

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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): March 29, 2024



Shenandoah Telecommunications Company
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of incorporation)

000-9881
(Commission File Number)

54-1162807
(IRS Employer Identification No.)

500 Shentel Way
P.O. Box 459
Edinburg, Virginia 22824
(Address of principal executive offices) (Zip Code)

(540) 984-4141
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (No Par Value)	SHEN	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Explanatory Note

On March 29, 2024, Shenandoah Telecommunications Company (“the Company”) filed a Current Report on Form 8-K (the “Initial Form 8-K”) reporting the initial closing of its previously disclosed sale of substantially all of the Company’s tower portfolio and operations to Vertical Bridge Holdco, LLC for \$309.9 million in cash (the “Transaction”). The Transaction was completed pursuant to the terms of a Purchase and Sale Agreement, dated February 29, 2024, as amended by Amendment No. 1 to the Purchase and Sale Agreement, dated March 29, 2024, which are attached as Exhibits 2.1 and 2.2, respectively, to the Initial Form 8-K.

This Current Report on Form 8-K/A amends the Initial Form 8-K to include the unaudited pro forma consolidated financial information required by Item 9.01(b) of Form 8-K and to update certain disclosures under Item 9.01(b) of the Initial Form 8-K. Such information should be read in conjunction with the Initial Form 8-K. Except as provided herein, the disclosures made in the Initial Form 8-K remain unchanged.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The unaudited pro forma consolidated financial information of the Company (giving effect to the Transaction) as of December 31, 2023 and for the years ended December 31, 2023, December 31, 2022 and December 31, 2021 (the “Unaudited Pro Forma Financial Information”), is filed as Exhibit 99.1 to this Current Report on Form 8-K/A and is incorporated herein by reference.

The Unaudited Pro Forma Financial Information is presented for illustrative purposes only and is not intended to represent or be indicative of the Company’s consolidated results of operations or financial position that would have been reported had the Transaction been completed as of the dates presented in the Unaudited Pro Forma Financial Information. The Unaudited Pro Forma Financial Information should not be taken as a representation of the Company’s future consolidated results of operations or financial condition. The pro forma adjustments in the Unaudited Pro Forma Financial Information are based on available information and certain assumptions that management believes are reasonable under the circumstances.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Unaudited Pro Forma Condensed Consolidated Financial Information
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Forward-Looking Statements

This communication 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,” “plans,” “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, including our Annual Report on Form 10-K for the year ended December 31, 2023 and our Quarterly Reports on Form 10-Q. Those factors may include, among others, Shentel’s ability to satisfy the closing conditions for subsequent tower sale closings, the expected savings and synergies from Shentel’s acquisition of Horizon Telecom may not be realized or may take longer or cost more than expected to realize, changes in overall economic conditions including rising inflation, regulatory requirements, changes in technologies, changes in competition, demand for our products and services, availability of labor resources and capital, natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as COVID-19, and other conditions. 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHENANDOAH TELECOMMUNICATIONS COMPANY

Dated: April 4, 2024

/s/ James J. Volk

James J. Volk

Senior Vice President – Chief Financial Officer

Unaudited Pro Forma Condensed Consolidated Financial Information

Effective as of March 29, 2024, Shenandoah Mobile, LLC, a wholly-owned subsidiary of Shenandoah Telecommunications Company (the “Company”), completed the previously announced sale of substantially all of the Company’s tower portfolio and operations (“Tower Portfolio”) to Vertical Bridge Holdco, LLC for \$309.9 million in cash (the “Transaction”). The Transaction was completed pursuant to the terms of Purchase and Sale Agreement, dated February 29, 2024, as amended by Amendment No. 1 to the Purchase and Sale Agreement, dated March 29, 2024.

The sale of the Tower Portfolio is considered a significant disposition for purposes of Item 2.01 of Form 8-K. As a result, the Company prepared the accompanying unaudited pro forma condensed consolidated financial information in accordance with Article 11 of Regulation S-X.

The Company has not previously reported its operations of the Tower Portfolio as discontinued operations in its consolidated financial statements included in Form 10-K for the year ended December 31, 2023. The accompanying unaudited pro forma condensed consolidated statements of comprehensive income (loss) for the years ended December 31, 2023, 2022 and 2021 give effect to the divestiture as if it had occurred on January 1, 2021. The unaudited pro forma condensed consolidated financial information only present financial results through continuing operations attributable to the Company and excludes any historically reported discontinued operations other than those of the Tower Portfolio. The accompanying unaudited pro forma condensed consolidated balance sheet gives effect to this divestiture as if it had occurred on December 31, 2023, the date of the Company’s most recently filed balance sheet.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Company’s Form 10-K for the year ended December 31, 2023, filed with the SEC on February 21, 2024.

The unaudited pro forma condensed consolidated financial information is presented based on assumptions, adjustments, and currently available information described in the accompanying notes and is intended for informational purposes only. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of what the Company’s results of operations or financial condition would have been had the divestiture been completed on the dates assumed. In addition, it is not necessarily indicative of the Company’s future results of operations or financial condition. Actual adjustments may differ materially from the information presented.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Balance Sheet
December 31, 2023

(in thousands)

	<u>Historical</u>	<u>Transaction Accounting Adjustments</u>		<u>Unaudited Pro Forma Continuing Operations</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 139,255	\$ 305,033 a		\$ 444,288
Accounts receivable, net	19,782	—		19,782
Income taxes receivable	4,691	—		4,691
Prepaid expenses and other	11,782	—		11,782
Current assets held for sale	561	—		561
Total current assets	<u>176,071</u>	<u>305,033</u>		<u>481,104</u>
Investments	13,198	—		13,198
Property, plant and equipment, net	879,499	(29,162) b		850,337
Goodwill and intangible assets, net	81,123	—		81,123
Operating lease right-of-use assets	50,640	(36,237) b		14,403
Deferred charges and other assets	13,698	(2,137) b		11,561
Total assets	<u>\$ 1,214,229</u>	<u>\$ 237,497</u>		<u>\$ 1,451,726</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current maturities of long-term debt, net of unamortized loan fees	\$ 7,095	\$ —		\$ 7,095
Accounts payable	53,546	—		53,546
Advanced billings and customer deposits	13,241	(847) b		12,394
Accrued compensation	11,749	—		11,749
Current operating lease liabilities	3,081	(878) b		2,203
Accrued liabilities and other	9,643	(1,816) b		7,827
Total current liabilities	<u>98,355</u>	<u>(3,541)</u>		<u>94,814</u>
Long-term debt, less current maturities, net of unamortized loan fees	292,804	—		292,804
Other long-term liabilities:				
Deferred income taxes	88,147	(2,087) b		86,060
Asset retirement obligations	10,069	(9,516) b		553
Benefit plan obligations	3,943	—		3,943
Non-current operating lease liabilities	48,358	(39,534) b		8,824
Other liabilities	19,883	(3,550) b		16,333
Total other long-term liabilities	<u>170,400</u>	<u>(54,687)</u>		<u>115,713</u>
Shareholders' equity:				
Common stock	—	—		—
Additional paid-in capital	66,933	—		66,933
Retained earnings	584,069	295,725 a,b		879,794
Accumulated other comprehensive income	1,668	—		1,668
Total shareholders' equity	<u>652,670</u>	<u>295,725</u>		<u>948,395</u>
Total liabilities and shareholders' equity	<u>\$ 1,214,229</u>	<u>\$ 237,497</u>		<u>\$ 1,451,726</u>

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Comprehensive Income (Loss)
Year Ended December 31, 2023

(in thousands)

	<u>Historical</u>	<u>Transaction Accounting Adjustments (c)</u>	<u>Unaudited Pro Forma Continuing Operations</u>
Service revenue and other	\$ 287,379	\$ (18,247)	\$ 269,132
Operating Expenses:			
Cost of services exclusive of depreciation and amortization	106,101	(5,251)	100,850
Selling, general and administrative	103,631	(1,412)	102,219
Impairment expense	2,552	—	2,552
Depreciation and amortization	65,471	(2,103)	63,368
Total operating expenses	<u>277,755</u>	<u>(8,766)</u>	<u>268,989</u>
Operating income (loss)	9,624	(9,481)	143
Other income:			
Other income, net	1,387	—	1,387
Income (loss) from continuing operations before income taxes	11,011	(9,481)	1,530
Income tax expense (benefit)	2,973	(2,479)	494
Income (loss) from continuing operations	<u>\$ 8,038</u>	<u>\$ (7,002)</u>	<u>\$ 1,036</u>
Basic - Income (loss) from continuing operations	<u>\$ 0.16</u>	<u>\$ (0.14)</u>	<u>\$ 0.02</u>
Diluted - Income (loss) from continuing operations	<u>\$ 0.16</u>	<u>\$ (0.14)</u>	<u>\$ 0.02</u>
Weighted average shares outstanding, basic	<u>50,396</u>	<u>—</u>	<u>50,396</u>
Weighted average shares outstanding, diluted	<u>50,715</u>	<u>—</u>	<u>50,715</u>

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Comprehensive Income (Loss)
Year Ended December 31, 2022

(in thousands)

	<u>Historical</u>	<u>Transaction Accounting Adjustments (c)</u>	<u>Unaudited Pro Forma Continuing Operations</u>
Service revenue and other	\$ 267,371	\$ (18,460)	\$ 248,911
Operating Expenses:			
Cost of services exclusive of depreciation and amortization	107,546	(5,267)	102,279
Selling, general and administrative	92,392	(1,279)	91,113
Restructuring expense	1,251	—	1,251
Impairment expense	5,241	—	5,241
Depreciation and amortization	68,899	(2,416)	66,483
Total operating expenses	<u>275,329</u>	<u>(8,962)</u>	<u>266,367</u>
Operating loss	(7,958)	(9,498)	(17,456)
Other expense:			
Other expense, net	(1,348)	—	(1,348)
Loss from continuing operations before income taxes	(9,306)	(9,498)	(18,804)
Income tax benefit	(927)	(2,499)	(3,426)
Loss from continuing operations	<u>\$ (8,379)</u>	<u>\$ (6,999)</u>	<u>\$ (15,378)</u>
Basic - Loss from continuing operations	<u>\$ (0.17)</u>	<u>\$ (0.14)</u>	<u>\$ (0.31)</u>
Diluted - Loss from continuing operations	<u>\$ (0.17)</u>	<u>\$ (0.14)</u>	<u>\$ (0.31)</u>
Weighted average shares outstanding, basic	<u>50,155</u>	<u>—</u>	<u>50,155</u>
Weighted average shares outstanding, diluted	<u>50,155</u>	<u>—</u>	<u>50,155</u>

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Comprehensive Income (Loss)
Year Ended December 31, 2021

(in thousands)

	<u>Historical</u>	<u>Transaction Accounting Adjustments (c)</u>	<u>Unaudited Pro Forma Continuing Operations</u>
Service revenue and other	\$ 245,239	\$ (17,048)	\$ 228,191
Operating Expenses:			
Cost of services exclusive of depreciation and amortization	102,299	(5,005)	97,294
Selling, general and administrative	82,451	(1,197)	81,254
Restructuring expense	1,727	—	1,727
Impairment expense	5,986	—	5,986
Depreciation and amortization	55,206	(2,053)	53,153
Total operating expenses	<u>247,669</u>	<u>(8,255)</u>	<u>239,414</u>
Operating loss	(2,430)	(8,793)	(11,223)
Other income:			
Other income, net	8,665	—	8,665
Income (loss) from continuing operations before income taxes	6,235	(8,793)	(2,558)
Income tax benefit	(1,694)	(2,175)	(3,869)
Income (loss) from continuing operations	<u>\$ 7,929</u>	<u>\$ (6,618)</u>	<u>\$ 1,311</u>
Basic - Income (loss) from continuing operations	<u>\$ 0.16</u>	<u>\$ (0.13)</u>	<u>\$ 0.03</u>
Diluted - Income (loss) from continuing operations	<u>\$ 0.16</u>	<u>\$ (0.13)</u>	<u>\$ 0.03</u>
Weighted average shares outstanding, basic	<u>50,026</u>	<u>—</u>	<u>50,026</u>
Weighted average shares outstanding, diluted	<u>50,149</u>	<u>—</u>	<u>50,149</u>

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

- a. Adjustment represents the net cash proceeds from the sale of the Tower Portfolio as if the closing date was December 31, 2023.
 - b. Adjustment reflects the elimination of the assets and liabilities of the Tower Portfolio due to the Transaction.
 - c. Adjustments include the removal of historical operations of the Tower Portfolio and the addition of intercompany revenue and cost of services from continuing operations of the Company previously eliminated in consolidation.
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