our customers typically purchase mobile handsets or devices from us or our dealers in order to utilize our DispatchPlus service. The cost of the handsets that we offer our customers, as compared to cellular handsets that do not incorporate a PTT dispatch-centric, multi-function capability similar to that which is provided in our handsets, may make it more difficult or less profitable for us to attract customers. Moreover, the cost of our handsets combined with the offering of free handsets by some wireless communications services providers may require us to adopt subsidy programs that would cause us to absorb part of the cost of offering our handsets to new and existing customers. These increased costs for our targeted customers to acquire handsets for use on our PTT networks and any handset subsidy expenses we may need to absorb to offset a portion of these increased costs may reduce our growth and profitability.

If other wireless vendors or service providers improve their existing PTT dispatch services or we fail to keep pace with rapid technological changes, we may not be able to attract or retain our targeted customers.

A number of Tier 1 carriers already offer or plan to offer wireless equipment that is capable of providing PTT services or technologies that compete or could compete with our PTT service and product offerings. In addition, a number of third parties have developed mobile communication and workforce management applications that offer comparable functionality to pdvConnect, our suite of mobile resource management applications included with our DispatchPlus service. Moreover, future technological advancements may occur quickly and may render our services or technology obsolete or enable other wireless technologies to offer services or functionalities that are equal to or better than those available in our PTT offerings. In addition, competition among the differing wireless communications technologies could:

- further segment the industry markets in which our target customers operate, which could reduce the demand for, and competitiveness of, our services and technology;
- cause our indirect sales representatives to focus on offering the technologies and services developed by our competitors; and
- reduce the resources devoted by third party suppliers, such as Motorola, to developing or improving the technology for our network and PTT offerings.

If the services, technologies or applications offered by our competitors are perceived to be or become, or if any such services, technologies or applications introduced in the future are, largely comparable or superior to the PTT services, technologies or applications we offer, we may not be able to attract or retain sufficient numbers of our targeted customers or grow our business.

Moreover, the largest national wireless communications service providers by revenue, including the Tier 1 carriers, do not currently focus on PTT dispatch services as a primary component of their businesses. However, if that were to change, it would likely be difficult for us to compete effectively with such providers. These larger service providers have larger existing customer bases that they will be able to introduce PTT dispatch services to, have more money to spend on research and development that may enable them to create services and products that are qualitatively superior to ours, have the ability to conduct nationwide sales and marketing campaigns and may have the ability to operate successfully on a smaller profit per user margin due to the larger volume of customers they service. Any of these matters that reduce the potential competitive advantages of our DispatchPlus business could limit our ability to attract and retain customers in our target market verticals, which would adversely affect the future growth and financial results of our DispatchPlus business.

If our customers do not renew their services with us, our future growth and operating results will be harmed.

We do not require our customers to enter into long-term contracts (unlike most of our local SMR system operator competitors) for our DispatchPlus service. As a result, our business strategy depends on building and maintaining a loyal customer base. Our ability to retain customers depends on a number of factors, including our ability to continue to offer our customers high-quality, robust and cost-effective services, the effectiveness of our customer support, the budgeted amounts that our targeted customers are prepared to devote to obtaining their mobile communications solutions and the service and product offerings of our competitors. In addition, we may lose customers if we do not develop new solutions, features and functionality that meet their evolving needs. Given our limited operating history in our recently launched DispatchPlus business, we are unable to accurately predict our customer renewal rates. If our customers do not renew their services with us, our future growth and operating results will be harmed.

We may face pressure to reduce our per user prices for our DispatchPlus service, which could adversely affect our operating results.

Our competitors may decrease prices or increase the features and functionality of their service and product offerings at an existing price, which could require us to reduce the per user price for our DisptachPlus service. Competition in pricing and service and product offerings may also adversely impact our customer retention and churn rate. We may encounter market pressures to:

- migrate existing customers to lower priced service offering packages;
- restructure our service offering packages to offer more value;
- reduce our service offering prices; or
- respond to particular short-term, market specific situations, such as special introductory pricing or particular new product or service offerings, in a particular market.

To the extent that we are required to offer more competitive pricing packages, our average monthly revenue per user may decrease, which could adversely affect our results of operations. In addition, any future pricing pressure could make it increasingly difficult for us to remain competitive.

If we do not successfully deploy our PTT networks in our existing markets, it may not be possible for us to compete effectively or grow our DispatchPlus business.

In June 2015, we commercially launched our DispatchPlus service in our first major market located in the greater, Houston, Texas metropolitan area. Subsequently, we commenced service in six additional major metropolitan market areas, including Dallas, Atlanta, Philadelphia, Chicago, the greater New York area, and Baltimore/Washington. Because sales of our DispatchPlus service have been slower to ramp-up than our initial expectations, we currently do not plan to expand into additional markets until we can demonstrate that our sales and marketing initiatives are leading to improved operating results. If we do not achieve satisfactory levels of penetration in our deployed markets, other competing services providers may be able to capture significant market share in these markets. In addition, if we are unable to deploy our PTT networks in a sufficient number of markets throughout the U.S., we may not be able to compete effectively or recognize the potential sales, marketing and operating benefits and efficiencies allowed by a nationwide offering. As a result, if we are unable to enter into, or to achieve satisfactory operating results after entering, a market and enter into a significant number of new markets, we believe that our overall ability to compete effectively, and our overall profitability and growth, will be negatively affected.

The products and services utilized by us and our suppliers may infringe on intellectual property rights owned by others.

We purchase network equipment and mobile products from Motorola and other suppliers that incorporate or utilize intellectual property which we do not own. From time to time our suppliers have received, and we and our suppliers may receive in the future, assertions and claims from third parties that the products or software utilized by us or our suppliers and service providers infringe on the patents or other intellectual property rights of these third parties. These claims could require us or an infringing supplier or service provider to discontinue certain activities or to discontinue using or selling the relevant products and services. Even when unsuccessful, these claims can be time-consuming and costly to defend, and divert management resources. If these claims are successful, we could be forced to pay significant damages or stop selling certain products or services or stop using certain trademarks, which could adversely affect our results of operations.

Our business could be negatively impacted by disruptions arising from causes beyond our control.

Major equipment failures, catastrophic events, power anomalies or outages, natural disasters, including severe weather, terrorist acts or breaches of network or information technology security that affect wireless networks, including transport facilities, communications switches, routers, microwave links, cell sites or other equipment or third party owned local and long-distance networks on which we rely, could have a material adverse effect on our business and results of operations.

We may be limited in our ability to grow our DispatchPlus business unless we can timely and cost effectively expand our PTT network capacity and coverage and address increased demands on our business systems and processes as needed.

Our DispatchPlus business model depends on our ability to build and grow our customer base and to increase the usage of our services by our existing and future customers, on a timely and cost effective basis. To successfully increase our customer base and pursue our business plan, we must timely and economically:

- expand the capacity and coverage of our PTT network in each market we select for deployment of DispatchPlus;
- secure sufficient transmitter and receiver sites at appropriate locations to meet planned system coverage and capacity targets;
- obtain adequate quantities of base radios and other system infrastructure equipment;
- obtain an adequate volume and mix of handsets, other user devices and related accessories to meet customer demand; and
- potentially obtain additional spectrum in some or all of our markets.

If we are unable to achieve increased PTT network capacity, or there are substantial delays in doing so, we could be required to invest additional capital in our PTT infrastructure to satisfy our network capacity needs and otherwise may not be able to successfully increase our number of customers on a timely basis, or at all. In addition, our operating performance and ability to retain our DispatchPlus customers may be adversely affected unless we are able to timely and efficiently meet the demands for our services and address any increased demands on our customer service, billing and other back-office functions. If we outsource aspects of our customer care function to third parties, we cannot be sure that this outsourcing will not heighten these risks.

Our reputation and business may be harmed and we may be subject to legal claims if there is loss, disclosure or misappropriation of or access to our, or our customers', information or other breaches of our information security.

We make extensive use of online services and centralized data processing, including through third-party service providers. The secure maintenance and transmission of customer information is an important element of our operations. Our information technology and other systems, or those of our service providers, that maintain and transmit customer information, including location or personal information, may be compromised by a malicious third party penetration of our network security, or that of a third-party service provider, or impacted by unauthorized intentional or inadvertent actions or inactions by our employees, or those of a third-party service provider. Cyber-attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access, have increased in frequency, scope and potential harm in recent years. While, to date, we have not been subject to cyber-attacks or other cyber incidents which, individually or in the aggregate, have been material to our operations or financial condition, the preventive actions we take to reduce the risk of cyber incidents and protect our information technology resources and networks may be insufficient to repel a major cyber-attack in the future. As a result, our customers' information may be lost, disclosed, accessed, used, corrupted, destroyed or taken without the customers' consent.

In addition, we and third-party service providers process and maintain our proprietary business information and data related to our business-to-business customers or suppliers. Our information technology and other systems, or those of service providers, that maintain and transmit this information, may also be compromised by a malicious third party penetration of our network security or that of a third-party service provider, or impacted by unauthorized intentional or inadvertent actions or inactions by our employees or those of a third-party service provider. We also purchase equipment from third parties that could contain software defects, malware, or other means by which third parties could access our network or the information stored or transmitted on our or our suppliers' networks or equipment. We also may face increased risks of becoming subject to cyber-attacks or other cyber incidents as we expand our business model and activities to include establishing and operating our own dedicated network. As a result, our business information, or subscriber or supplier data, may be lost, disclosed, accessed, used, corrupted, destroyed or taken without consent. Any major compromise of our data or network security, failure to prevent or mitigate the loss of our services or customer information and delays in detecting any such compromise or loss could disrupt our operations, impact our reputation and customers' willingness to purchase our service and subject us to additional costs and liabilities, including litigation, which could produce material and adverse effects on our business and results of operations.

Risks Related to Our Organization and Structure

We depend on our executive officers and key personnel.

Our success depends to a significant degree upon the contributions of our executive officers and key personnel. Although we have adopted a severance plan for our executive officers, we do not otherwise have long-term employment agreements with any of our executive officers or key personnel. In addition, there is no guarantee that these individuals will remain employed with us. If any of our executive officers or key personnel were to cease employment with us, our operating results could suffer. Further, the process of attracting and retaining suitable replacements for our executive officers and key personnel whose services we may lose would result in transition costs and would divert the attention of other members of our senior management team from our existing operations. The loss of services from our executive officers or key personnel or a limitation in their availability could materially and adversely impact our business, prospects and results of operations. Further, such a loss could be negatively perceived in the capital markets. We have not obtained and do not expect to obtain key man life insurance that would provide us with proceeds in the event of the death or disability of any of our executive officers or key personnel.

We may change our operational policies, spectrum initiatives and business and growth strategies without stockholder consent, which may subject us to different and more significant risks in the future.

Our executive management team, with oversight from our board of directors, establishes our operational policies, spectrum initiatives and business and growth strategies. Our board of directors and executive management team may make changes to, or approve transactions that deviate from, our current policies, initiatives and strategies without a vote of, or notice to, our stockholders. This could result in us conducting operational matters, making investments or pursuing different initiatives, business or growth strategies than those we are currently pursuing. Under any of these circumstances, we may expose ourselves to different and more significant risks and increase our expenses and financial requirements, any of which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations.

If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which would materially and adversely affect our value and our ability to raise any required capital in the future.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We have discovered and may in the future discover areas of our internal controls that need improvement or additional documentation. For example, in April 2015, our management identified an error in our calculation and reporting of the weighted average shares of common stock outstanding, and the related net loss per common share (basic and diluted), for the six month periods ended September 30, 2013 and 2014, the three and nine month periods ended December 31, 2013 and the nine month period ended December 31, 2014, as reported in our filings with the Securities and Exchange Commission ("SEC"). Specifically, in calculating the weighted average shares of common stock outstanding, we incorrectly considered the effect of two corporate actions the Company completed in connection with its June 2014 private placement, including: (i) the conversion of all outstanding shares of preferred stock into common stock and (ii) the exchange of nearly all outstanding warrants to purchase preferred stock for shares of common stock (the "Corporate Actions"), as if such events occurred at the beginning of each of these reporting periods, instead of only considering the effect of these Corporate Actions after their actual effective date in June 2014. As a result, our disclosure of the weighted average shares of common stock outstanding for the six month periods ended September 30, 2013 and 2014, the three and nine month periods ended December 31, 2013 and the nine month period ended December 31, 2014 were higher, and our disclosure of the related net loss per common share (basic and diluted) were lower, than they should have been if we correctly gave effect to the Corporate Actions only after their actual effective date in June 2014. Although the corrections had no impact on the Company's net loss reported in the statements of operations, balance sheets or the statements of cash flows for the above mentioned periods and our audit committee did not determine that our financial statements for such periods should no longer be relied upon as a result of the errors in the presentation of the weighted average shares of common stock outstanding, our management identified a significant deficiency in our internal control over financial reporting. To remediate the significant deficiency in our internal control over financial reporting, we implemented additional internal control procedures, including additional training and review procedures, to ensure we appropriately track, calculate and report the weighted average shares of common stock outstanding, and related net loss per common share (basic and diluted), in future reporting periods. Prior to becoming a public company in February 2015, we had not been subject to public reporting requirements and had not been required to assess our internal controls. In addition, we previously had operated with a limited internal accounting team. In the process of preparing to become a public company, we strengthened our internal accounting team and resources and our internal controls. Nevertheless, we cannot be certain that we will be successful in implementing or maintaining effective internal controls for all financial periods. As we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. The existence of any material weakness or significant deficiency in the future may require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. In addition, the existence of any material weakness in our internal controls could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect our value and our ability to raise any required capital in the future.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect us.

Accounting rules and interpretations for certain aspects of our operations are highly complex and involve significant assumptions and judgments. Our reported financial statements have been and will continue to be based on our assumptions and judgments, and any changes in these assumptions or judgments could have a material impact on our results of operations and the other information contained in our financial statements. The complexities of these assumptions and judgments could also lead to a delay in the preparation and dissemination of our financial statements, or could subject our financial statements to restatement if our independent auditors, the SEC or we determine such assumptions or judgments must be changed. Furthermore, changes in accounting rules and interpretations could significantly impact our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Any of these circumstances could have a material adverse effect on our reported financial condition and results of operations.

We have a concentration of risk related to the pdvConnect accounts receivable from a third-party carrier and failure to fully collect outstanding balances from this carrier may adversely affect our results of operations in the near term.

We offer pdvConnect as a mobile workforce management application directly through our sales force and indirectly through two domestic Tier 1 carriers. As of March 31, 2017, we had accounts receivable balances owed to us by one Tier 1 domestic carrier representing approximately 67% of our accounts receivable balances. We maintain an allowance for doubtful accounts based on the credit risk, historical trends, and other information, as well as for any specific instances we become aware of that may preclude us from reasonably assuring collection on outstanding balances. Determining the allowance for doubtful accounts is judgmental in nature and often involves the use of significant estimates. A determination that requires a change in our estimates for the accounts receivable from this carrier, or a failure by this carrier to pay a significant portion of its outstanding accounts receivable balances, could have a negative impact on our results of operations and financial condition in the near term as revenues generated by pdvConnect currently represent a significant portion of our revenues.

Risks Related to Our Common Stock

We have a limited trading history and there is no assurance that a robust market in our common stock will develop or be sustained.

Our common stock began trading on The NASDAQ Capital Market in February 2015. Since our common stock began trading, we have had limited daily trading volume and we cannot assure you that a more active or liquid trading market for our common stock will develop, or will be sustained if it does develop, either of which could materially and adversely affect the market price of our common stock, our ability to raise capital in the future and the ability of stockholders to sell their shares at the volume, prices and times desired. In addition, our lack of significant operating history relevant to our DispatchPlus business and the early stage of development of our spectrum initiatives makes it difficult to evaluate our business, our future prospects and the valuation of our Company, which limits the liquidity and volume of our common stock, and may have a material adverse effect on the market price of our common stock.

Our common stock prices may be volatile which could cause the value of our common stock to decline.

Prior to the listing of our shares of common stock on The NASDAQ Capital Market in February 2015, there was no public market for our common stock. The market price of our common stock may be highly volatile and subject to wide fluctuations. Our financial performance, spectrum initiatives, tax laws, interest rates and market conditions in general could have a significant impact on the future market price of our common stock.

Some of the factors that could negatively affect or result in fluctuations in the market price of our common stock include:

- the rate of customer adoption of our DispatchPlus service, the rate of our deployment of our PTT networks or actual or anticipated variations in our quarterly operating results;
- the status of our FCC petition for rulemaking, including any actions that may delay the rulemaking process, or any requirements or restrictions the FCC imposes on the future use of our spectrum in any proposed rulemaking;
- market reaction to our spectrum initiatives and any changes in our business plans;
- additions or departures of key personnel;
- changes in market valuations of similar companies;
- actions by our stockholders;
- speculation in the press or investment community;
- general market, economic and political conditions, including an economic slowdown or dislocation in the global credit markets;
- our operating performance and the performance of other similar companies;
- changes in accounting principles, judgments or assumptions; and
- passage of legislation or other regulatory developments that adversely affect us or our industry.

Concentration of ownership will limit your ability to influence corporate matters.

Based on our review of publicly available filings as of May 16, 2017, funds affiliated with Cerberus Capital Management beneficially owned approximately 24.1% and the other holders of Company common stock who have made Form 13G filings with the SEC prior to May 16, 2017 beneficially own, in the aggregate, a total of approximately 58.3% of our outstanding shares of common stock, and together with Cerberus Capital Management, approximately 82.4% of our outstanding shares of common stock. Specifically, based on publicly available filings as of May 15, 2017: funds affiliated with Owl Creek beneficially owned roughly 14.8% of our outstanding common stock; funds affiliated with Pacific Investment Company owned roughly 10.4% of our outstanding common stock; funds affiliated with The Vanguard Group beneficially owned roughly 10.0% of our outstanding common stock; funds affiliated with TPG Global owned roughly 9.2% of our outstanding common stock; funds affiliated with American Financial Group beneficially owned roughly 7.7% of our outstanding common stock; and funds affiliated with QVT Financial LP beneficially owned roughly 6.2% of our outstanding common stock. In addition, our directors and executive officers beneficially owned approximately 11.0% of our outstanding capital stock. Although we are not aware of any voting arrangements between these stockholders, they have the ability to determine (if acting together) or significantly influence (if acting as a group of two or more): (i) the outcome of any corporate actions submitted by our Board of Directors for approval by our stockholders and (ii) any proposals or director nominees submitted by a stockholder. Further, they could place significant pressure on our Board of Directors to pursue corporate actions, director candidates and business opportunities or initiatives they identify. For example, these stockholders could effectively block the proposed sale of the company recommended by our Board of Directors. Alternatively, these stockholders could place pressure on our Board of Directors to pursue a sale of the company or its assets. As a result of this concentration of ownership, our other stockholders may have no effective voice in our corporate actions or the operations of our business, which may adversely affect the market price of our common stock.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- Not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- Reduced disclosure obligations regarding executive compensation; and
- Exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We cannot predict whether investors will find our common stock less attractive if we continue to rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Nevertheless, at this time, we have elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We do not intend to pay dividends on our common stock for the foreseeable future.

We currently intend to retain our future earnings, if any, to finance the development and expansion of our business and pursuit of our strategic initiatives and, therefore, do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments and such other factors as our Board of Directors deems relevant in its discretion. Accordingly, you may need to sell your shares of our common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them.

Future sales of our common stock, or preferred stock, or of other securities convertible into our common stock or preferred stock, could cause the market value of our common stock to decline and could result in dilution of your shares.

Our Board of Directors is authorized, without stockholder approval, to permit us to issue additional shares of common stock or to raise capital through the creation and issuance of preferred stock, other debt securities convertible into common stock or preferred stock, options, warrants and other rights, on terms and for consideration as our Board of Directors in its sole discretion may determine. Sales of substantial amounts of our common stock or of preferred stock could cause the market price of our common stock to decrease significantly. We cannot predict the effect, if any, of future sales of our common stock, or the availability of our common stock for future sales, on the value of our common stock. Sales of substantial amounts of our common stock by any one or more of our large stockholders, or the perception that such sales could occur, may adversely affect the market price of our common stock.

In connection with becoming a public company, we filed a registration statement on Form S-8 to register the total number of shares of our common stock that may be issued under our 2004 Stock Plan, 2010 Stock Plan and 2014 Stock Plan, including the equity awards issued to our executive officers and directors. Additionally, in February 2017, we filed a registration statement on Form S-8 to register 250,000 additional shares of common stock made available under the 2014 Stock Plan's evergreen provisions, which provide for an annual increase on January 1 under the 2014 Stock Plan by an amount equal to the smaller of 5% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or a lesser amount determined by the Board. In 2017, the Board elected to approve an amount less than 5% of our issued and outstanding common stock as of December 31, 2016 under the evergreen provisions. These shares of common stock are eligible for sale without restriction.

As of May 16, 2017, our directors and executive officers beneficially owned an aggregate of 11% of the equity interests in our Company, including restricted stock units and stock options. Subject to vesting and to transfer restrictions set forth in our insider trading policy, our directors and executive officers may immediately sell their shares of common stock into the public market.

In addition, we may also issue additional shares of our capital stock or other securities that are convertible into or exercisable for our capital stock in connection with hiring or retaining employees or for other business purposes, including future sales of our securities for capital raising purposes. The future issuance of any such additional shares of capital stock will result in the dilution of the ownership interests of our present stockholders and may create downward pressure on the trading price of our common stock.

Future offerings of debt securities or preferred stock, which would rank senior to our common stock upon our bankruptcy or liquidation, may adversely affect the market price of our common stock.

In the future, we may attempt to increase our capital resources by making offerings of debt securities or otherwise incurring debt. Upon bankruptcy or liquidation, holders of our debt securities and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock. In addition, we may offer preferred stock that provides holders with a preference on liquidating distributions or a preference on dividend payments or both or that could otherwise limit our ability to pay dividends or make liquidating distributions to the holders of our common stock. Although we have no present plans to do so, our decision to issue debt securities or to issue preferred stock in any future offerings or otherwise incur debt may depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and investors in our common stock bear the risk of our future offerings reducing the market price of our common stock and/or diluting their ownership interest in us.

We incur increased costs as a result of being a public company.

As a public company with securities registered under the Securities Act of 1933, as amended (the "Securities Act"), we need to comply with certain laws, regulations and requirements, certain corporate governance provisions of The Sarbanes-Oxley Act of 2002 ("The Sarbanes-Oxley Act"), related regulations of the SEC, and the requirements of The NASDAQ Capital Market. Complying with these statutes, regulations and requirements will occupy a significant amount of time from our Board of Directors and executive management team, and will significantly increase our costs and expenses going forward.

We are subject to Section 404 of The Sarbanes-Oxley Act of 2002, or Section 404, and the related rules of the SEC, which generally require our management and independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting. We are required to file with the SEC an annual assessment by our Chief Executive Officer and Chief Financial Officer of the effectiveness of our internal control over financial reporting. However, for so long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404. Once we are no longer an emerging growth company or, if prior to such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent registered public accounting firm on the effectiveness of our internal controls over financial reporting. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year following January 26, 2020, (b) the last day of the fiscal year in which we have total annual gross revenue of at least $1.0 billion, (c) the date on which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the end of the prior second fiscal quarter (currently September 30th), or the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Certain anti-takeover defenses and applicable law may limit the ability of a third party to acquire control of us.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws could discourage, delay, or prevent a merger, acquisition or other change of control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for our common stock, thereby depressing the market price of our common stock. These provisions, among other things:

- allow the authorized number of directors to be changed only by resolution of our Board of Directors;
- authorize our board of directors to issue, without stockholder approval, preferred stock, the rights of which will be determined at the discretion of the board of directors and that, if issued, could operate as a "poison pill" to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our Board of Directors does not approve;
- establish advance notice requirements for stockholder nominations to our Board of Directors or for stockholder proposals that can be acted on at stockholder meetings; and
- limit who may call a stockholders meeting.

In addition, we have elected to be subject to Section 203 of the Delaware General Corporation Law (the "DGCL") by provision of our charter. In general, Section 203 of the DGCL prevents an "interested stockholder" (as defined in the DGCL) from engaging in a "business combination" (as defined in the DGCL) with us for three years following the date that person becomes an interested stockholder unless one or more of the following occurs:

- Before that person became an interested stockholder, our Board of Directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;
- Upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) stock held by directors who are also officers of our Company and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or
- Following the transaction in which that person became an interested stockholder, the business combination is approved by our Board of Directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least $66^{2}/_{3}$% of our outstanding voting stock not owned by the interested stockholder.

The DGCL generally defines "interested stockholder" as any person who, together with affiliates and associates, is the owner of 15% or more of our outstanding voting stock or is our affiliate or associate and was the owner of 15% or more of our outstanding voting stock at any time within the three-year period immediately before the date of determination. As a result, our election to be subject to Section 203 of the DGCL could limit the ability of a third party to acquire control of us.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. In addition, as permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws and our indemnification agreements that we have entered into with our directors and officers provide that:

- We will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- We may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- We are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- We will not be obligated pursuant to our amended and restated bylaws to indemnify a person with respect to proceedings initiated by that person against us or our other indemnitees, except with respect to proceedings authorized by our Board of Directors or brought to enforce a right to indemnification.

- The rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons.
- We may not retroactively amend our bylaw provisions to reduce our indemnification obligations to directors, officers, employees and agents.

As a result, claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We maintain four offices, Woodland Park, NJ, our corporate office, San Diego, CA, Reston, VA and West Conshohocken, PA. The lease for our corporate headquarters at 3 Garret Mountain Plaza, Suite 401, Woodland Park, New Jersey, which was renewed in February 2017 for an additional 10 years, is for 19,276 square feet of office space. We have the right of first offer for adjacent space, if it becomes available. Our lease at 3377 Carmel Mountain Road, San Diego, California commenced in August 2015 for 48 months and includes 8,126 square feet. The lease contains one option to extend for an additional two years at our discretion. In October 2015, we renewed our lease at 1950 Roland Clarke Place, Suite 400, Reston, Virginia, for three years and three months. The leased office facility includes approximately 4,952 square feet. The lease contains a renewal option for a term of two years at our discretion. Our lease at 200 Barr Harbor Drive, West Conshohocken, Pennsylvania for our sales office commenced in December 2015 and ended on June 30, 2016 with automatic renewals based on the original term of 6 months and can be cancelled by the Company providing 3 months notice to the landlord.

We do not own any real property.

ITEM 3. LEGAL PROCEEDINGS AND OTHER MATTERS

We are not involved in any material legal proceedings or other legal matters at this time. However, from time to time, we may be involved in litigation that arises from the ordinary operations of business, such as contractual or employment disputes or other general actions. See Note 12 of the Notes to the Consolidated Financial Statements contained within this Annual Report on Form 10-K for a further discussion of potential commitments and contingencies related to legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

On February 3, 2015, shares of our common stock became listed for trading on the NASDAQ Capital Market under the symbol "PDVW." Prior to the listing of our shares of common stock on the NASDAQ Capital Market, there was no public market for our common stock. The following table sets forth the high and low sales prices of our common stock as reported by the NASDAQ Capital Market for the periods indicated.

	Sales Price	
	2017	
	High	Low
Year ended March 31, 2017		
Fourth Quarter	$ 27.15	$ 19.70
Third Quarter	$ 27.27	$ 21.90
Second Quarter	$ 25.59	$ 20.07
First Quarter	$ 41.19	$ 19.25
	2016	
Year ended March 31, 2016	High	Low
Fourth Quarter	$ 34.66	$ 21.01
Third Quarter	$ 31.83	$ 22.27
Second Quarter	$ 43.16	$ 25.07
First Quarter	$ 56.00	$ 40.84

As of May 16, 2017, we had 231 record holders of our common stock. The number of beneficial owners of our common stock is greater than the number of record holders because a portion of our common stock is held of record through brokerage firms in "street name."

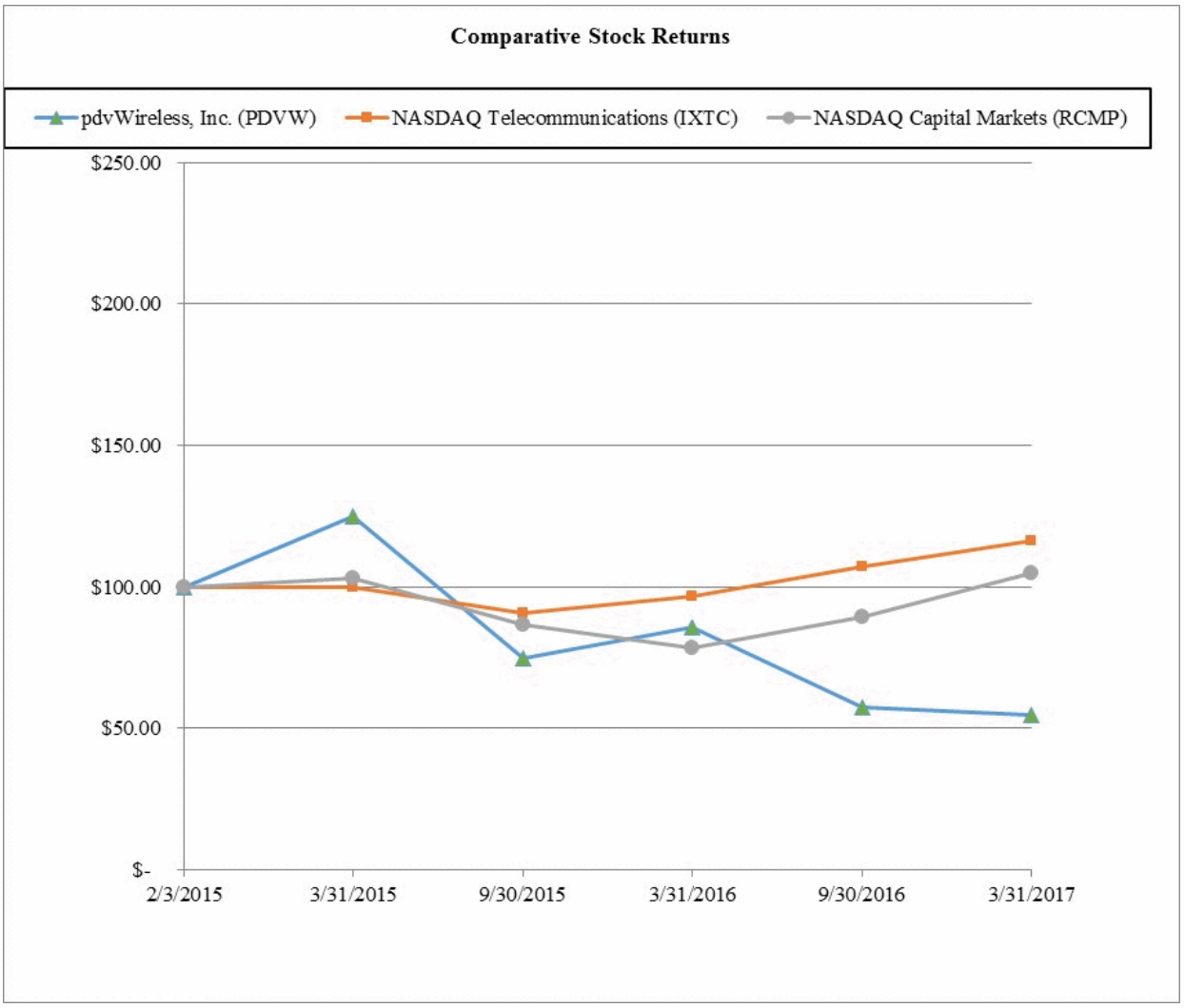
Dividend Policy

We have never declared or paid any cash dividends on our common stock, and we do not currently anticipate declaring or paying cash dividends on our common stock in the foreseeable future. We currently intend to retain our future earnings, if any, to finance the development and expansion of our business. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments and such other factors as our Board deems relevant in its sole discretion. See "*Risk Factors – Risks Related to our Common Stock –We do not intend to pay dividends on our common stock for the foreseeable future*".

Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

The performance graph set forth below compares our cumulative total stockholder return since we commenced trading on February 3, 2015 through March 31, 2017, assuming an initial investment of $100 in our common stock, and in each of the NASDAQ Capital Market Composite Index and NASDAQ Telecommunications Index, and assumes the reinvestment of dividends. No dividends have been declared or paid on our common stock. The comparisons in the performance graph below are required by the SEC and are not intended to forecast or be indicative of possible absolute or relative future performance of our common stock, and we do not make or endorse any predictions as to future stockholder returns.



	2/3/2015	3/31/2015	9/30/2015	3/31/2016	9/30/2016	3/31/2017
pdvWireless, Inc. (PDVW)	$ 100.00	$ 125.00	$ 74.75	$ 85.85	$ 57.25	$ 54.63
NASDAQ Telecommunications (IXTC)	$ 100.00	$ 100.05	$ 90.80	$ 96.78	$ 107.06	$ 116.39
NASDAQ Capital Markets (RCMP)	$ 100.00	$ 102.83	$ 86.53	$ 78.52	$ 89.45	$ 104.72

Securities Authorized for Issuance Under Equity Compensation Plans

The Company awards stock options and restricted stock units to its employees meeting certain eligibility requirements under plans approved by its stockholders in 2004, 2010 and 2014, referred to as the "2004 stock option plan", "2010 stock option plan," and "2014 stock option plan", respectively.

	Number of Shares to be Issued Upon Exercise of Outstanding Stock Options (1)	Weighted-Average Exercise Price of Outstanding Stock Options	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	1,783,595	$ 22.88	810,619
Equity compensation plans not approved by security holders	—	—	—

(1) Does not include 248,556 restricted stock units.

Unregistered Sales of Equity Securities and Use of Proceeds.

We did not sell any equity securities not registered under the Securities Act during the fiscal year ended March 31, 2017.

On May 18, 2015, we completed a public offering of our common stock in which we raised net proceeds of approximately $64.8 million. We registered the shares of common stock issued in the offering on a Registration Statement on Form S-1 (File No. 333-203681), which the SEC declared effective on May 12, 2015. Through March 31, 2017, we have used approximately $13.8 million of the net proceeds from this offering. We did not complete any transaction in which we paid any of these proceeds, directly or indirectly, to our directors or officers, to any person owning 10% or more of any class of our equity securities, to any associate of any of the foregoing, or to any of our affiliates. There has been no material change in the expected uses of the net proceeds from the offering as described in our Registration Statement.

Issuer Purchases of Equity Securities

We did not repurchase any equity securities during the fiscal year ended March 31, 2017.

ITEM 6. SELECTED FINANCIAL DATA

The following sets forth our selected financial data on a historical basis. You should read the following summary of selected financial data in conjunction with our historical financial statements and the related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations," which are included elsewhere in this Annual Report. The consolidated statements of operations data for the years ended March 31, 2017, 2016 and 2015, and the consolidated balance sheet data at March 31, 2017 and 2016 are derived from our consolidated financial statements included elsewhere in this report. Our historical consolidated statement of operations data for the years ended March 31, 2014 and 2013 and our consolidated balance sheet data as of March 31, 2015 and 2014 have been derived from the historical financial statements audited by our independent auditors. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

Selected Consolidated Statement of Operations data:

	For the year ended March 31,				
(in thousands, except share data)	**2017**	**2016**	**2015**	**2014**	**2013**
Operating revenues	$ 4,787	$ 3,544	$ 3,172	$ 3,540	$ 2,760
Loss from operations	$ (32,783)	$ (21,930)	$ (14,163)	$ (886)	$ (1,015)
Net loss	$ (39,186)	$ (21,828)	$ (14,714)	$ (1,212)	$ (1,240)
Net loss per common share basic and diluted	$ (2.72)	$ (1.54)	$ (1.46)	$ (9.56)	$ (9.78)
Weighted-average common shares used to compute basic and diluted net loss per share	14,390,641	14,156,848	10,048,210	126,759	126,759

Selected Consolidated Balance Sheet data:

	As of March 31,			
(in thousands)	**2017**	**2016**	**2015**	**2014**
Total assets	$ 245,486	$ 274,049	$ 227,828	$ 803
Notes payable	497	992	—	3,406
Total liabilities	17,590	11,864	13,622	5,011
Stockholders' equity (deficit)	$ 227,896	$ 262,185	$ 214,206	$ (4,207)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and the related notes. This management's discussion and analysis contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Any statements that are not statements of historical fact are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause our actual results or events to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled "Risk Factors" included elsewhere in this Annual Report. Except as 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 Annual Report.

The management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

Overview

We are a wireless communications carrier focused on utilizing our spectrum assets to develop and offer next generation network and mobile communication solutions to critical infrastructure and enterprise customers. We are the largest holder of licensed spectrum in the Part 90 900 MHz band (i.e., 896-901 MHz paired with 935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, we hold approximately 60% of the channels in our portion of the 900 MHz band in the top 20 metropolitan market areas in the United States. We maintain offices in Woodland Park, New Jersey, Reston, Virginia, and San Diego, California. We also maintain a sales office in West Conshohocken, Pennsylvania.

As our first priority, we have initiated and are currently pursuing a regulatory proceeding at the Federal Communications Commission ("FCC") aimed at modernizing and realigning the Part 90 900 MHz spectrum band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services. At the same time, we are exploring and developing network and mobile communication solutions, leveraging our spectrum, that address the unmet needs of our targeted critical infrastructure and enterprise customers. For our first offering, we have deployed push-to-talk ("PTT") networks and offer our DispatchPlus™ two-way radio service in seven major metropolitan market areas, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. DispatchPlus allows our enterprise customers to increase the productivity of their field-based workers and the efficiency of their dispatch and call center operations. We are pursuing opportunities to offer additional network and mobile communication solutions to critical infrastructure and enterprise customers with our existing spectrum and currently available non-broadband technologies and, if we are successful with our FCC efforts, through the deployment of broadband and other advanced wireless service offerings.

In Fiscal 2016, we began offering our commercial PTT service, which we market as DispatchPlus, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. We developed DispatchPlus to address the needs of enterprises that value a tailored PTT solution addressing the management of their mobile workforce. These businesses typically operate within industry verticals such as construction, distribution, transportation, field services, waste management and hospitality. Given the nature of their operations, DispatchPlus offers these businesses several advantages over telephony and data-based services, including an easy-to-operate one-touch button, efficiency of communications and rugged equipment optimal for field use. The operation of our DispatchPlus business is separate from, and not contingent on, the initiatives we are pursuing at the FCC or our other spectrum-related activities.

Our revenues are derived substantially from our DispatchPlus and pdvConnect™ offerings. Our DispatchPlus service combines pdvConnect, our proprietary suite of mobile communication and workforce management applications, with state-of-the-art digital network architecture and mobile devices supplied by Motorola Solutions, Inc. ("Motorola"). Developed for dispatch-centric businesses, and historically offered to customers who utilize Tier 1 cellular networks, pdvConnect is an easy to use and efficient mobile communication and workforce management solution that enables businesses to locate and communicate with their field workers and improve the documentation of work events and job status. DispatchPlus gives customers the ability to instantly set up PTT communications – either privately (one-to-one) or with a group (one-to-many) – within their calling area with just the touch of a "button." In addition, DispatchPlus can help customers increase productivity through the delivery of real-time information from mobile workers to dispatch operators, including Global Positioning System ("GPS") tracking and real time location, worker status, activity reporting and field event logging. DispatchPlus can also integrate with corporate intranets and back-office systems, such as sales force automation, order entry, inventory tracking and customer relationship management. DispatchPlus allows customers to

deliver voice messages to any computer (via the internet), email address or to any phone in the U.S., thereby greatly enhancing the PTT communication capabilities of field workers and allowing them to communicate not only with personnel within their organizations, but also with suppliers, vendors and customers. Also built with the commercial dispatch customer in mind, Motorola's digital network architecture allows us to provide highly reliable, instant and wide-area PTT communication services to our customers.

Because our mobile workforce applications are cloud-based, there is no requirement for our customers to download software to their two-way radios before beginning to use DispatchPlus. We offer customers our DispatchPlus service at a competitive monthly price that we believe is more attractive than the price they would pay for comparable services and functionality from the large Tier 1 carriers.

We intend to continue to enhance DispatchPlus and our future wireless business solutions to meet the demands of our customers based on their industry and individualized business needs. We also back our services with an enterprise-grade, dedicated customer support team.

To date, sales of our DispatchPlus service have been slower to ramp-up than our initial expectations for a number of reasons, including but not limited to, the performance of our indirect third-party sales representatives, longer initial sales cycles, and coverage gaps in certain markets due to delays in our deployment of planned sites. We continue to develop and implement sales and marketing programs for our DispatchPlus service to drive increased customer acquisition and revenue growth. Our progress in the growth of our sales funnel and positive customer feedback provide us with optimism about our future sales opportunities. We are currently focusing our resources in the markets where we have commenced service. That focus includes trialing and implementing a number of sales and marketing initiatives and strategies aimed at increasing sales of our DispatchPlus service and continuing to develop and grow a predictable sales funnel and process. These initiatives include:

- Identifying and targeting high-value, business customers that we believe will benefit from our DispatchPlus service;
- Focusing our advertising and marketing efforts to more clearly communicate the benefits of our services to business customers in our targeted market verticals;
- Developing and bringing to market innovative features that continue to differentiate us from other wireless communications service providers that provide PTT solutions;
- Providing additional incentive programs, both to our third-party sales representatives and to our customer prospects;
- Building and trialing a business development direct sales team in one of our seven markets and adding limited direct sales resources in the other markets;
- Orienting our sales and marketing organizational structure to track the distinct channels of distribution we are employing in our market areas and to bring added focus to the different types of potential customer accounts and related sales and marketing processes;
- Developing a centralized business development and telesales team to increase the flow of qualified leads and sales across all of our market areas; and
- Developing alternate third-party sales channel strategies and identifying new sources of sales and leads in our targeted market verticals.

We intend to continue to focus our efforts on the initial seven markets where we have commenced service until we prove out our DispatchPlus business model in those markets. We have prepared for the potential future rollout of our DispatchPlus service in more than thirteen additional markets by completing initial network designs, and in some markets, performing additional site development activities. We believe this approach will allow us to more quickly and effectively proceed with new market deployments when we determine it is best to do so. We also believe this approach will provide us with additional time and financial flexibility to refine our longer-term strategies, including those related to our Joint Petition.

Our spectrum is our most valuable asset. Although we can use our spectrum for our existing DispatchPlus business and for other narrowband and wideband wireless services without the need to obtain any further FCC authorizations or rule modifications, many of the future business opportunities that we have identified require higher bandwidth than we possess given the current configuration of our spectrum. As a result, we are pursuing a number of initiatives to increase the usability, efficiency and capacity of our 900 MHz spectrum.

In November 2014, we and the Enterprise Wireless Alliance ("EWA") submitted a Joint Petition for Rulemaking to the FCC to propose the realignment of a portion of the 900 MHz band from narrowband to broadband. We welcomed EWA's partnership because of its multi-decade role as a trade association representing the spectrum interests of a broad range of business enterprise, critical infrastructure and commercial service providers. We and EWA believe this realignment is consistent with the FCC's mandate to promote more efficient use of limited spectrum resources generally and its ongoing efforts to make more spectrum available for broadband services specifically, particularly in the spectrum bands below 1 GHz. In response to the Joint Petition for Rulemaking, the FCC issued a public notice requesting comments from interested parties and asked a number of questions about the proposal. A number of parties, including several incumbent licensees, filed comments with the FCC expressing their views, including both support and opposition. Some raised, technical and other questions about the proposal. In May 2015, we and EWA filed proposed rules with

the FCC related to our Joint Petition for Rulemaking. Comments on the proposed rules were filed in June 2015 and reply comments in July 2015. The proposed rules outline our recommended procedural and technical operating parameters, including field strength limits, processes related to the administration and sequencing of the proposed realignment of the 900 MHz band, and requirements for the broadband operators to provide comparable facilities to incumbent licensees, to pay the cost of their realignment, and to utilize an emission mask with advanced filtering capability specifically designed to protect licensees adjacent to the proposed broadband portion of the 900 MHz band.

In September 2016, an item was placed on circulation with the Commissioners' offices at the FCC related to the Joint Petition. We are currently waiting for the FCC to vote on and, if adopted, release the text of its decision. The FCC's action may take a number of forms ranging from a Notice of Proposed Rulemaking, to a Notice of Inquiry, to a dismissal of the Joint Petition without further action. Although the FCC has not announced a decision on the Joint Petition, we currently believe that the most likely outcome is that the FCC will adopt a Notice of Inquiry as the next step in the process. A Notice of Inquiry is a vehicle for the FCC to gather additional information for the record. If the FCC elects to adopt a Notice of Inquiry, it could request additional information and input on the optimal use of the 900 MHz band generally. A Notice of Inquiry could also request information on the specific issues and proposed solutions raised by us and other commentators in the Joint Petition proceeding, as well as in other proceedings involving the 900 MHz spectrum that were initiated by third parties. The adoption of a Notice of Inquiry would not mean that the FCC has accepted or denied our Joint Petition, or that our Joint Petition will or will not ultimately result in a Notice of Proposed Rulemaking. We continue to believe in the merits of our proposal, and that our Joint Petition is consistent with the FCC's practices and policies. Nevertheless, obtaining a favorable result from the FCC may take a significant amount of time and resources. Moreover, there is no assurance that the FCC will ultimately approve our Joint Petition or will conduct a rulemaking proceeding along the lines originally advocated by us.

To support our Joint Petition, we have met, and intend to continue to meet, with a number of incumbent licensees, critical infrastructure enterprises, and other interested parties in the 900 MHz band, including a number of those who submitted comments to the FCC regarding our Joint Petition for Rulemaking. Our goals with these discussions are: to develop a better understanding of their business needs and overall requirements for wireless solutions; to gain a better understanding of the size of the incumbent base and the nature of the systems they are currently operating; to determine the interest that particular critical infrastructure entities might have in gaining access to wireless broadband capabilities to complement their own business operations and initiatives (for example, supporting power grid modernization requirements or monitoring and/or controlling their own system or network elements via machine-to-machine type services); and to propose voluntary license relocation opportunities to certain incumbents. With certain incumbent licensees, we are continuing to attempt to build consensus and to resolve any concerns they have expressed regarding our Joint Petition; with others, we are soliciting their support and cooperation to structure and implement mutually beneficial relocations; and with select critical infrastructure enterprises, we are jointly investigating how our contemplated future broadband capabilities could be employed to meet their anticipated needs and future operating plans. We anticipate that the next stage of the FCC's review process will afford these companies and other similarly situated companies with the opportunity to put on the record their needs and unique requirements for broadband and other next generation technologies.

Basis of Presentation

Our financial statements for the fiscal year ended March 31, 2017 and 2016 and our financial condition and results of operations reflect the following corporate events that have occurred during or prior to the periods is presented below.

Follow-on Offering. In May 2015, we completed a registered follow-on public offering of our common stock that resulted in the sale of 1,725,000 shares at a purchase price of $40.00 per share, which included 225,000 shares sold pursuant to the underwriters' exercise of their over-allotment option. Net proceeds were approximately $64.8 million after deducting underwriting discounts and commissions and offering expenses.

Sprint APA. On May 13, 2014, we entered into the an Asset Purchase Agreement to acquire: (i) FCC licenses for coverage areas nationwide in the 900 MHz band and (ii) certain 900 MHz equipment (the "Spectrum Assets") from Sprint for a total of $100 million, which we paid in the form of $90 million in cash and $10 million paid in 500,000 shares of our common stock (at a price equal to $20.00 per share). Pursuant to our agreement with Sprint, we delivered $13.5 million to Sprint as a deposit against our purchase of the Spectrum Assets following the close of our June 2014 private placement. In September 2014, we obtained the necessary approvals from the FCC to transfer the FCC licenses from Sprint to us, and we then completed the closing of the purchase and sale of the Spectrum Assets by issuing 500,000 shares of our common stock and delivering the balance of the $90 million purchase price to Sprint.

June 2014 Private Placement. On June 10, 2014, we completed the June 2014 private placement in which we sold 10,925,000 shares of common stock at a purchase price of $20.00 per share in a transaction exempt from registration under the Securities Act. FBR Capital Markets & Co. acted as the initial purchaser/placement agent for the June 2014 private placement. The net proceeds from the June 2014 private placement, after deducting our offering expenses and the payment of initial purchaser/placement agent discount or placement fees, were approximately $202 million. At the closing of the June 2014 private placement, we placed approximately 96% of the proceeds from the June 2014 private placement (net of any initial purchaser's/placement agent's discount and placement fees) in the PDV Investor Trust, a Delaware statutory trust pending the closing of the purchase and sale of the Spectrum Assets. On September 15, 2014, we completed that closing and the proceeds held in the PDV Investor Trust were distributed to us.

Reincorporation and Recapitalization. In connection with the June 2014 private placement, we completed a number of actions, including:

(i) the reincorporation of our Company from California to Delaware, which was effected on May 30, 2014;

(ii) the adoption of an amended and restated certificate of incorporation and amended and restated bylaws, which became effective immediately prior to the completion of the June 2014 private placement;

(iii) the conversion of all outstanding shares of our Series AA Preferred Stock (the only outstanding class of preferred stock) into shares of our common stock on a one-for-one basis, and the conversion of our remaining options to purchase shares of our Series AA Preferred Stock into options to purchase shares of our common stock and the conversion of restricted stock units for shares of our Series AA Preferred Stock into restricted stock units for shares of our common stock, each on a one-for-one basis;

(iv) a 33.11451201-for-1 reverse stock split of all of our outstanding common stock, which was effected immediately prior to the completion of the June 2014 private placement;

(v) the termination and exchange of outstanding warrants to purchase 661,581 shares of Series AA Preferred Stock into 29,809 shares of our common stock, which was completed immediately prior to the completion of the June 2014 private placement; and

(vi) the amendment of outstanding redeemable convertible promissory notes (the "Redeemable Notes"), in the aggregate principal amount of $1,016,956, to provide that the Redeemable Notes would automatically be converted into that number of shares of our common stock equal to (A) the sum of 140% of the outstanding principal amount plus the outstanding interest on such Redeemable Notes through the conversion date divided by (B) $20.00 per share, contingent upon the occurrence of the closing of the purchase and sale of the Spectrum Assets. Following that closing, the Redeemable Notes were converted into 77,733 shares of our common stock.

Motorola Reseller Agreement. We entered into a reseller agreement with Motorola on May 15, 2014, under which we agreed to purchase, and Motorola agreed to provide us with, their digital technology that we are utilizing to deploy our PTT network and the mobile handsets and devices we are offering to our customers on that network.

Motorola Spectrum Leasing. Additionally, in September 2014, Motorola invested $10 million in our subsidiary PDV Spectrum Holding Company, LLC, that we formed to hold all of the 900 MHz spectrum we acquired from Sprint. Motorola's ownership interests in the subsidiary is convertible into shares of our common stock at a price equal to $20.00 per share, at the option of either Motorola or us. Motorola is not entitled to any economics from the operations of our subsidiary. We also entered into a spectrum rights agreement pursuant to which we agreed to lease certain quantities of our 900 MHz spectrum to Motorola. Upon executing the agreement, Motorola paid us $7.5 million as an upfront, fully-paid leasing fee.

Effectiveness of Registration Statement and Listing on The NASDAQ Capital Market. On January 26, 2015, the SEC declared effective our registration statement on Form S-1 relating to the resale of 11,925,000 shares of common stock held by the selling stockholders (including 500,000 shares of common stock issuable upon the conversion of the Class B Units of our subsidiary, PDV Spectrum Holding Company, LLC, issued to Motorola). We did not and will not receive any proceeds from any sales by the selling stockholders. On February 3, 2015, shares of our common stock were listed for trading on The NASDAQ Capital Market under the symbol "PDVW."

Proceeds from the January 2015 Private Placement. On January 26, 2015, we completed a private placement with a secondary closing on January 30, 2015. We sold 57,470 shares of common stock at a purchase price of $25.00 per share to certain accredited investors in reliance on exemptions from registration under the Securities Act. The net proceeds from the January 2015 private placement were approximately $1,386,000. The purpose of this private placement was to secure additional round lot stockholders to enable us to satisfy the initial listing standards of The NASDAQ Capital Market. We used the net proceeds for general corporate purposes, including working capital.

Summary of Significant Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, our actual results could differ from those based on such estimates and assumptions. Further, to the extent that there are differences between our estimates and our actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical performance, as these policies relate to the more significant areas involving our judgments and estimates.

We believe that the areas described below are the most critical to aid in fully understanding and evaluating our reported financial results, as they require management's most significant judgments in the application of accounting policy or in making estimates and assumptions that are inherently uncertain and that may change in subsequent periods. Our significant accounting policies are set forth in Note 2 to our consolidated financial statements. Of those policies, we believe that the policies discussed below may involve a higher degree of judgment and may be more critical to an accurate reflection of our financial condition and results of operations.

Revenue Recognition. We recognize revenue in the period that persuasive evidence of an arrangement exists, delivery of the product has occurred or services have been rendered, we are able to determine the amount of revenue and when the collection of such amount is considered probable. In accordance with the guidance provided in Accounting Standards Codification ("ASC") Topic 605-45-45, (*Revenue Recognition – Principal Agent Considerations*), we have determined that we are the primary obligor with respect to the service revenue derived from sales of our software applications through our Tier I domestic carrier partners. As a result, revenue is recorded at the gross amount billed to end-user customers for sales through these carrier partners. We recognized service revenue for our international carrier (which business relationship terminated in July 2015) on the net amount billed since we determined that we were not the primary obligor. We also sell service and applications directly to end-users, which are billed and collected directly by us.

In September 2014, Motorola paid us an upfront, fully-paid leasing fee of $7.5 million in order to lease a portion of our wireless spectrum licenses. The payment of the fee is accounted for as deferred revenue on our Consolidated Balance Sheets. We recognize leasing revenue in accordance with ASC Topic 840, (*Leases*). The fee is amortized using the straight-line method over the lease term of approximately ten years, which represents the time period in which the benefits of the leased property are expected to be depleted.

We evaluate certain transactions for our DispatchPlus service offering to determine whether they should be viewed as a Multiple Element Arrangement provided in ASC Topic 605-25. Judgment is required to properly identify the accounting units of the multiple deliverable transactions and to determine the manner in which revenue should be allocated among the units of accounting. Multiple deliverable arrangements are presumed to be bundled transactions, and the total consideration is measured and allocated to the separate transactions based on their relative selling price with certain limitations. The relative selling price for each deliverable is determined using vendor-specific objective evidence ("VSOE") of selling price or third-party evidence of such selling price if VSOE does not exist. If neither VSOE nor third party evidence of selling price exist, the Company uses its best estimate of the selling price for the deliverable. We determined that the rental of user devices in connection with service contracts for our DispatchPlus service are multiple deliverable arrangements.

Stock compensation. For purposes of calculating stock-based compensation, we estimate the fair value of stock options using a Black-Scholes option-pricing model. The determination of the fair value of option-based compensation utilizing the Black-Scholes model is affected by a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The expected term and volatility is based on the historical volatility of our common stock along with comparable public companies within our industry since we have a short history regarding these variables. The risk-free interest rate assumption is based on the U.S. Treasury yield curve in effect at the time of the grant for periods corresponding with the expected life of the options. The dividend yield assumption is zero since we have never paid and do not anticipate paying any cash dividends in the foreseeable future. In addition, we will continue to estimate the number of equity awards that are expected to vest based on historical forfeiture rates.

The fair value of restricted stock and performance units are measured based on the quoted closing market price for the stock at the date of grant. The compensation cost for restricted stock is recognized on a straight-line basis over the vesting period. The compensation cost for the performance units is recognized when the performance criteria are complete.

We have not attributed tax benefits to the share-based compensation expense because we maintain a full valuation allowance for all net deferred tax assets.

Property and equipment. Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the applicable lease term. The carrying amount at the balance sheet date of long-lived assets under construction in process includes construction costs to date on capital projects that have not been completed, assets being constructed that are not ready to be placed in service, and assets that are not currently in service. These costs will be transferred to property and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. Depreciation commences upon completion.

Intangible Assets. Intangible assets are wireless licenses that will be used to provide us 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 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 our wireless licenses. As a result, we have determined that the wireless licenses should be treated as an indefinite-lived intangible asset. We will evaluate the useful life determination for our wireless licenses each year to determine whether events and circumstances continue to support our treatment as an indefinite useful life asset.

The licenses are tested for impairment on an aggregate basis, as we will be utilizing the wireless licenses on an integrated basis as a part of developing our nationwide network. Before employing detailed impairment testing, we first evaluate the likelihood of impairment by considering relevant qualitative factors that may have a significant bearing on fair value. If we determine that it is more likely than not that the wireless licenses are impaired, we will apply a quantitative analysis including detailed testing methodologies. Otherwise, we conclude that no impairment exists. In the event a quantitative analysis is required, we consider estimates of valuation methods to perform the test of the fair values of the wireless licenses using, among other things, market based and discounted cash flow approaches.

Long-Lived Asset Impairment. We evaluate long-lived assets for impairment, other than intangible assets with indefinite lives, whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is 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.

Income taxes. We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities as well as from net operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established when it is estimated that it is more likely than not that the tax benefit of a deferred tax asset will not be realized.

Accounting for uncertainty in income taxes. We recognize the effect of tax positions only when they are more likely than not to be sustained. Our management has determined that we had no uncertain tax positions that would require financial statement recognition or disclosure. We are no longer subject to U.S. federal, state or local income tax examinations for periods prior to 2013.

JOBS Act. As an emerging growth company, or EGC, under the JOBS Act we are eligible for exemptions from various reporting requirements applicable to other public companies that are not EGCs, including, but not limited to:

- Not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002;
- Reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- Exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

As an EGC, we are also eligible to take advantage of the extended transition period, provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. Thus, we could delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Nevertheless, we have elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards not later than the relevant dates on which adoption of such standards is required for other public companies.

Results of Operations

Comparison of the years ended March 31, 2017 and 2016

The following table sets forth our results of operations for the fiscal years ended March 31, 2017 and 2016 ("Fiscal 2017" and "Fiscal 2016", respectively). The period to period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

(dollars in thousands, except share data)	For the year ended March 31,	
	2017	2016
Operating revenues		
Service revenue	$ 3,618	$ 2,625
Spectrum lease revenue	729	729
Other revenue	440	190
Total operating revenues	4,787	3,544
Cost of revenue		
Sales and service	7,049	3,469
Gross (loss) profit	(2,262)	75
Operating expenses		
General and administrative	22,553	16,726
Sales and support	5,652	3,956
Product development	2,316	1,323
Total operating expenses	30,521	22,005
Loss from operations	(32,783)	(21,930)
Interest expense	(5)	(3)
Interest income	128	104
Other (expense) income	(28)	1
Loss before income taxes	(32,688)	(21,828)
Income tax expense	6,498	—
Net loss	$ (39,186)	$ (21,828)
Net loss per common share basic and diluted	$ (2.72)	$ (1.54)
Weighted-average common shares used to compute basic and diluted net loss per share	14,390,641	14,156,848

Operating revenues. Service revenue increased by $1.0 million, or 38%, to $3.6 million for Fiscal 2017 from $2.6 million for Fiscal 2016. The increase is primarily attributable to our growing DispatchPlus business. The increase of $0.2 million in Other revenue resulted from higher sales and rentals of our equipment for the DispatchPlus business.

Cost of revenue. Cost of revenue for Fiscal 2017 increased by $3.5 million, or 103%, to $7.0 million from $3.5 million for Fiscal 2016. The increase is attributable to the costs to maintain our launched PTT networks for our DispatchPlus business of $2.8 million, costs associated with sites that are no longer under construction of $0.5 million, along with the costs of equipment sold of $0.2 million.

Gross (loss) profit. Gross profit decreased by $2.3 million to a gross (loss) of ($2.2 million). The primary drivers for the decline were the costs incurred to support our DispatchPlus business.

General and administrative expenses. General and administrative expenses for Fiscal 2017 increased by $5.8 million, or 35%, from $16.7 million for Fiscal 2016. The increase in general and administrative expenses for the year is primarily driven by $4.9 million for consulting and other services related to our spectrum initiatives, principally the First Responder Network Authority ("FirstNet") opportunity. In addition, there was an increase of $1.1 million related to headcount and related costs.

Sales and support expenses. Sales and support expenses increased by $1.7 million, or 43%, to $5.7 million for Fiscal 2017 from $4.0 million for Fiscal 2016. The increase in expenses is due primarily to a $0.7 million increase in staff and compensation related costs, $0.5 million for dealer commissions, and $0.3 million in costs for marketing initiatives.

Product development expenses. Product development expenses increased by $1.0 million, or 75%, to $2.3 million for Fiscal 2017 from $1.3 million for Fiscal 2016. This increase in expense was due primarily to a $0.7 million increase in headcount related costs, along with $0.3 million in professional services related to our strategic initiatives.

Interest expense. Interest expense for Fiscal 2017 remained relatively unchanged.

Other (Expense)/Income. Other (expense) for Fiscal 2017 related mainly to the loss on disposal for DisptachPlus equipment.

Income tax expense. In Fiscal 2017, we recorded a non-cash charge of $6.5 million primarily as a result of an adjustment to the valuation allowance against all of our deferred tax assets.

Comparison of the years ended March 31, 2016 and 2015

The following table sets forth our results of operations for Fiscal 2016 and the fiscal year ended March 31, 2015 ("Fiscal 2015"). The period to period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

(dollars in thousands, except share data)	For the year ended March 31,	
	2016	2015
Operating revenues		
Service revenue	$ 2,625	$ 2,777
Spectrum lease revenue	729	395
Other revenue	190	—
Total operating revenues	3,544	3,172
Cost of revenue		
Service	3,469	1,063
Gross profit	75	2,109
Operating expenses		
General and administrative	16,726	13,458
Sales and support	3,956	1,813
Product development	1,323	1,001
Total operating expenses	22,005	16,272
Loss from operations	(21,930)	(14,163)
Interest expense	(3)	(571)
Interest income	104	20
Other income	1	—
Net loss	$ (21,828)	$ (14,714)
Net loss per common share basic and diluted	$ (1.54)	$ (1.46)
Weighted-average common shares used to compute basic and diluted net loss per share	14,156,848	10,048,210

Operating revenues. Service revenue decreased $0.2 million, or 5.5%, to $2.6 million for Fiscal 2016 from $2.8 million for the Fiscal 2015. The decrease can be primarily attributed to the termination of our agreement with our international carrier, $0.1 million. The remaining decrease was due to higher churn in our historical pdvConnect service offering partially offset by revenue from our DispatchPlus service offering. The increase of $0.3 million, or 84.6%, for the spectrum lease revenue resulted from the revenue derived from the spectrum lease to Motorola that began on September 15, 2014. Other revenue resulted from the equipment sales and rentals of our equipment for our DispatchPlus business that began in Fiscal 2016.

Cost of revenue. Cost of revenue for Fiscal 2016 increased by $2.4 million, or 226.3%, to $3.5 million from $1.1 million for Fiscal 2015. The increase is attributable to the costs to maintain our launched PTT networks for our DispatchPlus business, $1.4 million, increased headcount costs to support the commercially launched PTT networks, $0.6 million, along with the costs of handsets sold, $0.2 million.

Gross profit. Gross profit decreased by $2.0 million, or 96.5%, to $0.1 million from $2.1 million for Fiscal 2016. The primary driver for the decline were the costs incurred to support our newly launched DispatchPlus business.

General and administrative expenses. General and administrative expenses for Fiscal 2016 increased by $3.3 million, or 24.3%, from $13.5 million for Fiscal 2015. The increase in general and administrative expenses for the year is primarily attributable to increased headcount and related costs, $2.3 million, increased consulting services to support our broadband strategic initiatives, $1.5 million, and increased costs related to being a public company for the full fiscal year, $1.0 million. These increases were partially offset by lower stock compensation costs, $2.0 million.

Sales and support expenses. Sales and support expenses increased by $2.1 million, or 118.2%, to $4.0 million for Fiscal 2016 from $1.8 million for Fiscal 2015. The increase in expenses is due primarily to a $1.4 million increase in staff and headcount related costs related to the launch of our DispatchPlus business along with $0.2 million in advertising expenses.

Product development expenses. Product development expenses increased by $0.3 million, or 32.1%, to $1.3 million for Fiscal 2016 from $1.0 million for Fiscal 2015. This increase in expense was due primarily to an increase in headcount related costs.

Interest expense. Interest expense for Fiscal 2016 decreased by $0.6 million to $3,000 from $0.6 million for Fiscal 2015. The amount in Fiscal 2015 pertains to loans with a related party that were paid within the fiscal year. The Fiscal 2016 amount relates to our promissory note issued in connection with the acquisition of wireless licenses.

Liquidity and Capital Resources

At March 31, 2017, we had cash and cash equivalents of $124.1 million.

Our accounts receivable are heavily concentrated in one of our Tier 1 domestic carrier partners. As of March 31, 2017, our accounts receivable balance was approximately $636,000, of which approximately $427,000, or 67%, was due from a Tier 1 domestic carrier.

Net cash (used) provided by operating activities. Net cash used by operating activities was $26.6 million in Fiscal 2017 and $19.8 million in Fiscal 2016; while net cash provided by operating activities was $4.3 million in Fiscal 2015. The majority of net cash used by operating activities in Fiscal 2017 resulted from the net loss of $39.2 million and a decrease in accounts payable and accrued expenses of $0.4 million. These changes were partially offset by stock compensation expense of $4.7 million and deferred income taxes of $6.5 million. The majority of net cash used by operating activities in Fiscal 2016 resulted from the net loss of $21.8 million and a decrease in accounts payable and accrued expenses of $2.6 million. These changes were partially offset by stock compensation expense of $5.0 million. The majority of net cash provided in Fiscal 2015 resulted from Motorola's spectrum lease for $7.5 million as well as an increase in accounts payable and accrued expenses. This was partially offset by the increased needs in working capital in support of the launch of our DispatchPlus service, which included increased headcount.

Net cash used by investing activities. Net cash used by investing activities was $2.4 million, $11.2 million and $96.6 million for Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively. For the year ended March 31, 2017, the net cash used by investing activities principally resulted from $1.6 million for the buildout of our PTT networks for our new DispatchPlus business and $0.8 million for spectrum acquisitions. For the year ended March 31, 2016, the net cash used by investing activities principally resulted from $9.1 million for the buildout of our PTT networks for our DispatchPlus business and $2.1 million for spectrum acquisitions. The majority of net cash used in investing activities during Fiscal 2015 resulted from a $90.3 million payment to Sprint for the Spectrum Assets, and approximately $6.3 million in support of the buildout of our network for the launch of our DispatchPlus business.

Net cash (used) provided from financing activities. Net cash used by financing activities was $0.3 million in Fiscal 2017. Net cash provided from financing activities was $64.5 million and $212.2 million for Fiscal 2016 and Fiscal 2015, respectively. For Fiscal 2017, the net cash used by financing activities primarily resulted from the installment payment for our note payable of $0.5 million. For Fiscal 2016, the net cash from financing activities primarily resulted from the follow-on public offering that was completed in May 2015. The majority of net cash provided by financing activities during Fiscal 2015 resulted from our June 2014 Private Placement.

Proceeds from the follow-on offering in May 2015. We completed a registered follow-on public offering of common stock that resulted in the sale of 1,725,000 shares at a purchase price of $40.00 per share, which included 225,000 shares sold pursuant to the underwriters' exercise of their over-allotment option. Net proceeds were approximately $64.8 million after deducting underwriting discounts and commissions and offering expenses.

Proceeds from the June 2014 Private Placement. On June 10, 2014, we completed a private placement in which we sold 10,925,000 shares of common stock at a purchase price of $20.00 per share to certain investors in reliance on exemptions from registration under the Securities Act. The net proceeds from the June 2014 Private Placement were approximately $202.0 million. We used $90.0 million of the net proceeds from the June 2014 Private Placement, plus $10.0 million in shares of our common stock, to acquire the Spectrum Assets from Sprint. In connection with the closing of the purchase and sale of the Spectrum Assets, PDV Spectrum Holding Company, LLC, our subsidiary, entered into an agreement with Motorola in which it agreed to lease a portion of the FCC licenses we acquired from Sprint in exchange for an upfront, fully-paid leasing fee of $7.5 million and a $10.0 million investment in the Class B Units of PDV Spectrum Holding Company, LLC. Motorola has the right at any time to convert its 500,000 Class B Units into 500,000 shares of our common stock, representing a conversion price of $20.00 per share. We also have the right to require Motorola's conversion into shares of our common stock at our election. Motorola is not entitled to any assets, profits or distributions from the operations of our subsidiary. The Class B Units have no redemption or call provisions and can only be converted into shares of the Company.

Proceeds from the January 2015 Private Placement. On January 26, 2015, we completed a private placement with a secondary closing on January 30, 2015. We sold 57,470 shares of common stock at a purchase price of $25.00 per share to certain accredited investors in reliance on exemptions from registration under the Securities Act. The net proceeds from the January 2015 Private Placement were approximately $1,386,000. The purpose of the 2015 Private Placement was to secure additional round lot stockholders to enable us to satisfy the initial listing standards of The NASDAQ Capital Market. We used the net proceeds for general corporate purposes, including working capital.

We intend to continue to focus our efforts on the initial seven markets where we have deployed our DispatchPlus service until we prove out our DispatchPlus business model in those markets. We have prepared for the rollout of our DispatchPlus service in more than thirteen additional markets by completing initial network designs and, in some markets, additional site development activities. We believe this approach will allow us to more quickly and effectively proceed with new market deployments when we determine it is best to do so. We also believe this approach will provide us with additional time and financial flexibility to refine our longer term strategies including those related to our Joint Petition.

Our future capital requirements will depend on many factors, including: the timing and amount of the revenues we generate from our DispatchPlus services and other network and mobile communication solutions we elect to offer; the development of new service offerings; the cost and success of our sales and marketing activities and initiatives; the timeline and results of our Joint Petition; the expenses associated with our other spectrum initiatives; and our ability to control our operating expenses related to our DispatchPlus business and spectrum activities and initiatives. We believe our cash and cash equivalents on hand will be sufficient our financial obligations through at least the next 12 months.

We cannot predict with certainty when, if ever, we will require additional capital to further fund our current or future business plans and initiatives. Presently, we intend to cover our future operating expenses through cash on hand and from revenue derived primarily from our planned sales of our DispatchPlus services and product offerings. We may experience greater than expected cash usage to support our operating activities and business plan and/or our revenues may be lower than, or take more time to develop, than we anticipate. See "Risk Factors" in this Annual Report for risks and uncertainties that could cause our operating costs to be more than we currently anticipate and/or our revenue and operating results to be lower than we currently anticipate. As a result, we cannot provide assurance that we will not require additional funding in the future. In addition, we intend to acquire businesses, technologies or spectrum or license technologies from third parties for or in connection with our spectrum initiatives. We also intend to pursue the development and offering of additional next generation network and mobile communications solutions. We may decide to raise additional capital through debt or equity financing to the extent we believe this is necessary to successfully complete these acquisitions or license these technologies or pursue spectrum opportunities. 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 us and our stockholders. Any failure to obtain financing when required would have a material adverse effect on our business, operating results, financial condition and liquidity.

Warranties. Our agreements with our customers generally include certain provisions for indemnifying them against liabilities if our services infringe a third-party's intellectual property rights or for other specified reasons.

Contractual Obligations and Indebtedness

Leases. We are obligated under certain lease agreements for office space. These leases expire on January 7, 2019 through March 31, 2027. Rent expense amounted to $1.9 million, $1.1 million and $0.2 million for Fiscal 2017, 2016 and 2015, respectively. For Fiscal 2017 and Fiscal 2016, $1.4 million and $0.7 million, respectively, of the total rent expense was classified in cost of revenue and the remainder of $0.5 million and $0.4 million, respectively, was classified in operating expenses in the Consolidated Statements of Operations. Total rent expense for Fiscal 2015 was classified in operating expenses in the Consolidated Statements of Operations.

We entered into multiple lease agreements for tower site locations related to the new DispatchPlus business. The lease expiration dates range from February 28, 2020 to June 30, 2026.

As of March 31, 2017, our contractual obligations, including estimated payments due by fiscal year, are as follows:

(in thousands)	Payments due by Fiscal Year				
	Total	2018	2019-2020	2021-2022	After 2022
Operating lease obligations[1]	$ 14,015	$ 1,583	$ 4,058	$ 3,172	$ 5,202
Promissory note obligation[2]	497	497	—	—	—
Asset retirement obligations[3]	267	—	10	129	128
Total	$ 14,779	$ 2,080	$ 4,068	$ 3,301	$ 5,330

(1) Represents aggregate rentals, under non-cancellable leases for office and tower site locations (exclusive of real estate taxes, utilities, maintenance and other costs borne by us) for the remaining terms of the leases as described in Note 12 in the Notes to the Consolidated Financial Statements in this Annual Report for further information.
(2) Represents the promissory note in exchange for wireless licenses. See Note 8 in the Notes to the Consolidated Financial Statements in this Annual Report for further information.
(3) Represents the asset retirement obligations we have for our tower site locations. See Note 2 in the Notes to the Consolidated Financial Statements in this Annual Report for further information.

Off-balance sheet arrangements

During Fiscal 2017, 2016 and 2015, we did not have any relationships with unconsolidated entities or financial partnerships that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is provided in Note 2 of our Notes to Consolidated Financial Statements.

ITEM 7A. 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements listed in Item 15 are filed as part of this report and appear on pages F-2 through F-24.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and or Chief Financial Officer, we conducted an evaluation of the effectiveness, as of March 31, 2017, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), were effective as of the end of the period covered by this Annual Report.

Inherent Limitations on Effectiveness of Controls

Our management, including our 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.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) of the Exchange Act).

Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Management, under the supervision of our Chief Executive Officer and our Chief Financial Officer, conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013 Framework). Based on this assessment, management determined that, as of March 31, 2017, the Company maintained effective internal control over financial reporting.

Attestation Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to the deferral allowed under the JOBS Act for emerging growth companies.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(d) under the Exchange Act) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our directors, executive officers and corporate governance, including our Code of Business Conduct, will be included in the proxy statement for the 2017 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference. The full text of our Code of Business Conduct, which is the code of ethics that applies to all of our officers, directors and employees, can be found in the "Investors" section of our website accessible to the public at www.pdvwireless.com.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to our executive compensation will be included in the proxy statement for the 2017 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to the security ownership of certain beneficial owners and management will be included in the proxy statement for the 2017 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information relating to certain relationships and related transactions and director independence will be included in the proxy statement for the 2017 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to principal accountant fees and services will be included in the proxy statement for the 2017 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements of the Company appear on pages F-2 through F-24 of this report and are incorporated by reference in Part II, Item 8:

Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements

Consolidated Balance Sheets as of March 31, 2017 and 2016

Consolidated Statements of Operations for each of the three Years Ended March 31, 2017, 2016, and 2015

Consolidated Statements of Stockholders' Equity/(Deficiency) for each of the three Years Ended March 31, 2017

Consolidated Statements of Cash Flows for each of the three Years Ended March 31, 2017, 2016, and 2015

Notes to Consolidated Financial Statements

(a)(2) All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

(a)(3) The exhibits listed in the accompanying Exhibit Index are either filed with this Annual Report or incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized in Woodland Park, State of New Jersey, on June 6, 2017.

pdvWireless, Inc.

By: /s/ John C. Pescatore
John C. Pescatore
Chief Executive Officer and President

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints John C. Pescatore and Timothy A. Gray, and each of them individually, as the undersigned's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign any and all amendments to this Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their respective substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Brian McAuley Brian McAuley	Chairman of the Board	June 6, 2017
/s/ Morgan O'Brien Morgan O'Brien	Vice Chairman of the Board	June 6, 2017
/s/ John C. Pescatore John C. Pescatore	Director, President and Chief Executive Officer (Principal Executive Officer)	June 6, 2017
/s/ Timothy A. Gray Timothy A. Gray	Chief Financial Officer (Principal Financial and Accounting Officer)	June 6, 2017
/s/ T. Clark Akers T. Clark Akers	Director	June 6, 2017
/s/ Paul Saleh Paul Saleh	Director	June 6, 2017
/s/ Peter Schiff Peter Schiff	Director	June 6, 2017
/s/ John C. Sites John C. Sites	Director	June 6, 2017
/s/ Mark Hennessy Mark Hennessy	Director	June 6, 2017

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of pdvWireless, Inc. (the "Company") (filed as Exhibit 3.1 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
3.1.1	Certificate of Amendment No 1. to Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 001-36827) on November 5, 2015 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of the Company (filed as Exhibit 3.2 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.1	Form of Common Stock Certificate of the Company (filed as Exhibit 4.1 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.2	Registration Rights Agreement, dated June 10, 2014, by and among the Company, certain of the Company's executive officers named therein, and FBR Capital Markets & Co., on behalf of the investors participating in the June 2014 private placement (filed as Exhibit 4.2 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.3	Amended and Restated Investor Rights Agreement, dated October 2010, by and among the Company and investors named therein (filed as Exhibit 4.3 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.4	Amendment and Waiver of Rights under Amended and Restated Investor Rights Agreement, approved May 30, 2014, by and among the Company and the investors named therein (filed as Exhibit 4.4 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.1+	2004 Stock Plan, as amended (filed as Exhibit 10.1 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.2+	Form of Stock Option Agreement under 2004 Stock Plan (filed as Exhibit 10.2 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.3+	2010 Stock Plan, as amended (filed as Exhibit 10.3 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.4+	Form of Stock Option Agreement under 2010 Stock Plan (filed as Exhibit 10.4 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.5+	Form of Restricted Stock Bonus Agreement under 2010 Stock Plan (filed as Exhibit 10.5 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.6+	2014 Stock Plan (filed as Exhibit 10.6 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.7+	Executive Form of Notice of Grant of Stock Option and Stock Option Agreement under 2014 Stock Plan (filed as Exhibit 10.7 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 10, 2015 and incorporated herein by reference)
10.8+	Non-employee Director Form of Notice of Grant of Stock Option and Stock Option Agreement under 2014 Stock Plan (filed as Exhibit 10.8 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 10, 2015 and incorporated herein by reference)
10.9+	Non-employee Director Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement under 2014 Stock Plan (filed as Exhibit 10.9 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 10, 2015 and incorporated herein by reference)
10.10+	Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement under 2014 Stock Plan (filed as Exhibit 10.8 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.11+	Form of Indemnification Agreement by and among the Company and its officers and directors (filed as Exhibit 10.9 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.12†	Asset Purchase Agreement, dated May 13, 2014, by and among the Company and FCI 900, Inc., ACI 900, Inc., Machine License Holding, LLC, Nextel WIP License Corp., and Nextel License Holdings 1, Inc. (filed as Exhibit 10.14 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))

10.13	Letter Amendment to the Asset Purchase Agreement, dated May 28, 2014, by and among the Company and FCI 900, Inc., ACI 900, Inc., Machine License Holding, LLC, Nextel WIP License Corp., and Nextel License Holdings 1, Inc. (filed as Exhibit 10.15 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.14†	Management Services Agreement, dated September 15, 2014, by and between Sprint Spectrum, L.P. and the Company (filed as Exhibit 10.18 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.15†	License Agreement, dated September 15, 2014, by and between Sprint/United Management Company and the Company (filed as Exhibit 10.19 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.16†	Spectrum Rights Agreement, dated September 8, 2014, by and between PDV Spectrum Holding Company, LLC and Motorola Solutions, Inc. (filed as Exhibit 10.20 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.17+	pdvWireless, Inc. Executive Severance Plan (filed as Exhibit 99.1 to the Current Report on Form 8-K, filed with the SEC on March 27, 2015 and incorporated herein by reference (File No. 001-36827-15731791))
10.18+	Form of pdvWireless, Inc. Executive Severance Plan Participation Agreement (filed as Exhibit 99.2 to the Current Report on Form 8-K, filed with the SEC on March 27, 2015 and incorporated herein by reference (File No. 001-36827-15731791))
10.19+	Executive Form of Performance-Based Stock Option Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)
10.20+	Executive Form of Performance-Based Restricted Stock Units Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)
10.21+	Non-employee Director Form of Restricted Stock Award Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)
10.22+	Executive Form of Time-Based Stock Option Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)
10.23+	Executive Form of Time-Based Restricted Stock Award Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)
21.1	Subsidiaries of the Registrant
23.1	Consent of PKF O'Connor Davies, LLP Independent Registered Public Accounting Firm relating to the Consolidated Financial Statements of the Company
24.1	Power of Attorney (included on signature page hereto)
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15-d-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
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15-d-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
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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+ Management Contract or Compensatory Plan.

† Portions of this exhibit have been omitted pursuant to a request for confidential treatment pursuant to Rule 406 under the Securities Act of 1933, as amended, which request has been granted by the SEC.

* The certification furnished in Exhibit 32.1 hereto is deemed to accompany this Annual Report on Form 10-K 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.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
pdvWireless, Inc.

We have audited the accompanying consolidated balance sheets of pdvWireless, Inc. as of March 31, 2017 and 2016, and the related consolidated statements of operations, stockholders' equity/(deficiency), and cash flows for each of the three years ended March 31, 2017. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of pdvWireless, Inc. as of March 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years ended March 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

/s/ PKF O'Connor Davies, LLP

New York, New York
June 6, 2017

pdvWireless, Inc.
Consolidated Balance Sheets
March 31, 2017 and 2016
(dollars in thousands, except share data)

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 124,083	$ 153,463
Accounts receivable, net of allowance for doubtful accounts of $53 and $3	636	528
Inventory	128	93
Prepaid expenses and other current assets	874	907
Total current assets	**125,721**	**154,991**
Property and equipment	14,509	15,120
Intangible assets	104,676	103,656
Capitalized patent costs, net	210	222
Other assets	370	60
Total assets	**$ 245,486**	**$ 274,049**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 3,399	$ 3,781
Accounts payable - officers	36	44
Current portion of note payable	497	494
Deferred revenue	789	745
Total current liabilities	**4,721**	**5,064**
Noncurrent liabilities		
Long-term portion of note payable	—	497
Deferred revenue	5,033	5,648
Deferred income taxes	6,498	—
Other liabilities	1,338	655
Total liabilities	**17,590**	**11,864**
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.0001 par value per share, 10,000,000 shares authorized and no shares outstanding at March 31, 2017 and March 31, 2016	—	—
Common stock, $0.0001 par value per share, 100,000,000 shares authorized and 14,358,564 shares issued and outstanding at March 31, 2017 and 14,300,790 shares issued and outstanding at March 31, 2016	1	1
Additional paid-in capital	330,566	325,669
Accumulated deficit	(102,671)	(63,485)
Total stockholders' equity	**227,896**	**262,185**
Total liabilities and stockholders' equity	**$ 245,486**	**$ 274,049**

See accompanying notes to consolidated financial statements

pdvWireless, Inc.
Consolidated Statements of Operations
Years Ended March 31, 2017, 2016 and 2015
(dollars in thousands, except share data)

	2017	2016	2015
Operating revenues			
Service revenue	$ 3,618	$ 2,625	$ 2,777
Spectrum lease revenue	729	729	395
Other revenue	440	190	—
Total operating revenues	4,787	3,544	3,172
Cost of revenue			
Sales and service	7,049	3,469	1,063
Gross (loss) profit	(2,262)	75	2,109
Operating expenses			
General and administrative	22,553	16,726	13,458
Sales and support	5,652	3,956	1,813
Product development	2,316	1,323	1,001
Total operating expenses	30,521	22,005	16,272
Loss from operations	(32,783)	(21,930)	(14,163)
Interest expense	(5)	(3)	(571)
Interest income	128	104	20
Other (expense) income	(28)	1	—
Loss before income taxes	(32,688)	(21,828)	(14,714)
Income tax expense	6,498	—	—
Net loss	$ (39,186)	$ (21,828)	$ (14,714)
Net loss per common share basic and diluted	$ (2.72)	$ (1.54)	$ (1.46)
Weighted-average common shares used to compute basic and diluted net loss per share	14,390,641	14,156,848	10,048,210

See accompanying notes to consolidated financial statements

pdvWireless, Inc.
Consolidated Statement of Stockholders' Equity/(Deficiency)
Years Ended March 31, 2017, 2016 and 2015
(dollars in thousands, except share data)

	Number of Shares						
	Preferred stock series AA	Common stock	Preferred stock series AA	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance at March 31, 2014	748,722	126,759	$ 20,526	$ —	$ 2,210	$ (26,943)	$ (4,207)
Conversion of preferred stock series AA to common shares	(748,722)	748,722	(20,526)	—	20,526	—	—
Effects of exchange of 661,581 warrants to common shares	—	29,809	—	—	—	—	—
Effects of exchange of convertible notes to common shares	—	77,733	—	—	1,555	—	1,555
Effects of exchange of notes payable to common shares	—	65,000	—	—	1,300	—	1,300
Common shares issued for intangible asset	—	500,000	—	—	10,000	—	10,000
Motorola investment	—	—	—	—	10,000	—	10,000
Issuance of stock on June 10, 2014, net of closing costs	—	10,925,000	—	1	201,921	—	201,922
Issuance of stock on January 26 and 30, 2015, net of closing costs	—	57,470	—	—	1,387	—	1,387
Equity based compensation	—	83,804	—	—	6,964	—	6,964
Net loss	—	—	—	—	—	(14,714)	(14,714)
Balance at March 31, 2015	—	12,614,297	—	1	255,863	(41,657)	214,207
Issuance of stock, net of closing costs	—	1,725,000	—	—	64,791	—	64,791
Equity based compensation*	—	41,991	—	—	4,970	—	4,970
Stock option exercises	—	3,306	—	—	45	—	45
Net loss	—	—	—	—	—	(21,828)	(21,828)
Balance at March 31, 2016	—	14,384,594	—	1	325,669	(63,485)	262,185
Equity based compensation*	—	49,774	—	-—	4,744	—	4,744
Stock option exercises	—	8,000	—	—	153	—	153
Net loss	—	—	—	—	—	(39,186)	(39,186)
Balance at March 31, 2017	—	14,442,368	$ —	$ 1	$ 330,566	$ (102,671)	$ 227,896

* includes restricted shares issued.

See accompanying notes to consolidated financial statements

pdvWireless, Inc.
Consolidated Statements of Cash Flows
Years Ended March 31, 2017, 2016 and 2015
(dollars in thousands)

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (39,186)	$ (21,828)	$ (14,714)
Adjustments to reconcile net loss to net cash (used) provided by operating activities			
Depreciation and amortization	2,232	556	96
Non-cash compensation expense attributable to stock awards	4,744	4,970	6,964
Deferred income taxes	6,498	—	—
Bad debt expense	58	—	—
Accretion expense	12	—	—
Loss on disposal of assets	29	—	—
Changes in operating assets and liabilities			
Accounts receivable	(166)	(133)	(26)
Inventory	(35)	(93)	—
Prepaid expenses and other assets	(276)	(312)	(621)
Accounts payable and accrued expenses	(382)	(2,620)	6,159
Accounts payable-officers	(8)	3	(77)
Accrued interest expense	—	(3)	(332)
Deferred compensation	—	—	(362)
Deferred revenue	(786)	(722)	7,103
Other liabilities	619	388	64
Net cash (used) provided by operating activities	(26,647)	(19,794)	4,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of intangible assets	(750)	(2,068)	(90,298)
Purchases of equipment	(1,640)	(9,077)	(6,347)
Payments for patent costs	(1)	(12)	(1)
Net cash used by investing activities	(2,391)	(11,157)	(96,646)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from Section 144A Offering	—	—	201,922
Net proceeds from follow-on offering	—	64,792	—
Net proceeds from January 2015 stock issuance	—	—	1,387
Payment of notes payable	(495)	(297)	(1,134)
Proceeds from notes payable	—	—	45
Proceeds from stock option exercises	153	45	—
Proceeds from Motorola investment	—	—	10,000
Net cash (used by) provided from financing activities	(342)	64,540	212,220
Net change in cash and cash equivalents	(29,380)	33,589	119,828
CASH AND CASH EQUIVALENTS			
Beginning of the year	**153,463**	**119,874**	**46**
End of the year	**$ 124,083**	**$ 153,463**	**$ 119,874**

See accompanying notes to consolidated financial statements

pdvWireless, Inc.
Notes to Consolidated Financial Statements

1. Nature of Operations

pdvWireless, Inc. (formerly known as Pacific DataVision, Inc., the "Company") is a wireless communications carrier focused on utilizing its spectrum assets to develop and offer next generation network and mobile communication solutions to critical infrastructure and enterprise customers. The Company is the largest holder of licensed spectrum in the Part 90 900 MHz band (i.e., 896-901 MHz paired with 935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, the Company holds approximately 60% of the channels in its portion of the 900 MHz band in the top 20 metropolitan market areas in the United States.

The Company's first priority involves initiating and currently pursuing a regulatory proceeding at the Federal Communications Commission ("FCC") aimed at modernizing and realigning the Part 90 900 MHz spectrum band to increase its usability and capacity, including for the future potential deployment of broadband and other advanced technologies and services. At the same time, the Company is exploring and developing network and mobile communication solutions, leveraging the spectrum, that address the unmet needs of its targeted critical infrastructure and enterprise customers. For its first offering, the Company has deployed push-to-talk ("PTT") networks and offers its DispatchPlus™ two-way radio service to businesses in seven major metropolitan market areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. DispatchPlus allows the enterprise customers to increase the productivity of their field-based workers and the efficiency of their dispatch and call center operations. The Company is pursuing opportunities to offer additional network and mobile communication solutions to critical infrastructure and enterprise customers with its existing spectrum and currently available non-broadband technologies and, if the Company is successful with its FCC efforts, through the deployment of broadband and other advanced wireless service offerings.

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. The Company maintains offices in Woodland Park, New Jersey, Reston, Virginia and San Diego, California. It also maintains a sales office in West Conshohocken, Pennsylvania.

During the year ended March 31, 2016, the Company began offering its DispatchPlus service in seven major metropolitan areas throughout the United States. The Company developed DispatchPlus to address the needs of enterprises that value a tailored PTT solution addressing the management of their mobile workforce. These businesses typically operate within industry verticals such as construction, distribution, transportation, field services, waste management and hospitality. Given the nature of their operations, DispatchPlus offers these businesses several advantages over telephony and data-based services, including an easy-to-operate, one-touch button efficiency of communications and rugged equipment optimal for field use. The operation of the Company's DispatchPlus business is separate from, and not contingent on, the initiatives it is pursuing at the FCC or its other spectrum-related activities.

The Company's revenues are derived substantially from its DispatchPlus and pdvConnect™ offerings. The DispatchPlus service combines pdvConnect, a proprietary suite of mobile communication and workforce management applications, with state-of-the-art digital network architecture and mobile devices supplied by Motorola. Developed for dispatch-centric businesses, and historically offered to customers who utilize Tier 1 cellular networks, pdvConnect is an easy to use and efficient mobile communication and workforce management solution that enables businesses to locate and communicate with their field workers and improve the documentation of work events and job status. DispatchPlus provides customers with the ability to instantly set up PTT communications – either privately (one-to-one) or with a group (one-to-many) – within their calling area with just the touch of a "button." In addition, DispatchPlus can help customers increase productivity through the delivery of real-time information from mobile workers to dispatch operators, including Global Positioning System ("GPS") tracking and real-time location, worker status, activity reporting and field event logging. DispatchPlus can also integrate with corporate intranets and back-office systems, such as sales force automation, order entry, inventory tracking and customer relationship management. DispatchPlus allows customers to deliver voice messages to any computer (via the internet), email address, or to any phone in the U.S., thereby greatly enhancing the PTT communication capabilities of field workers and allowing them to communicate not only with personnel within their organizations, but also with suppliers, vendors and customers. Also built with the commercial dispatch customer in mind, Motorola's digital network architecture allows the Company to provide highly reliable, instant and wide-area PTT communication services to its customers.

The Company expects that its DispatchPlus business will become its principal near term operating business. However, sales of its DispatchPlus service have been slower to ramp-up than initial expectations. The Company primarily markets its DispatchPlus service to customers indirectly through third-party dealers selected from Motorola's nationwide dealer network and other select wireless dealers. The Company supports its indirect sales representatives by providing them with training, marketing and advertising support from its internal sales and marketing team. The Company normally enters into contracts directly with end users of its DispatchPlus communication solutions, including those introduced to it through its indirect dealer network.

The Company's spectrum is its most valuable asset. Although the Company can use its spectrum, without obtaining further regulatory authorizations or rule modifications, for its existing DispatchPlus business and for other narrowband and wideband wireless

services, many of the future business opportunities that the Company has identified require contiguous spectrum that allows for higher bandwidth than the less efficient current configuration of its spectrum band. As a result, the Company is pursuing a number of initiatives to increase the usability and capacity of its spectrum.

In November 2014, the Company and the Enterprise Wireless Alliance submitted a Joint Petition for Rulemaking to the FCC to propose the realignment of a portion of the 900 MHz band from narrowband to broadband.

In September 2016, an item was placed in circulation with the Commissioners' offices at the FCC related to the Joint Petition. The Company is currently waiting for the FCC to vote on and, if adopted, release the text of its decision. The FCC's action may take a number of forms ranging from a Notice of Proposed Rulemaking, to a Notice of Inquiry, to a dismissal of the Joint Petition without further action. Although the FCC has not announced a decision on the Joint Petition, the Company currently believes that the most likely outcome is that the FCC will adopt a Notice of Inquiry as the next step in the process. A Notice of Inquiry is a vehicle for the FCC to gather additional information for the record. If the FCC elects to adopt a Notice of Inquiry, it could request additional information and input on the optimal use of the 900 MHz band generally. A Notice of Inquiry could also request information on the specific issues and proposed solutions raised by us and other commentators in the Joint Petition proceeding, as well as in other proceedings involving the 900 MHz spectrum that were initiated by third parties. The adoption of a Notice of Inquiry would not mean that the FCC has accepted or denied our Joint Petition, or that the Joint Petition will or will not ultimately result in a Notice of Proposed Rulemaking. The Company continues to believe in the merits of its proposal, and that the Joint Petition is consistent with the FCC's practices and policies. Nevertheless, obtaining a favorable result from the FCC may take a significant amount of time and resources. Moreover, there is no assurance that the FCC will ultimately approve the Joint Petition or will conduct a rulemaking proceeding along the lines the Company originally advocated.

To support the Company's Joint Petition, it has met, and intends to continue to meet, with a number of incumbent licensees, critical infrastructure enterprises, and other interested parties in the 900 MHz band, including a number of those who submitted comments to the FCC regarding the Joint Petition for Rulemaking. The goals with these discussions are: to gain a better understanding of the size of the incumbent base and the nature of the systems they are currently operating; to determine the interest that particular critical infrastructure entities might have in gaining access to wireless broadband capabilities to complement their own business operations and initiatives (for example, supporting power grid modernization requirements or monitoring and/or controlling their own system or network elements via machine-to-machine type services); and to propose voluntary license relocation opportunities to certain incumbents. With certain incumbent licensees, the Company continues to attempt to build consensus and to resolve any concerns they have expressed regarding the Joint Petition; with others, the Company is soliciting support and cooperation to structure and implement mutually beneficial relocations; and with select critical infrastructure enterprises, it is jointly investigating how its contemplated future broadband capabilities could be employed to meet their anticipated needs and future operating plans.

In May 2015, Fiscal 2016, the Company completed a registered follow-on public offering of common stock that resulted in the sale of 1,725,000 shares at a purchase price of $40.00 per share, which included 225,000 shares sold pursuant to the underwriters' exercise of their over-allotment option. Net proceeds were approximately $64.8 million after deducting underwriting discounts and commissions and offering expenses.

During the fiscal year ended March 31, 2015, the Company:

Entered into an Asset Purchase Agreement with certain wholly-owned subsidiaries of Sprint Corporation (the "Sprint APA") and certain related equipment (the "Spectrum Assets") to purchase nationwide spectrum in the 900 MHz band for a total of $100.0 million, with $90.0 million paid in cash from the proceeds of the private placement the Company completed in June 2014 (the "June 2014 Private Placement") (see below) and $10.0 million paid in 500,000 shares of common stock (at a price equal to $20.00 per share).

Completed the June 2014 Private Placement, on June 10, 2014, in which the Company sold 10,925,000 shares of common stock at a purchase price of $20.00 per share. The net proceeds from the June 2014 Private Placement, after deducting expenses including professional fees and the payment of initial placement fees, were approximately $202 million. Approximately 96% of the net proceeds, or approximately $196 million (net of any initial purchaser's /placement agent's discount and placement fees), were held in trust until the closing of the Sprint APA. The parties closed the Sprint APA in September 2014 upon receipt of the necessary approvals from the FCC.

In September 2014, the Company used a portion of the proceeds from the June 2014 Private Placement to:

- Pay the outstanding working capital line for $1,470,000 (see Note 9) and $351,073 in accrued interest with 65,000 shares of common stock and $521,073 in cash;
- Pay the promissory note of $540,000 (see Note 9) and $272,842 in accrued interest in cash;
- Pay the outstanding Series AA convertible promissory notes owed to certain employees for $423,852 and $283,856 (see Note 9) in accrued interest in cash;
- Pay $367,695 owed to certain employees for deferred compensation in cash (see Note 8); and

- Convert the Redeemable Notes (as defined in Note 9 below) of $1,016,956 into 77,733 shares of common stock based on 140% of the outstanding principal and accrued interest.

Following the closing of the Sprint APA, the Company closed agreements with Motorola Solutions, Inc. ("Motorola") on September 15, 2014, under which 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) and leased some of the Spectrum Assets for a prepaid price of $7.5 million.

In connection with the June 2014 Private Placement, the Company completed a number of actions, including:

- The reincorporation of the Company from California to Delaware;
- The conversion of all outstanding shares of the Company's Series AA Preferred Stock into 748,722 shares of the Company's common stock, the exchange of 661,581 outstanding warrants to purchase shares of Series AA Preferred Stock into 29,809 shares of common stock, and the conversion of the remaining options and warrants to purchase shares of the Company's Series AA Preferred Stock into options or warrants to purchase shares of common stock and the conversion of restricted stock units for shares of its Series AA Preferred Stock into restricted stock units for shares of common stock;
- The amendment of outstanding Redeemable Notes, in the aggregate principal of $1,016,956, to provide that the Redeemable Notes would automatically be converted at the closing of the Sprint APA into that number of shares of common stock equal to the sum of 140% of the principal plus the outstanding interest on such Redeemable Notes through the conversion divided by $20.00 per share;
- A 33.11451201-for-1 reverse stock split of all outstanding common stock, which was effected immediately prior to the completion of the June 2014 Private Placement. All share and per share data reported and disclosed in the accompanying financial statements have been retroactively adjusted to give effect to the reverse stock split;
- Entered into an agreement with Motorola on May 12, 2014, under which Motorola agreed to provide the Company with their digital radio technology and handsets that it intends to deploy as part of its DispatchPlus network; and
- An increase in the authorized shares of common stock to 100,000,000 shares and preferred stock to 10,000,000 shares, and a change in the par value of the Company's common stock from no par value to $0.0001 per share. The preferred stock has first priority on liquidation preference over the common stock.

In addition, in connection with the June 2014 Private Placement and the recapitalization of the Company, the Company issued 1,390,957 stock options to purchase the Company's common stock and 83,804 restricted units of its common stock to its employees and non-employee directors.

On January 26, 2015, the Securities and Exchange Commission ("SEC") declared effective the Company's registration statement on Form S-1 relating to the resale of 11,925,000 shares of common stock acquired by the selling stockholders in the June 2014 Private Placement as well as the 500,000 shares of common stock issuable upon the conversion of the Class B Units of the Company's subsidiary, PDV Spectrum Holding Company, LLC, held by Motorola. The Company received and will receive no proceeds from any sales by the selling stockholders. On February 3, 2015, shares of the Company's common stock were listed for trading on The NASDAQ Capital Market under the symbol "PDVW".

Also, on January 26, 2015, the Company completed a private placement with a secondary closing on January 30, 2015 (the "January 2015 Private Placement"). The Company sold 57,470 shares of common stock at a purchase price of $25.00 per share to certain accredited investors in reliance on exemptions from registration under the Securities Act. The net proceeds from the January 2015 Private Placement were approximately $1,386,000. The purpose of the January 2015 Private Placement was to secure additional round lot stockholders to enable the Company to satisfy the initial listing standards of The NASDAQ Capital Market. The Company used the net proceeds for general corporate purposes, including working capital.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to allowance for doubtful accounts, estimated useful lives of depreciable assets, asset retirement obligations, the carrying amount of long-lived assets under construction in process, valuation allowance on the Company's deferred tax assets, and recoverability of intangible assets. 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. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the applicable period. Accordingly, actual results could materially differ from those estimates.

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the presentation of the corresponding amounts in the financial statements for the year ended March 31, 2017. These reclassifications had no effect on previously reported results of operations, cash flows, assets, liabilities or equity for the years presented.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the time of purchase are considered cash equivalents. Cash equivalents are stated at cost, which approximates the quoted market value and include amounts held in money market funds.

Allowance for Doubtful Accounts

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. The Company reviews its allowance for uncollectible receivables on a quarterly basis. Past due balances meeting specific criteria are reviewed individually for collectability. At March 31, 2017 and March 31, 2016, management provided an allowance of approximately $53,000 and $3,000, respectively, for certain slow paying accounts.

Inventory

Inventories, which consist of vehicle-mounted devices, handsets, and accessories are valued at the lower of cost or market, with market being defined as replacement value using the First In, First Out method. Provisions are made periodically to reduce any excess, obsolete or slow moving inventory to its net realizable value.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the applicable lease term. The carrying amount at the balance sheet date of long-lived assets under construction in process include construction costs to date on capital projects that have not been completed, assets being constructed that are not ready to be placed into service, and assets that are not currently in service. These costs are transferred to property and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. Depreciation commences upon completion.

Accounting for Asset Retirement Obligations

An asset retirement obligation is evaluated and recorded as appropriate on assets for which the Company has a legal obligation to retire. The Company records a liability for an asset retirement obligation and the associated asset retirement cost at the time the underlying asset is acquired and put into service. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation, if any. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset.

The Company enters into long-term leasing arrangements primarily for tower site locations. The Company constructs assets at these locations and, in accordance with the terms of many of these agreements, the Company is obligated to restore the premises to their original condition at the conclusion of the agreements, generally at the demand of the other party to these agreements. The Company recognizes the fair value of a liability for an asset retirement obligation and capitalizes that cost as part of the cost basis of the related asset, depreciating it over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to retire the asset and the recorded liability is recognized in the Consolidated Statement of Operations.

As of March 31, 2017, the Company had an asset retirement obligation of approximately $0.3 million.

Changes in the liability for the asset retirement obligations for the years ended March 31, 2017 and 2016 are summarized below (in thousands):

	2017	2016
Balance at beginning of the year	$ 204	$ —
Additional liabilities accrued	52	204
Accretion expense	12	—
Balance at end of the year	$ 268	$ 204

Intangible Assets

Intangible assets are wireless licenses that will be used to provide the Company with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the FCC. License renewals have occurred routinely and at nominal cost in the past. There are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of the Company's wireless licenses. As a result, the Company has determined that the wireless licenses should be treated as an indefinite-lived intangible asset. The Company will evaluate the useful life determination for its wireless licenses each year to determine whether events and circumstances continue to support their treatment as an indefinite useful life asset.

The licenses are tested for impairment on an aggregate basis, as the Company will be utilizing the wireless licenses on an integrated basis as a part of developing its nationwide network. Before employing detailed impairment testing, the Company first evaluates the likelihood of impairment by considering relevant qualitative factors that may have a significant bearing on fair value. If it determines that it is more likely than not that the wireless licenses are impaired, it will apply a quantitative analysis including detailed testing methodologies. Otherwise, it concludes that no impairment exists. In the event a quantitative analysis is required, the Company considers estimates of valuation methods to perform the test of the fair values of the wireless licenses using, among other things, market based and discounted cash flow approaches.

Patent Costs

Costs to acquire a patent on certain aspects of the Company's technology have been capitalized. These amounts are amortized, subject to periodic evaluation for impairment, over statutory lives following award of the patent. Gross patent costs are approximately $572,000 at March 31, 2017 and approximately $571,000 at March 31, 2016 and the associated accumulated amortization amounted to approximately $362,000 and $349,000, respectively. Amortization expense was approximately $13,000, $11,000, and $35,000 for the years ended March 31, 2017, 2016 and 2015, respectively. The amortization expense is estimated to aggregate $15,000 per year over the next five year period. Renewal costs are expensed when incurred.

Long-Lived Asset Impairment

The Company evaluates long-lived assets, other than intangible assets with indefinite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is 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.

Fair Value of Financial Instruments

Financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses are carried at cost, which management believes approximates fair value because of the short term maturity of these instruments.

Revenue Recognition

The Company recognizes revenue in the period that persuasive evidence of an arrangement exists, delivery of the product has occurred or services have been rendered, it is able to determine the amount of revenue and when the collection of such amount is considered probable. In accordance with the guidance provided in Accounting Standards Codification ("ASC") Topic 605-45-45, (*Revenue Recognition – Principal Agent Considerations*), the Company has determined that it is the primary obligor with respect to the service revenue derived from sales of the Company's software applications through its Tier I domestic carrier partners. As a result, revenue is recorded at the gross amount billed to end-user customers for sales through these carrier partners. The Company recognized service revenue for its international carrier (which business relationship terminated in July 2015) on the net amount billed since it has determined that it is not the primary obligor. The Company also sells service and applications directly to end-users, which are billed and collected directly by the Company.

In September 2014, Motorola paid the Company an upfront, fully-paid leasing fee of $7.5 million in order to lease a portion of the Company's wireless spectrum licenses. The payment of the fee is accounted for as deferred revenue on the Company's Consolidated Balance Sheets. The Company recognizes leasing revenue in accordance with ASC Topic 840, (*Leases)*. The fee is amortized using the straight-line method over the lease term of approximately ten years, which represents the time period in which the benefits of the leased property are expected to be depleted.

The Company evaluates certain transactions for its DispatchPlus service offering to determine whether they should be viewed as a Multiple Element Arrangement provided in ASC Topic 605-25. Judgment is required to properly identify the accounting units of the multiple deliverable transactions and to determine the manner in which revenue should be allocated among the units of accounting. Multiple deliverable arrangements are presumed to be bundled transactions, and the total consideration is measured and allocated to the separate transactions based on their relative selling price with certain limitations. The relative selling price for each deliverable is determined using vendor-specific objective evidence ("VSOE") of selling price or third-party evidence of selling price if VSOE does not exist. If neither VSOE nor third party evidence of selling price exist, the Company uses its best estimate of the selling price for the deliverable. The Company has determined that the rental of user devices in connection with service contracts for its DispatchPlus service are multiple deliverable arrangements.

Cost of Revenue

The Company's cost of revenue relating to sales of its software applications through its wireless carrier partners includes the portion of service revenue retained by its domestic Tier 1 carrier partners pursuant to its agreements with these parties, which may include network services, connectivity, SMS service, sales, marketing, billing and other ancillary services. With respect to its DispatchPlus service offering, the Company's cost of revenue includes the costs of operating its dispatch network and its cloud-based solutions and to a lesser degree, the costs associated with the sales of the relevant user devices.

Shipping and Handling Costs

Costs associated to shipping and handling of two-way radios and accessories to dealers or end-user customers are recognized as incurred and included in cost of revenue in the Consolidated Statements of Operations.

Indirect Sales Commissions

Cash consideration given to a dealer is presumed to be a reduction of revenue unless the Company receives, or will receive, an identifiable benefit in exchange for the consideration, and the fair value of such benefit can be reasonably estimated, in which case the consideration will be recorded as a selling expense. The Company compensates its indirect sales representatives with an upfront commission and residual fees based on a customer's continued use of its DispatchPlus service. When a commission is earned solely due to the selling activity relating to the Company's DispatchPlus service, the cost is recorded as a selling expense. The Company reviews and records the estimated incentives payable to the indirect sales representatives as accrued expense on a monthly basis.

Product Development Costs

The Company charges all product and development costs to expense as incurred. Types of expense incurred in product and development costs include employee compensation, consulting, travel, facility costs and equipment and technology costs.

Advertising and Promotional Expense

The Company expenses advertising and promotional costs as incurred. Cooperative advertising reimbursements from vendors are recorded net of advertising and promotional expense in the period in which the related advertising and promotional expense is incurred. Advertising and promotional expense was approximately $103,000 for the year ended March 31, 2017 and approximately $161,000 for the year ended March 31, 2016. No advertising costs were incurred in 2015.

Stock Compensation

The Company accounts for stock options in accordance with US GAAP, which requires the measurement and recognition of compensation expense, based on the estimated fair value of awards granted to employees and directors. The Company estimates the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense in the Company's statements of operations over the requisite service periods. In the event the participant's employment by or engagement with (as a director or otherwise) the Company terminates before exercise of the options granted, the stock options granted to the participant shall immediately expire and all rights to purchase shares thereunder shall immediately cease and expire and be of no further force or effect, other than applicable exercise rights for vested shares that may extend past the termination date as provided for in the participant's applicable option award agreement. Additionally, the Compensation Committee adopted an Executive Severance Plan (the "Severance Plan") in February 2015, and the Company subsequently entered into Severance Plan Participation Agreements with its executive officers and certain key employees. In addition to providing participants with severance payments, the Severance Plan provides for accelerated vesting and extends the exercise period for outstanding equity awards if the Company terminates a participant's service for reasons other than cause, death or disability or the participant terminates his or her service for good reason, whether before or after a change of control (each of such terms as defined in the Severance Plan).

To calculate option-based compensation, the Company uses the Black-Scholes option-pricing model. The Company's determination of fair value of option-based awards on the date of grant using the Black-Scholes model is affected by assumptions regarding a number of subjective variables.

The fair value of restricted stock, restricted stock units and performance units are measured based upon the quoted closing market price for the stock on the date of grant. The compensation cost for the restricted stock and restricted stock units is recognized on a straight-line basis over the vesting period. The compensation cost for the performance units is recognized when the performance criteria are expected to be complete.

No tax benefits have been attributed to the share-based compensation expense because the Company maintains a full valuation allowance for all net deferred tax assets.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities as well as from net operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established when it is estimated that it is more likely than not that the tax benefit of a deferred tax asset will not be realized.

Accounting for Uncertainty in Income Taxes

The Company recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Company had no uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to U.S. federal, state or local income tax examinations for periods prior to 2013.

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, convertible notes payable-affiliated entities, stock options, restricted stock and warrants are considered to be potentially dilutive securities. Because the Company has reported a net loss for the years ended March 31, 2017, 2016 and 2015, 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 709,000, 900,000 and 1,000,000 at March 31, 2017, 2016 and 2015, 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 May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, ("ASU 2014-09") which supersedes current revenue recognition guidance, including most industry specific guidance. ASU 2014-09 requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services, and also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue that is recognized. The guidance, as stated in ASU 2014-09, is effective for annual and interim periods beginning after December 15, 2016. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective*

Date, which defers the effective date by one year, with early adoption on the original effective date permitted. Under ASU 2014-09, two adoption methods are allowed. Under one method, a company may apply the rules to contracts in all reporting periods presented, subject to certain allowable exceptions. Under the other method, a company may apply the rules to all contracts existing as of January 1, 2018 (provided early adoption is not elected), recognizing an adjustment to retained earnings for the cumulative effect of the change and providing additional disclosures comparing results to previous rules. The Company is evaluating the impact the new guidance will have on its consolidated financial statements and has not made any decision regarding early adoption.

In April 2015, FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which changes the presentation of debt issuance costs in the financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be reported as interest expense. The guidance is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The guidance will be applied retrospectively to each period presented. The adoption of this standard update is not expected to have any impact on the Company's consolidated financial statements.

In July 2015, FASB issued ASU 2015-11, *Inventory: Simplifying the Measurement of Inventory*, which changes the measurement principle for inventory from the lower of cost or market to lower of cost and net realizable value. The ASU also eliminates the requirement for these entities to consider replacement cost or net realizable value less an approximately normal profit margin when measuring inventory. ASU 2015-11 should be applied on a prospective basis and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, with early adoption permitted. The Company will adopt ASU 2015-11 in the first quarter of fiscal 2018. The adoption of ASU 2015-11 is not expected to have a material impact to the Company's consolidated results of operations or financial position.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Recognition and Measurement of Financial Instruments and Financial Liabilities*. This update requires that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation) be measured at fair value with changes in fair value recognized in net income. The amendments in this update also simplify the impairment assessment of equity investments without readily determinable fair values. This update is effective for our fiscal year beginning April 1, 2018. The adoption of this guidance is not expected to have an effect on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The ASU amends a number of aspects of lease accounting, including requiring lessees to recognize operating leases with a term greater than one year on their balance sheet as a right-of-use asset and corresponding lease liability, measured at the present value of the lease payments. The ASU also requires disclosure of key information about leasing arrangements to increase the transparency and comparability among organizations. The accounting for lessors does not fundamentally change except for changes to conform and align guidance to the lessee guidance as well as to the new revenue recognition guidance in ASU 2014-09. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. ASU 2016-02 requires reporting organizations to take a modified retrospective transition approach (as opposed to a full retrospective transition approach). The Company decided not to early adopt the ASU. The Company is evaluating the potential impact that ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. The amendments in ASU 2016-08 clarify how an entity should identify the specified good or service for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. The effective date and transition requirements for this amendment is the same as the effective date and transition requirements of ASU 2014-09, which is effective for fiscal years, and for interim periods within those years, beginning after December 15, 2017. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Under the new guidance all excess tax benefits and tax deficiencies, including tax benefits of dividends on share-based payment awards, should be recognized as income tax expense or benefit in the income statement, eliminating the notion of the additional paid-in-capital ("APIC") pool. The excess tax benefits will be classified as operating activities along with other income tax cash flows rather than financing activities in the statement of cash flows. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. ASU 2016-09 also allows entities to elect to either estimate the total number of awards that are expected to vest or account for forfeitures when they occur. Additionally, ASU 2016-09 clarifies that cash payments to tax authorities in connection with shares withheld to meet statutory tax withholding requirements should be presented as a financing activity in the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods. Early adoption is permitted. The Company will adopt this standard effective April 1, 2017 and will maintain the past practice to estimate the total number of awards expected to vest. Adoption of ASU 2016-09 is not expected to have a material impact to the Company's consolidated results of operation, financial position or cash flows.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*. ASU 2016-10 is intended to reduce the cost and complexity of applying the guidance in the FASB's new revenue standard on identifying performance obligations, and is also intended to improve the operability and understandability of the licensing implementation guidance. The effective date for ASU 2016-10 is the same as for ASU 2014-09. The Company is evaluating the impact of the new guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 addresses how certain cash receipts and cash payments are presented and classified in the statement of cash flows under *Topic 230, Statement of Cash Flows, and Other Topics*. ASU 2016-15 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations: Clarifying the Definition of a Business*, to clarify the definition of a business with the objective of providing a more robust framework to assist management when evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This guidance is effective for fiscal years and interim periods beginning after December 15, 2017. The Company does not expect the adoption of this guidance to have a material effect on its consolidated financial statements. However, the amendments are to be applied prospectively to business combinations that occur after the effective date.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment*. ASU 2017-04 eliminated Step 2 from the goodwill impairment test which required entities to compute the implied fair value of goodwill by determining the fair value of the reporting unit's assets and liabilities as if they were assets acquired and liabilities assumed in a business combination. Instead of Step 2, entities performing their annual impairment test will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Entities will continue to have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The adoption of this guidance is not expected to have an effect on the Company's consolidated financial statements.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were issued.

3. Inventory

Inventory consists of the following at March 31, 2017 and March 31, 2016 (in thousands):

	2017	2016
Mobile devices	$ 39	$ 60
Handsets	65	33
Accessories	24	—
Total inventory	$ 128	$ 93

4. Property and Equipment

Property and equipment consists of the following at March 31, 2017 and March 31, 2016 (in thousands):

	Estimated useful life	2017	2016
Network sites and equipment	5-10 years	$ 13,999	$ 11,259
Computer equipment	5-7 years	944	860
Computer software	1-3 years	13	—
Furniture and fixture and other equipment	2-5 years	1,091	660
Leasehold improvements	Shorter of the lease term or 5 years	141	141
		16,188	12,920
Less accumulated depreciation		3,590	1,396
		12,598	11,524
Construction in process		1,911	3,596
Property and equipment, net		$ 14,509	$ 15,120

Depreciation expense for the years ended March 31, 2017 and 2016 amounted to approximately $2.2 million and $0.5 million, respectively; approximately $2.0 million and $0.4 million, respectively, of such depreciation expense was classified as cost of revenue while the remainder was classified as operating expenses in the Company's Consolidated Statements of Operations. For the year ended March 31, 2015, depreciation expense amounted to approximately $0.1 million, all of which was classified as operating expenses in the Company's Consolidated Statements of Operations. Construction in process includes the expenditures related to the costs to establish the Company's dedicated, wide-area, two-way radio dispatch networks in certain metropolitan areas.

5. 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. The Company believes that no impairment indicators existed as of March 31, 2017 for which the Company would recognize any impairment.

During the year ended March 31, 2017, the Company entered into agreements with several third parties in multiple U.S. markets to acquire wireless licenses for cash consideration, upon FCC approval. In addition, during the year ended March 31, 2017, the Company entered into a barter agreement whereby it will provide the use of the Company's network, radios, and installation of equipment in exchange for wireless licenses.

Intangible assets consist of the following at March 31, 2017 and March 31, 2016 (in thousands):

	Wireless Licenses
Balance at March 31, 2015	$ 100,298
Acquisitions	2,996
Exchanges, net	361
Balance at March 31, 2016	$ 103,655
Acquisitions	1,021
Balance at March 31, 2017	$ 104,676

6. Accounts Payable and Accrued Expenses

The table below provides additional information related to the Company's accounts payable and accrued expenses at March 31, 2017 and March 31, 2016 (in thousands).

	2017	2016
Accounts payable and accrued expenses		
Accounts payable	$ 670	$ 1,249
Accrued employee related expenses	2,385	1,979
Accrued expenses	222	513
Other	122	40
Total accounts payable and accrued expenses	$ 3,399	$ 3,781

7. Accounts Payable - officers

Accounts payable - officers represents unreimbursed expenses including travel and entertainment expense incurred by the Company's officers. At March 31, 2017 and March 31, 2016, the accounts payable to officers amounted to approximately $36,000 and $44,000, respectively.

8. Notes Payable

During the year ended March 31, 2016, the Company entered into a promissory note in the amount of $1,289,013 with a third party in exchange for wireless licenses. The term of the note is through March 15, 2018 and bears a fixed rate of interest of 0.55% per annum, which is based on the Short-Term Applicable Federal Rate on the closing date. For the years ended March 31, 2017 and 2016, the Company had repaid $494,545 and $297,203, respectively, in principal. The outstanding borrowings on the promissory note was $497,265 as of March 31, 2017.

For the fiscal years 2017, 2016 and 2015, total interest expense on all notes payable was approximately $5,000, $3,000 and $571,000, respectively. For the year ended March 31, 2015, the interest expense related primarily to an outstanding working capital line of credit and promissory notes, all of which were paid in fiscal 2015. For the year ended March 31, 2015, approximately $477,000 was derived from related parties.

9. Income Taxes

The Company had federal and state net operating loss carryforwards of approximately $90.0 million and $55.3 million at March 31, 2017 and 2016, respectively, expiring in varying amounts from 2019 through 2037.

The Company has deferred tax assets of approximately $33.9 million and $20.5 million relating to these net operating loss carryforwards at March 31, 2017 and 2016, respectively. Federal net operating loss carryforwards may be subject to limitations as a result of the change in ownership (see Note 1) as defined under Internal Revenue Code Section 382. State net operating loss carryforwards are subject to limitations which differ from federal law in that they may not allow the carryback of net operating losses, and have shorter carryforward periods.

ASC Topic 740, *Income Taxes*, requires that a valuation allowance be recorded to reduce deferred tax assets when it is more likely than not that the tax benefit of the deferred tax assets will not be realized. The evaluation includes the consideration of all available evidence, both positive and negative, regarding historical operating results including recent years with reported losses, the estimated timing of future reversals of existing taxable temporary differences, estimated future taxable income exclusive of reversing temporary differences and carryforwards, and potential tax planning strategies which may be employed to prevent an operating loss or tax credit carryforward from expiring unused. In situations where a three-year cumulative loss condition exists, accounting standards require management to evaluate its ability to consider projections of future results as positive evidence to assess the realizability of deferred tax assets. As of March 31, 2017, the Company's financial results reflected a three-year cumulative loss. The three-year cumulative loss constitutes significant negative evidence, limiting the Company's ability to consider other positive evidence, such as the Company's projections for future growth. Consequently, for the year ended March 31, 2017, the Company recorded a non-cash charge of $6.5 million primarily as a result of an adjustment to the valuation allowance against substantially all of its deferred tax assets. This valuation allowance has no effect on the Company's ability to utilize the deferred tax assets to offset future taxable income, if generated. As required by US GAAP, the Company will continue to assess the likelihood that the deferred tax assets will be realizable in the future and the valuation allowance will be adjusted accordingly. The tax benefits relating to any reversal of the valuation allowance on the net deferred tax assets in a future period will be recognized as a reduction of future income tax expense in that period.

Net deferred tax assets and liabilities consist of the following as of March 31, 2017 and 2016 (in thousands):

	2017	2016
Deferred tax asset		
Allowance for uncollectible accounts	$ 14	$ 1
Deferred rent	409	—
Accrued expenses	240	183
Deferred revenue	2,095	2,365
Asset retirement obligations	99	75
Other liabilities	—	167
Net operating loss carryforward	33,933	20,463
Stock compensation expense	766	1,272
Total deferred tax asset	37,556	24,526
Deferred tax liability		
Property and equipment	(640)	(202)
Definite-lived intangible assets	(8)	—
Indefinite-lived intangible assets	(6,498)	(4,135)
Total deferred tax liability	(7,146)	(4,337)
Total deferred tax assets and liabilities	30,410	20,189
Valuation allowance	(36,908)	(20,189)
Net deferred tax assets and liabilities	$ (6,498)	$ —

The components of the income tax expense for the years ended March 31, 2017 and 2016 are as follows (in thousands):

	2017	2016
Current:		
Federal	$ —	$ —
State	—	—
Total current	—	—
Deferred:		
Federal	5,971	—
State	527	—
Total deferred	6,498	—
Total income tax expense	$ 6,498	$ —

The differences between the United States federal statutory tax rate and the Company's effective tax rate for the years ended March 31, 2017 and 2016 are as follows (in thousands):

	2017		2016	
Statutory federal tax	$ (11,114)	34%	$ (7,422)	34%
State income taxes, net of federal benefit	(981)	3%	(655)	3%
Other permanent differences	1,772	-5%	2,559	-12%
Restricted stock shortfall	80	0%	—	0%
Change in valuation allowance	16,719	-52%	5,518	-25%
Other	22	0%	—	0%
	$ 6,498	-20%	$ —	0%

10. Stock Acquisition Rights, Stock Options and Warrants

The Company established the pdvWireless 2014 Stock Plan (the "2014 Stock Plan") to attract, retain and reward individuals who contribute to the growth and profitability of the Company. This 2014 Stock Plan superseded previous stock plans although under such previous plans, 44,782 stock options were outstanding and 44,540 stock options were vested as of March 31, 2017.

The Company's Board of Directors has reserved 2,788,234 shares of common stock for issuance under its 2014 Stock Plan as of March 31, 2017. The number of shares will continue to automatically increase each January 1st through January 1, 2024 by an amount equal to the lesser of (i) 5% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or (ii) a lesser amount determined by the Board of Directors.

In connection with the June 2014 Private Placement, the Company converted all outstanding shares of the Company's Series AA Preferred Stock into 748,722 shares of its common stock, exchanged 661,581 outstanding warrants to purchase shares of Series AA Preferred Stock into 29,809 shares of common stock, and converted the remaining options and warrants to purchase shares of the Series AA Preferred Stock into options or warrants to purchase shares of the common stock, and converted restricted stock units for shares of the company's Series AA Preferred Stock into restricted stock units for shares of common stock.

Restricted Stock and Restricted Stock Units

A summary of non-vested restricted stock activity for the years ended March 31, 2017 and 2016 is as follows:

	Restricted Stock	Weighted Average Grant Day Fair Value
Non-vested restricted stock outstanding at March 31, 2015	—	$ —
Granted	140,972	26.47
Forfeited	(100)	(26.26)
Vested	—	—
Non-vested restricted stock outstanding at March 31, 2016	140,872	26.47
Granted	44,898	21.59
Forfeited	(4,200)	(29.85)
Vested	(54,113)	(25.38)
Non-vested restricted stock outstanding at March 31, 2017	127,457	$ 25.10

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 $1.5 million for the year ended March 31, 2017 and $0.3 million for the year ended March 31, 2016. Stock compensation expense for restricted stock is accounted for in general and administrative expense in the Company's Consolidated Statement of Operations. At March 31, 2017, there was $2.8 million of unvested compensation expense of the restricted stock, which is expected to be recognized over a weighted average period of 2.8 years.

Performance Stock Units

During the year ended March 31, 2016, the Company awarded 37,295 performance stock units under the 2014 Stock Plan. These performance stock units represent the number of shares of the Company's common stock that the recipient would receive upon the Company's attainment of the applicable performance goals. The units will vest in full upon attainment of the performance goals. Performance is based upon achievement, prior to January 13, 2020, of (A) 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 (B) the lack of objection by the Company's Board of Directors 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 Company did not award any performance stock units during the year ended March 31, 2017.

A summary of the Performance stock activity for the years ended March 31, 2017 and 2016 is as follows:

	Performance Stock	Weighted Average Grant Day Fair Value
Performance stock outstanding at March 31, 2016	37,295	$ 25.81
Granted	—	—
Forfeited	—	—
Vested	—	—
Performance stock outstanding at March 31, 2017	37,295	$ 25.81

For the year end March 31, 2017, there was no stock compensation expense recognized for the performance units. At March 31, 2017, there was approximately $963,000 of unvested compensation expense.

Stock Options

A summary of Stock Option activity for the years ended March 31, 2017 and 2016 is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Options outstanding at March 31, 2015	1,425,951	$ 19.38		
Options granted	274,000	33.70		
Options exercised	(3,306)	(13.63)		
Options forfeited/expired	(3,445)	(41.22)		
Options outstanding at March 31, 2016	1,693,200	22.91		
Options granted	110,000	24.59		
Options exercised	(16,000)	(19.58)		
Options forfeited/expired	(53,605)	(31.04)		
Options outstanding at March 31, 2017	1,733,595	$ 22.79	7.51	$ 2,427,785
Exercisable at March 31, 2017	838,310	$ 21.92	7.24	$ 1,395,715
Total vested or expected to vest at March 31, 2017	1,715,650	$ 22.77	7.51	$ 2,413,120

The intrinsic value of options exercised was approximately $68,000 at March 31, 2017.

Additional information regarding stock options outstanding at March 31, 2017 is as follows:

Exercise Prices	Number Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price of Shares Exercisable
$ 13.25 - $ 20.00	1,132,243	7.05	$ 19.74	594,126	$ 19.50
20.01 - 46.23	520,000	8.43	25.53	220,582	25.65
46.24 - 72.85	81,352	8.06	47.89	23,602	48.07
	1,733,595	7.51	$ 22.79	838,310	$ 21.92

The fair value of options granted is estimated on the date of grant using the Black-Scholes option valuation model. This stock-based compensation expense valuation model requires the Company to make assumptions and judgments regarding the variables used in the calculation. These variables include the expected term, the expected volatility of the Company's common stock, expected risk-free interest rate, forfeiture rate and expected dividends. The Company calculates it expected term and volatility from the historical volatilities and terms of selected comparable public companies within its industry along with the Company's short history regarding these variables. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. The Company has never paid, and does not anticipate paying, any cash dividends in the foreseeable future, and therefore uses an expected dividend yield of zero in the option-pricing model.

The following assumptions were used to calculate the fair value of options:

	Year Ended March 31, 2017	Year Ended March 31, 2016
Risk-free interest rate	1.07% to 2.39%	1.23% to 1.71%
Dividend yield	-%	-%
Volatility	46.36%	40%
Expected term	5 years	5 years
Forfeiture rate	2%	2%

Performance Stock Options

During the year ended March 31, 2016, the Company awarded an executive officer an option to purchase 50,000 shares of common stock with an exercise price of $25.81 that vest immediately upon meeting certain performance conditions. These options have a ten-year contractual life. The performance options will vest in full upon attainment of the performance goals. Performance is based upon achievement, prior to January 13, 2020, of (A) 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 (B) the lack of objection by the Company's Board of Directors 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 Company did not award any performance stock options during the year ended March 31, 2017.

A summary of the Performance Stock Options as of March 31, 2017 is as follows:

	Performance Options	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Performance Options outstanding at March 31, 2016	50,000	$ 25.81		
Performance Options granted	—	—		
Performance Options exercised	—	—		
Performance Options forfeited/expired	—	—		
Performance Options outstanding at March 31, 2017	50,000	$ 25.81	8.79	$ —

Stock compensation expense related to the amortization of the fair value of stock options issued was approximately $3.2 million, $4.6 million and $5.3 million for the years ended March 31, 2017, 2016, and 2015 respectively. There was no stock compensation expense related to the performance stock options issued. Stock compensation expense is included as part of general and administrative expense in the accompanying Consolidated Statement of Operations. The weighted average fair value for the stock option awards granted for the fiscal year ended March 31, 2017 was $10.94. As of March 31, 2017, there was approximately $3.3 million of unrecognized compensation cost related to non-vested share options granted under the Company's stock option plans, of which $2.9 million pertains to the non-performance based stock options. The cost of the service based stock options is expected to be recognized over a weighted-average period of 2.2 years.

Warrants

A summary of Warrant activity is as follows:

	Warrants	Weighted Average Exercise Price
Warrants outstanding at March 31, 2015	6,039	$ 82.79
Issued, cancelled, expired	—	—
Warrants outstanding at March 31, 2016	6,039	$ 82.79
Expired	(6,039)	(82.79)
Warrants outstanding at March 31, 2017	—	$ —

The outstanding warrants expired in June 2016.

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 into shares of its common stock. 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 financial statements.

11. Supplemental Disclosure of Cash Flow Information

For the year ended March 31, 2017, the Company paid in cash approximately $40,000 in taxes and approximately $5,000 in interest. The Company paid in cash approximately $4,000 in taxes and approximately $3,000 in interest during the year ended March 31, 2016. The Company paid approximately $2,000 in taxes and approximately $908,000 in interest payments for the year ended March 31, 2015.

During the year ended March 31, 2017, the Company entered into a barter transaction with a third party whereby it acquired wireless licenses valued at approximately $307,000 consisting of approximately $269,000 related to use of the Company's network along with radios and approximately $39,000 in cash (see Note 5). The Company capitalized asset retirement obligations that amounted to approximately $52,000 for the year ended March 31, 2017.

During the 2016 fiscal year, the Company purchased wireless licenses valued at $1.5 million consisting of $200,000 in cash and approximately $1.3 million in the form of a promissory note (see Note 8). The Company capitalized asset retirement obligations that amounted to approximately $204,000.

During fiscal year 2015, the Company entered into the following non-cash investing and financing activities:

- In connection with the Sprint APA, 500,000 shares of common stock valued at $10.0 million was issued as part of the Spectrum Asset purchase.
- Repaid the working capital line of approximately $1.3 million in exchange for 65,000 shares of common stock.
- Converted approximately $1.0 million in principal and approximately $538,000 of accrued interest for the outstanding Redeemable Notes into 77,733 shares of common stock.

12. Commitments and contingencies

Leasing Obligations

The Company is obligated under certain lease agreements for office space whose leases expire on various dates from January 7, 2019 through March 31, 2027, which includes a ten year lease extension for the corporate office. The Company entered into multiple lease agreements for tower space related to its DispatchPlus business. The lease expiration dates range from February 28, 2020 to June 30, 2026.

Rent expense amounted to approximately $1.9 million and approximately $1.1 million, for the years ended March 31, 2017 and 2016, respectively, of which approximately $1.4 million and approximately $0.7 million, respectively, was classified as cost of revenue and the remainder of approximately $0.5 million and $0.4 million, respectively, was classified in operating expenses in the Consolidated Statements of Operations. The total rent expense of $0.2 million for the year ended March 31, 2015, was classified as operating expenses in the Consolidated Statements of Operations. At March 31, 2017, accumulated deferred rent payable amounted to approximately $1.1 million and is included as part of other liabilities in the accompanying Consolidated Balance Sheet.

Aggregate rentals, under non-cancelable leases for office and tower space (exclusive of real estate taxes, utilities, maintenance and other costs borne by the Company) for the remaining terms of the leases for year ended March 31, 2017 are as follows (in thousands):

	2017
2018	$ 1,583
2019	2,042
2020	2,016
2021	1,767
2022	1,405
After 2022	5,202
Total	$ 14,015

Severance Plan Participation Agreement

On March 27, 2015, the Company entered into a Severance Plan Participation Agreement (the "Participation Agreement") with its executive officers and certain key employees pursuant to the Company's Executive Severance Plan (the "Severance Plan") approved by the compensation committee of the board of directors. The Severance Plan establishes the amount of severance payments and benefits available in the event of a (i) termination of employment by the Company without Cause or by the participant for Good Reason and (ii) termination of employment by the Company without Cause or by the participant for Good Reason 6 months before or within 24 months after a Change in Control (as defined in the Severance Plan).

The Severance Plan establishes three tiers of executives: Tier 1, Tier 2 and Tier 3. Within each tier the Severance Plan stipulates the severance payments payable to each employee, the effect of equity awards granted, and the provisions for health insurance.

Litigation

In addition to commitments and obligations in the ordinary course of business, the Company may be subject, from time to time, to various claims and pending and potential legal actions arising out of the normal conduct of its business. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing litigation contingencies is highly subjective and requires judgments about future events. When evaluating contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation against it may be unsupported, exaggerated or unrelated to possible outcomes, and as such are not meaningful indicators of its potential liability.

The Company regularly reviews contingencies to determine the adequacy of its accruals and related disclosures. During the period presented, the Company has not recorded any accrual for loss contingencies associated with such claims or legal proceedings; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable. However, the outcome of legal proceedings and claims brought against the Company is subject to significant uncertainty. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these legal matters were resolved against the Company in a reporting period, the Company's consolidated financial statements for that reporting period could be materially adversely affected.

13. 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.

The Company sells its pdvConnect product and extends credit predominately to two third-party carriers. The Company maintains allowances for doubtful accounts based on factors surrounding the write-off history, aging analysis, and any specific known troubled accounts.

14. Business Concentrations

For the year ended March 31, 2017, the Company had two Tier 1 domestic carriers that accounted for approximately 38% and 10% of operating revenue, respectively. For the years ended March 31, 2016 and March 31, 2015, these two Tier 1 carriers accounted for approximately 39% and 20% and 54% and 28%, respectively, of operating revenue. For the 2017 and 2016 fiscal years, operating revenues principally were from domestic sales. Operating revenues from domestic and international sales for Fiscal 2015 were 97% and 3%, respectively.

As of March 31, 2017, the Company had one Tier 1 domestic carrier that accounted for 67% of its accounts receivable. As of March 31, 2016, the Company had two Tier 1 domestic carriers that accounted 49% and 32% of its accounts receivable.

15. Selected Quarterly Financial Data

Selected financial data by quarter was as follows (in thousands, except per share data):

Fiscal Year 2017 ended March 31, 2017	First Quarter (Unaudited)	Second Quarter (Unaudited)	Third Quarter (Unaudited)	Fourth Quarter (Unaudited)	Full Year
Operating revenues	$ 1,046	$ 1,142	$ 1,335	$ 1,264	$ 4,787
Gross loss	$ (538)	$ (533)	$ (497)	$ (694)	$ (2,262)
Net loss	$ (10,052)	$ (7,832)	$ (7,288)	$ (14,014)	$ (39,186)
Net loss per common share basic and diluted	$ (0.70)	$ (0.54)	$ (0.51)	$ (0.97)	$ (2.72)

Fiscal Year 2016 ended March 31, 2016	First Quarter (Unaudited)	Second Quarter (Unaudited)	Third Quarter (Unaudited)	Fourth Quarter (Unaudited)	Full Year
Operating revenues	$ 841	$ 811	$ 940	$ 951	$ 3,544
Gross profit (loss)	$ 466	$ 321	$ 34	$ (746)	$ 75
Net loss	$ (4,351)	$ (5,459)	$ (5,244)	$ (6,774)	$ (21,828)
Net loss per common share basic and diluted	$ (0.32)	$ (0.38)	$ (0.36)	$ (0.47)	$ (1.54)

Exhibit 21.1

List of Subsidiaries

Name	Jurisdiction
PDV Spectrum Holding Company, LLC	Delaware
Kleine License Holdings, LLC	Delaware
Code3 Broadband, LLC	Delaware
PDVW GCS, LLC	Virginia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-214417 and No. 333-201156) and Form S-8 (No. 333-215934, No. 333-209543 and No. 333-201699) of our report dated June 6, 2017, relating to our audits of pdvWireless, Inc., as of March 31, 2017 and 2016 and for each of the three years ended March 31, 2017, 2016 and 2015 which appear in this Form 10-K.

/s/PKF O'Connor Davies, LLP

New York, New York
June 6, 2017

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, John C. Pescatore, President and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of pdvWireless, 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 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)) 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) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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.

Dated: June 6, 2017

/s/ John C. Pescatore
John C. Pescatore
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, Timothy A. Gray, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of pdvWireless, 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 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)) 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) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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.

Dated: June 6, 2017

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

Exhibit 32.1

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 annual report of pdvWireless, Inc. (the "Company") on Form 10-K for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John C. Pescatore, President and Chief Executive Officer of the Company, and Timothy A. Gray, Chief Financial Officer of the Company, certify, pursuant to 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.

Dated: June 6, 2017

/s/ John C. Pescatore
John C. Pescatore
President and Chief Executive Officer
(Principal Executive Officer)

Dated: June 6, 2017

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

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

This certification accompanies the Form 10-K 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 pdvWireless, 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 Form 10-K), irrespective of any general incorporation language contained in such filing.