



Shenandoah Telecommunications Company Reports Third Quarter 2022 Results

November 2, 2022

EDINBURG, Va., Nov. 02, 2022 (GLOBE NEWSWIRE) -- Shenandoah Telecommunications Company ("Shentel") (Nasdaq: SHEN) announced third quarter 2022 financial and operating results.

Third Quarter 2022 Highlights

- Glo Fiber data net adds were approximately 4,000, an increase of 90.1% over the third quarter 2021 and 19.3% over the second quarter 2022.
- Revenue grew 7.5% to \$66.9 million over the same period a year ago driven by 127.6% and 3.8% growth in Glo Fiber and incumbent cable data RGUs, respectively.
- Glo Fiber homes and businesses passed grew 16.4% sequentially to approximately 131,000.

"We had another record quarter for Glo Fiber net additions and we reached another important milestone in the third quarter with our Glo Fiber service contributing positive incremental Adjusted EBITDA for the first time since our launch of service three years ago," said President and CEO, Christopher E. French. "We continue to build momentum against our competition and believe we are well positioned to continue to win market share with our fiber-to-the-home platform, strong liquidity position and de-levered balance sheet."

Shentel's third-quarter earnings conference call will be webcast at 8:30 a.m. ET on Wednesday, November 2, 2022. The webcast and related materials will be available on Shentel's Investor Relations website at <https://investor.shentel.com/>

Consolidated Third Quarter 2022 Results

- Revenue in the third quarter of 2022 grew 7.5% to \$66.9 million compared with the third quarter of 2021, due to Broadband segment revenue growth of 7.7% and Tower segment revenue growth of 5.1%.
- Loss from continuing operations per share was \$0.05 in the third quarter of 2022 compared with income per share from continuing operations of \$0.13 in the third quarter of 2021. The decline was due primarily to higher depreciation from shortening the remaining life of Beam fixed assets and a lower non-cash tax benefit.
- Adjusted EBITDA in the third quarter of 2022 of \$19.0 million was consistent with the third quarter of 2021, due to Tower segment growth of 15.0% offset by 5.3% higher Corporate expenses.

Broadband

- During the third quarter of 2022, the Company entered into a definitive asset purchase agreement (the "Spectrum Purchase Agreement") with a wireless carrier pursuant to which the Company agreed to sell certain spectrum licenses and leases utilized in the Company's Beam branded fixed wireless service for total consideration of approximately \$21.1 million (the "Spectrum Transaction"). The total consideration will be composed of \$17.3 million cash and approximately \$3.8 million of liabilities to be assumed by the wireless carrier. The Spectrum Transaction is expected to close in the first half of 2023 subject to the receipt of regulatory approvals and other customary closing conditions. As a result of the Spectrum Transaction, the Company plans to cease its Beam operations at the remaining Beam fixed wireless sites upon or prior to the closing of the Spectrum Transaction. As a result of the cease of Beam service and related decommissioning of the remaining Beam fixed wireless sites after they cease operations, the Company has revised the useful lives for these sites to reflect operation through the cease of service date, resulting in the acceleration of depreciation for the related assets. Finally, as a result of the Spectrum Purchase Agreement, the Company re-classified the remaining Beam assets and liabilities as held for sale and is no longer reporting Beam customers in its Broadband Revenue Generating Units ("RGUs").
- Total broadband data Revenue Generating Units ("RGUs") as of September 30, 2022, were 130,238, representing 13.9% year over year growth. Penetration for incumbent cable and Glo Fiber were 52% and 16%, respectively, compared to 50% and 15%, respectively, as of September 30, 2021. Total Glo Fiber passings grew year over year by approximately 70,100.
- Broadband revenue in the third quarter of 2022 grew \$4.5 million, or 7.7%, to \$62.4 million compared with \$57.9 million in

the third quarter of 2021, primarily driven by a \$3.9 million, or 8.7%, increase in Residential and Small and Medium Business ("SMB") revenue due to a 127.6% and 3.8% increase, respectively, in Glo Fiber and incumbent cable broadband data RGUs.

- Cost of services increased approximately \$1.9 million, or 7.6%, compared with the three months ended September 30, 2021 due to increases in compensation and maintenance expenses. Compensation increased due to higher salary and wages, medical expenses and headcount to support Glo Fiber expansion. Maintenance increased due to higher cable replacement, fuel and field engineering costs.
- Selling, general and administrative expense increased \$2.0 million, or 17.2%, compared with the three months ended September 30, 2021, due primarily to higher compensation expense, advertising, bad debt and property taxes. Compensation increased due to higher salary and wages, medical expenses and headcount to support Glo Fiber expansion.
- Depreciation and amortization expense increased \$4.6 million, or 37.5%, compared with the three months ended September 30, 2021, primarily as a result of our network expansion of our Glo Fiber network and due to the acceleration of depreciation associated with Beam assets as discussed above.
- Broadband operating income in the third quarter of 2022 was \$4.8 million, compared to \$9.4 million in the third quarter of 2021, due primarily to higher depreciation.
- Broadband Adjusted EBITDA in the third quarter of 2022 was \$22.2 million, consistent with the third quarter of 2021.

Tower

- Revenue increased approximately \$0.2 million, or 5.1%, for the three months ended September 30, 2022 compared with the three months ended September 30, 2021, primarily due to an increase in revenue per tenant.
- Tower operating income in the third quarter of 2022 was \$2.6 million, compared to \$2.2 million in the third quarter of 2021.
- Tower Adjusted EBITDA in the third quarter of 2022 grew 15.1% to \$3.0 million, compared with \$2.6 million for the third quarter of 2021.

Other Information

- As of September 30, 2022, our cash and cash equivalents totaled \$33.0 million and the availability under our delayed draw term loans and revolving line of credit was \$375.0 million, for total available liquidity of \$408.0 million. On July 1, 2022, we borrowed a total of \$25.0 million in term loans. We expect to draw the remaining \$275 million in delay draw term loans by June 30, 2023.
- Capital expenditures were \$132.4 million for the nine months ended September 30, 2022 compared with \$118.8 million in the comparable 2021 period. The \$13.6 million increase in capital expenditures was primarily due to higher spending in the Broadband segment driven by the expansion of our Glo Fiber network.

Conference Call and Webcast

Date: Wednesday, November 2, 2022

Time: 8:30 A.M. (ET)

Dial in number: 833-630-1956

A live webcast of the call will be available on the "Investor Relations" page of the Company's website at <http://investor.shentel.com/>.

A replay of the call will be available for a limited time on the Investor Relations page of the Company's website.

About Shenandoah Telecommunications

Shenandoah Telecommunications Company (Shentel) provides broadband services through its high speed, state-of-the-art cable, fiber optic and fixed wireless networks to customers in the Mid-Atlantic United States. The Company's services include: broadband internet, video, and voice; fiber optic Ethernet, wavelength and leasing; and tower colocation leasing. The Company owns an extensive regional network with over 8,000 route miles of fiber and over 200 macro cellular towers. For more information, please visit www.shentel.com.

This release contains forward-looking statements about Shentel regarding, among other things, its business strategy, its prospects and its financial position. These statements can be identified by the use of forward-looking terminology such as "believes," "estimates," "expects," "intends," "may," "will," "should," "could," or "anticipates" or the negative or other variation of these or similar words, or by discussions of strategy or risks and uncertainties. The forward-looking statements are based upon management's beliefs, assumptions and current expectations and may include comments as to Shentel's beliefs and expectations as to future events and trends affecting its business that are necessarily subject to uncertainties, many of which are outside Shentel's control. Although management believes that the expectations reflected in the forward-looking statements are reasonable, forward-looking statements are not, and should not be relied upon as, a guarantee of future performance or results, nor will they

necessarily prove to be accurate indications of the times at which such performance or results will be achieved, and actual results may differ materially from those contained in or implied by the forward-looking statements as a result of various factors. A discussion of other factors that may cause actual results to differ from management's projections, forecasts, estimates and expectations is available in Shentel's filings with the Securities and Exchange Commission. Those factors may include natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as COVID-19, changes in general economic conditions including high inflation, increases in costs, changes in regulation and other competitive factors. The forward-looking statements included are made only as of the date of the statement. Shentel undertakes no obligation to revise or update such statements to reflect current events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events, except as required by law.

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**SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

(in thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Service revenue and other | \$ 66,924 | \$ 62,244 | \$ 197,359 | \$ 182,635 |
| Operating expenses: | | | | |
| Cost of services exclusive of depreciation and amortization | 27,477 | 25,747 | 80,572 | 73,819 |
| Selling, general and administrative | 22,227 | 20,238 | 69,152 | 60,711 |
| Restructuring expense | 641 | 1,160 | 1,031 | 1,821 |
| Impairment expense | 477 | — | 4,884 | 99 |
| Depreciation and amortization | 17,873 | 14,248 | 47,008 | 40,714 |
| Total operating expenses | 68,695 | 61,393 | 202,647 | 177,164 |
| Operating (loss) income | (1,771) | 851 | (5,288) | 5,471 |
| Other (expense) income: | | | | |
| Other (expense) income, net | (1,208) | 138 | (1,967) | 3,076 |
| (Loss) income from continuing operations before income taxes | (2,979) | 989 | (7,255) | 8,547 |
| Income tax benefit | (251) | (5,506) | (699) | (2,519) |
| (Loss) income from continuing operations | (2,728) | 6,495 | (6,556) | 11,066 |
| Discontinued operations: | | | | |
| (Loss) income from discontinued operations, net of tax | — | (406) | — | 99,632 |
| Gain on the sale of discontinued operations, net of tax | — | 886,732 | — | 886,732 |
| Total income from discontinued operations, net of tax | — | 886,326 | — | 986,364 |
| Net (loss) income | (2,728) | 892,821 | (6,556) | 997,430 |
| Other comprehensive income: | | | | |
| Unrealized income on interest rate hedge, net of tax | — | 3,620 | — | 4,706 |
| Comprehensive (loss) income | \$ (2,728) | \$ 896,441 | \$ (6,556) | \$ 1,002,136 |
| Net (loss) income per share, basic and diluted: | | | | |
| Basic - (Loss) income from continuing operations | \$ (0.05) | \$ 0.13 | \$ (0.13) | \$ 0.22 |
| Basic - Income from discontinued operations, net of tax | \$ — | \$ 17.73 | \$ — | \$ 19.73 |
| Basic net (loss) income per share | \$ (0.05) | \$ 17.86 | \$ (0.13) | \$ 19.95 |
| Diluted - (Loss) income from continuing operations | \$ (0.05) | \$ 0.13 | \$ (0.13) | \$ 0.22 |
| Diluted - Income from discontinued operations, net of tax | \$ — | \$ 17.68 | \$ — | \$ 19.67 |
| Diluted net (loss) income per share | \$ (0.05) | \$ 17.81 | \$ (0.13) | \$ 19.89 |
| Weighted average shares outstanding, basic | 50,183 | 49,984 | 50,153 | 49,984 |
| Weighted average shares outstanding, diluted | 50,183 | 50,120 | 50,153 | 50,136 |

**SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

| | September 30, | December 31, |
|--|---------------|--------------|
|--|---------------|--------------|

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 33,033 | \$ 84,344 |
| Accounts receivable, net of allowance for doubtful accounts of \$371 and \$352, respectively | 23,592 | 22,005 |
| Income taxes receivable | 29,457 | 30,188 |
| Prepaid expenses and other | 11,915 | 29,830 |
| Current assets held for sale | 19,742 | — |
| Total current assets | <u>117,739</u> | <u>166,367</u> |
| Investments | 12,784 | 13,661 |
| Property, plant and equipment, net | 641,407 | 554,162 |
| Intangible assets, net and goodwill | 81,612 | 69,853 |
| Operating lease right-of-use assets | 55,749 | 56,414 |
| Deferred charges and other assets | 13,167 | 10,298 |
| Non-current assets held for sale | — | 19,978 |
| Total assets | <u>\$ 922,458</u> | <u>\$ 890,733</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current maturities of long-term debt, net of unamortized loan fees | \$ 105 | \$ — |
| Accounts payable | 35,836 | 28,542 |
| Advanced billings and customer deposits | 11,443 | 11,128 |
| Accrued compensation | 10,721 | 9,653 |
| Current operating lease liabilities | 2,962 | 3,318 |
| Accrued liabilities and other | 14,040 | 14,611 |
| Current liabilities held for sale | 3,834 | 38 |
| Total current liabilities | <u>78,941</u> | <u>67,290</u> |
| Long-term debt, less current maturities, net of unamortized loan fees | 24,869 | — |
| Other long-term liabilities: | | |
| Deferred income taxes | 84,639 | 86,014 |
| Asset retirement obligations | 9,727 | 9,615 |
| Benefit plan obligations | 7,711 | 8,216 |
| Non-current operating lease liabilities | 52,001 | 51,692 |
| Other liabilities | 22,059 | 21,824 |
| Non-current liabilities held for sale | — | 3,807 |
| Total other long-term liabilities | <u>176,137</u> | <u>181,168</u> |
| Commitments and contingencies (Note 12) | | |
| Shareholders' equity: | | |
| Common stock, no par value, authorized 96,000; 50,098 and 49,965 issued and outstanding at September 30, 2022 and December 31, 2021, respectively | — | — |
| Additional paid in capital | 56,143 | 49,351 |
| Retained earnings | 586,368 | 592,924 |
| Total shareholders' equity | <u>642,511</u> | <u>642,275</u> |
| Total liabilities and shareholders' equity | <u>\$ 922,458</u> | <u>\$ 890,733</u> |

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

| | Nine Months Ended | |
|--|--------------------------|-------------|
| | September 30, | |
| | <u>2022</u> | <u>2021</u> |
| Cash flows from operating activities: | | |
| Net (loss) income | \$ (6,556) | \$ 997,430 |
| Income from discontinued operations, net of tax | — | 986,364 |
| (Loss) income from continuing operations | (6,556) | 11,066 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and amortization | 47,008 | 40,714 |
| Stock-based compensation expense | 7,299 | 1,953 |
| Impairment expense | 4,884 | 99 |
| Deferred income taxes | (1,374) | 4,180 |
| Bad debt expense | 1,252 | 755 |
| Other, net | 1,638 | (31) |

| | | |
|---|---------|---------|
| Changes in assets and liabilities: | | |
| Accounts receivable | 1,157 | (1,195) |
| Current income taxes | 731 | (6,870) |
| Operating lease assets and liabilities, net | 618 | (214) |
| Other assets | (1,056) | (8,066) |
| Accounts payable | (608) | (5,626) |
| Other deferrals and accruals | 1,212 | (5,193) |
| Net cash provided by operating activities - continuing operations | 56,205 | 31,572 |
| Net cash provided by operating activities - discontinued operations | — | 121,067 |
| Net cash provided by operating activities | 56,205 | 152,639 |

Cash flows from investing activities:

| | | |
|---|-----------|-----------|
| Capital expenditures | (132,357) | (118,800) |
| Proceeds from sale of investments | 793 | 90 |
| Proceeds from sale of assets and other | 922 | 110 |
| Net cash used in investing activities - continuing operations | (130,642) | (118,600) |
| Net cash provided by investing activities - discontinued operations | — | 1,944,063 |
| Net cash (used in) provided by investing activities | (130,642) | 1,825,463 |

Cash flows from financing activities:

| | | |
|---|------------------|-------------------|
| Proceeds from credit facility borrowings | 25,000 | — |
| Taxes paid for equity award issuances | (986) | (1,627) |
| Dividends paid, net of dividends reinvested | — | (936,850) |
| Payments for debt issuance costs | — | (841) |
| Payments for financing arrangements and other | (888) | (1,081) |
| Net cash provided by (used in) financing activities - continuing operations | 23,126 | (940,399) |
| Net cash used in financing activities - discontinued operations | — | (700,556) |
| Net cash provided by (used in) financing activities | 23,126 | (1,640,955) |
| Net (decrease) increase in cash and cash equivalents | (51,311) | 337,147 |
| Cash and cash equivalents, beginning of period | 84,344 | 195,397 |
| Cash and cash equivalents, end of period | \$ 33,033 | \$ 532,544 |

Supplemental Disclosures of Cash Flow Information

| | | |
|-------------------|--------|-----------|
| Interest paid | \$ 243 | \$ 10,397 |
| Income taxes paid | \$ — | \$ 24,900 |

Non-GAAP Financial Measures

Adjusted EBITDA

The Company defines Adjusted EBITDA as net income (loss) from continuing operations calculated in accordance with GAAP, adjusted for the impact of depreciation and amortization, impairment, other income (expense), net, interest income, interest expense, income tax expense (benefit), stock compensation expense, transaction costs related to acquisition and disposition events (including professional advisory fees, integration costs, and related compensatory matters), restructuring expense, tax on equity award vesting and exercise events, and other non-comparable items. A reconciliation of net income (loss) from continuing operations, which is the most directly comparable GAAP financial measure, to Adjusted EBITDA is provided below herein.

Adjusted EBITDA margin is the Company's calculation of Adjusted EBITDA, divided by revenue calculated in accordance with GAAP.

The Company uses Adjusted EBITDA and Adjusted EBITDA margin as supplemental measures of performance to evaluate operating effectiveness and assess its ability to increase revenues while controlling expense growth and the scalability of the Company's business growth strategy. Adjusted EBITDA is also a significant performance measure used by the Company in its incentive compensation programs. The Company believes that the exclusion of the expense and income items eliminated in calculating Adjusted EBITDA and Adjusted EBITDA margin provides management and investors a useful measure for period-to-period comparisons of the Company's core operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company's ongoing operations. Accordingly, the Company believes that Adjusted EBITDA and Adjusted EBITDA margin provide useful information to investors and others in understanding and evaluating the Company's operating results. However, use of Adjusted EBITDA and Adjusted EBITDA margin as analytical tools has limitations, and investors and others should not consider them in isolation or as substitutes for analysis of our financial results as reported under GAAP. In addition, other companies may calculate Adjusted EBITDA and Adjusted EBITDA margin or similarly titled measures differently, which may reduce their usefulness as comparative measures.

Three Months Ended September 30, 2022

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|--|-----------|----------|--------------------------|--------------|
| Net income (loss) from continuing operations | \$ 4,752 | \$ 2,590 | \$ (10,070) | \$ (2,728) |
| Depreciation and amortization | 16,791 | 445 | 637 | 17,873 |
| Impairment expense | 477 | — | — | 477 |

| | | | | |
|---------------------------------|------------------|-----------------|-------------------|------------------|
| Other expense (income), net | 58 | — | 1,150 | 1,208 |
| Income tax benefit | — | — | (251) | (251) |
| Stock-based compensation | — | — | 1,771 | 1,771 |
| Restructuring charges and other | 169 | — | 472 | 641 |
| Adjusted EBITDA | <u>\$ 22,247</u> | <u>\$ 3,035</u> | <u>\$ (6,291)</u> | <u>\$ 18,991</u> |
| Adjusted EBITDA margin | 36% | 65% | N/A | 28% |

Three Months Ended September 30, 2021

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|--|------------------|-----------------|-------------------------------------|---------------------|
| Net income (loss) from continuing operations | \$ 9,337 | \$ 2,163 | \$ (5,005) | \$ 6,495 |
| Depreciation and amortization | 12,211 | 468 | 1,569 | 14,248 |
| Other expense (income), net | 63 | — | (201) | (138) |
| Income tax benefit | — | — | (5,506) | (5,506) |
| Stock-based compensation | — | — | 1,119 | 1,119 |
| Restructuring charges and other | 676 | 6 | 2,048 | 2,730 |
| Adjusted EBITDA | <u>\$ 22,287</u> | <u>\$ 2,637</u> | <u>\$ (5,976)</u> | <u>\$ 18,948</u> |
| Adjusted EBITDA margin | 38% | 59% | N/A | 30% |

Nine Months Ended September 30, 2022

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|--|------------------|-----------------|-------------------------------------|---------------------|
| Net income (loss) from continuing operations | \$ 16,921 | \$ 7,628 | \$ (31,105) | \$ (6,556) |
| Depreciation and amortization | 42,724 | 1,562 | 2,722 | 47,008 |
| Impairment expense | 4,884 | — | — | 4,884 |
| Other expense (income), net | 177 | — | 1,790 | 1,967 |
| Income tax benefit | — | — | (699) | (699) |
| Stock-based compensation | — | — | 7,299 | 7,299 |
| Restructuring charges and other | 629 | — | 402 | 1,031 |
| Adjusted EBITDA | <u>\$ 65,335</u> | <u>\$ 9,190</u> | <u>\$ (19,591)</u> | <u>\$ 54,934</u> |
| Adjusted EBITDA margin | 36% | 65% | N/A | 28% |

Nine Months Ended September 30, 2021

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|--|------------------|-----------------|-------------------------------------|---------------------|
| Net income (loss) from continuing operations | \$ 27,670 | \$ 7,374 | \$ (23,978) | \$ 11,066 |
| Depreciation and amortization | 35,648 | 1,398 | 3,668 | 40,714 |
| Impairment expense | 99 | — | — | 99 |
| Other expense (income), net | 195 | — | (3,271) | (3,076) |
| Income tax benefit | — | — | (2,519) | (2,519) |
| Stock-based compensation | — | — | 1,953 | 1,953 |
| Restructuring charges and other | 924 | 6 | 2,713 | 3,643 |
| Adjusted EBITDA | <u>\$ 64,536</u> | <u>\$ 8,778</u> | <u>\$ (21,434)</u> | <u>\$ 51,880</u> |
| Adjusted EBITDA margin | 38% | 64% | N/A | 28% |

Segment Results

Three Months Ended September 30, 2022:

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|-----------------------|------------------|--------------|-------------------------------------|---------------------|
| External revenue | | | | |
| Residential & SMB | \$ 48,700 | \$ — | \$ — | \$ 48,700 |
| Commercial Fiber | 9,522 | — | — | 9,522 |
| RLEC & Other | 4,139 | — | — | 4,139 |

| | | | | |
|-------------------------------------|----------|----------|------------|------------|
| Tower lease | — | 4,610 | — | 4,610 |
| Service revenue and other | 62,361 | 4,610 | — | 66,971 |
| Intercompany revenue and other | 25 | 67 | (139) | (47) |
| Total revenue | 62,386 | 4,677 | (139) | 66,924 |
| Operating expenses | | | | |
| Cost of services | 26,193 | 1,384 | (100) | 27,477 |
| Selling, general and administrative | 13,946 | 258 | 8,023 | 22,227 |
| Restructuring expense | 169 | — | 472 | 641 |
| Impairment expense | 477 | — | — | 477 |
| Depreciation and amortization | 16,791 | 445 | 637 | 17,873 |
| Total operating expenses | 57,576 | 2,087 | 9,032 | 68,695 |
| Operating income (loss) | \$ 4,810 | \$ 2,590 | \$ (9,171) | \$ (1,771) |

Three Months Ended September 30, 2021:

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|--|-----------|----------|--------------------------|--------------|
| External revenue | | | | |
| Residential & SMB | \$ 44,783 | \$ — | \$ — | \$ 44,783 |
| Commercial Fiber | 9,059 | — | — | 9,059 |
| RLEC & Other | 3,972 | — | — | 3,972 |
| Tower lease | — | 4,356 | — | 4,356 |
| Service revenue and other | 57,814 | 4,356 | — | 62,170 |
| Revenue for service provided to the discontinued Wireless operations | 99 | 93 | (118) | 74 |
| Total revenue | 57,913 | 4,449 | (118) | 62,244 |
| Operating expenses | | | | |
| Cost of services | 24,333 | 1,504 | (90) | 25,747 |
| Selling, general and administrative | 11,898 | 314 | 8,026 | 20,238 |
| Restructuring expense | 71 | — | 1,089 | 1,160 |
| Depreciation and amortization | 12,211 | 468 | 1,569 | 14,248 |
| Total operating expenses | 48,513 | 2,286 | 10,594 | 61,393 |
| Operating income (loss) | \$ 9,400 | \$ 2,163 | \$ (10,712) | \$ 851 |

Nine Months Ended September 30, 2022:

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|-------------------------------------|------------|----------|--------------------------|--------------|
| External revenue | | | | |
| Residential & SMB | \$ 143,512 | \$ — | \$ — | \$ 143,512 |
| Commercial Fiber | 27,924 | — | — | 27,924 |
| RLEC & Other | 11,952 | — | — | 11,952 |
| Tower lease | — | 13,971 | — | 13,971 |
| Service revenue and other | 183,388 | 13,971 | — | 197,359 |
| Intercompany revenue and other | 124 | 255 | (379) | — |
| Total revenue | 183,512 | 14,226 | (379) | 197,359 |
| Operating expenses | | | | |
| Cost of services | 76,801 | 4,054 | (283) | 80,572 |
| Selling, general and administrative | 41,376 | 982 | 26,794 | 69,152 |
| Restructuring expense | 629 | — | 402 | 1,031 |
| Impairment expense | 4,884 | — | — | 4,884 |
| Depreciation and amortization | 42,724 | 1,562 | 2,722 | 47,008 |
| Total operating expenses | 166,414 | 6,598 | 29,635 | 202,647 |
| Operating income (loss) | \$ 17,098 | \$ 7,628 | \$ (30,014) | \$ (5,288) |

Nine Months Ended September 30, 2021:

| <i>(in thousands)</i> | Broadband | Tower | Corporate & Eliminations | Consolidated |
|---------------------------|------------|-------|--------------------------|--------------|
| External revenue | | | | |
| Residential & SMB | \$ 131,702 | \$ — | \$ — | \$ 131,702 |
| Commercial Fiber | 21,975 | — | — | 21,975 |
| RLEC & Other | 11,208 | — | — | 11,208 |
| Tower lease | — | 8,525 | — | 8,525 |
| Service revenue and other | 164,885 | 8,525 | — | 173,410 |

| | | | | |
|--|-----------|----------|-------------|----------|
| Revenue for service provided to the discontinued Wireless operations | 4,409 | 5,203 | (387) | 9,225 |
| Total revenue | 169,294 | 13,728 | (387) | 182,635 |
| Operating expenses | | | | |
| Cost of services | 70,050 | 4,070 | (301) | 73,819 |
| Selling, general and administrative | 35,429 | 886 | 24,396 | 60,711 |
| Restructuring expense | 203 | — | 1,618 | 1,821 |
| Impairment expense | 99 | — | — | 99 |
| Depreciation and amortization | 35,648 | 1,398 | 3,668 | 40,714 |
| Total operating expenses | 141,429 | 6,354 | 29,381 | 177,164 |
| Operating income (loss) | \$ 27,865 | \$ 7,374 | \$ (29,768) | \$ 5,471 |

Supplemental Information

Broadband Operating Statistics

| | September 30, 2022 | September 30, 2021 |
|---|-----------------------|-----------------------|
| Broadband homes and businesses passed (1) | 342,741 | 271,849 |
| Incumbent Cable | 211,829 | 211,013 |
| Glo Fiber | 130,912 | 60,836 |
| Residential & Small and Medium Business ("SMB") RGUs: | | |
| Broadband Data | 130,238 | 114,388 |
| Incumbent Cable | 109,132 | 105,116 |
| Glo Fiber | 21,106 | 9,272 |
| Video | 48,092 | 50,652 |
| Voice | 39,801 | 34,592 |
| Total Residential & SMB RGUs (excludes RLEC) | 218,131 | 199,632 |
| Residential & SMB Penetration (2) | | |
| Broadband Data | 38.0% | 42.1% |
| Incumbent Cable | 51.5% | 49.8% |
| Glo Fiber | 16.1% | 15.2% |
| Video | 14.0% | 18.6% |
| Voice | 12.2% | 13.6% |
| Fiber route miles | 8,072 | 7,219 |
| Total fiber miles (3) | 622,095 | 469,387 |

- (1) Homes and businesses are considered passed ("passings") if we can connect them to our network without further extending the distribution system. Passings is an estimate based upon the best available information. Passings will vary among video, broadband data and voice services.
- (2) Penetration is calculated by dividing the number of users by the number of passings or available homes, as appropriate.
- (3) Total fiber miles are measured by taking the number of fiber strands in a cable and multiplying that number by the route distance. For example, a 10 mile route with 144 fiber strands would equal 1,440 fiber miles.

Broadband - Residential and SMB ARPU

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Residential and SMB Revenue: | | | | |
| Broadband | \$ 30,670 | \$ 26,590 | \$ 88,887 | \$ 76,693 |
| Incumbent Cable | 26,502 | 24,780 | 78,488 | 72,421 |
| Glo Fiber | 4,168 | 1,810 | 10,399 | 4,272 |
| Video | 14,914 | 15,391 | 45,465 | 46,654 |
| Voice | 3,041 | 2,968 | 8,951 | 8,760 |
| Discounts, adjustments and other | 75 | (166) | 209 | (405) |
| Total Revenue | \$ 48,700 | \$ 44,783 | \$ 143,512 | \$ 131,702 |
| Average RGUs: | | | | |
| Broadband Data | 127,579 | 112,338 | 123,271 | 108,749 |

| | | | | |
|------------------------|-----------|-----------|-----------|-----------|
| <i>Incumbent Cable</i> | 108,481 | 104,150 | 107,603 | 102,319 |
| <i>Glo Fiber</i> | 19,098 | 8,188 | 15,668 | 6,430 |
| Video | 48,456 | 50,921 | 49,016 | 51,691 |
| Voice | 39,659 | 34,789 | 37,653 | 33,904 |
| ARPU: (1) | | | | |
| Broadband | \$ 80.05 | \$ 78.85 | \$ 80.03 | \$ 78.33 |
| <i>Incumbent Cable</i> | \$ 81.43 | \$ 79.31 | \$ 81.05 | \$ 78.64 |
| <i>Glo Fiber</i> | \$ 72.75 | \$ 73.69 | \$ 73.74 | \$ 73.82 |
| Video | \$ 102.59 | \$ 100.75 | \$ 103.06 | \$ 100.28 |
| Voice | \$ 25.56 | \$ 28.44 | \$ 26.41 | \$ 28.71 |

(1) Average Revenue Per RGU calculation = (Residential & SMB Revenue * 1,000) / average RGUs / 3 months

Tower Operating Statistics

| | September 30, 2022 | September 30, 2021 |
|---------------------------|-----------------------------------|-----------------------------------|
| Macro tower sites | 222 | 223 |
| Tenants | 457 | 470 |
| Average tenants per tower | 2.0 | 2.0 |



Source: Shenandoah Telecommunications Co