CABLEVISION LIGHTPATH LLC

INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	September 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 92,490	$ 73,457
Accounts receivable, trade (less allowance for doubtful accounts of $3,379 and $5,792, respectively)	15,814	17,226
Prepaid expenses and other current assets	20,066	17,004
Amounts due from affiliates	57	1,843
Total current assets	128,427	109,530
Property, plant and equipment, net of accumulated depreciation of $716,172 and $663,336, respectively	689,536	652,476
Right-of-use operating lease assets	23,107	23,165
Other assets	19,319	4,596
Amortizable intangibles, net of accumulated amortization of $230,344 and $212,961, respectively	131,950	149,333
Indefinite-lived franchise costs	340,000	340,000
Goodwill	105,894	105,894
Total assets	$ 1,438,233	$ 1,384,994
LIABILITIES AND TOTAL DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 18,092	$ 13,198
Interest payable	3,511	13,168
Accrued employee related costs	9,386	5,837
Accounts payable to affiliates	11,398	10,666
Deferred revenue	3,313	1,217
Right-of-use operating lease liability	6,194	6,835
Debt	6,000	6,000
Other current liabilities	5,101	4,892
Total current liabilities	62,995	61,813
Other liabilities	3,288	1,845
Right-of-use operating lease liability	17,233	16,423
Deferred tax liability, net	3,326	3,268
Long-term debt, net of current maturities	1,420,926	1,421,962
Total liabilities	1,507,768	1,505,311
Commitments and contingencies (Note 12)		
Member's deficiency	(69,535)	(120,317)
	$ 1,438,233	$ 1,384,994

See accompanying notes to consolidated financial statements.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue (including revenue from affiliates of $1,477, $1,198 , $5,119 and $3,567, respectively. See Note 11)	$ 96,824	$ 96,092	$ 292,909	$ 290,609
Operating expenses:				
Direct costs (including charges from affiliates of $212, $208, $615 and $594, respectively. See Note 11)	4,460	14,654	30,466	45,570
Other operating expenses (including charges from affiliates of $4,954, $5,897, $17,066 and $17,676, respectively. See Note 11)	31,453	31,201	94,581	90,928
Restructuring and other expense	—	76	635	379
Depreciation and amortization	24,507	28,896	74,693	84,967
	60,420	74,827	200,375	221,844
Operating income	36,404	21,265	92,534	68,765
Other income (expense):				
Interest expense, net	(19,352)	(17,208)	(53,760)	(51,421)
Gain on interest rate swap contract	12,079	—	12,376	—
Other income (expense) (See Note 11)	(42)	24	(63)	77
	(7,315)	(17,184)	(41,447)	(51,344)
Income before income taxes	29,089	4,081	51,087	17,421
Income tax expense	(172)	(19)	(375)	(86)
Net income	$ 28,917	$ 4,062	$ 50,712	$ 17,335
Comprehensive income	$ 28,917	$ 4,062	$ 50,712	$ 17,335

See accompanying notes to consolidated financial statements.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S DEFICIENCY
(In thousands)
(Unaudited)

	Member's Deficiency
Balance at January 1, 2022	$ (120,317)
Net income	10,384
Share-based compensation expense	25
Balance at March 31, 2022	(109,908)
Net income	11,411
Share-based compensation expense	24
Balance at June 30, 2022	(98,473)
Net income	28,917
Share-based compensation expense	21
Balance at September 30, 2022	$ (69,535)
Balance at January 1, 2021	$ (157,231)
Net income	11,091
Share-based compensation expense	49
Balance at March 31, 2021	(146,091)
Net income	2,182
Share-based compensation expense	36
Contributions from parent	7,087
Non-cash contributions from parent	152
Balance at June 30, 2021	(136,634)
Net income	4,062
Share-based compensation expense	42
Balance at September 30, 2021	$ (132,530)

See accompanying notes to consolidated financial statements.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2022	2021
Cash flows from operating activities:		
Net income	$ 50,712	$ 17,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,693	84,967
Share-based compensation expense	33	127
Deferred income taxes	58	—
Decrease in right-of-use assets	5,630	4,905
Amortization of deferred financing costs	3,464	3,346
Provision for doubtful accounts	516	2,637
Change in assets and liabilities:		
Accounts receivable, trade	896	11,312
Prepaid expenses and other assets	(4,342)	(3,381)
Amounts due to affiliates	2,518	(2,253)
Accounts payable	1,138	(2,791)
Accrued liabilities	(11,849)	(15,098)
Deferred revenue	3,894	1,275
Interest rate swap contract	(13,251)	—
Net cash provided by operating activities	114,110	102,381
Cash flows from investing activities:		
Capital expenditures	(90,579)	(67,130)
Other	2	16
Payment for acquisitions, net of cash acquired	—	(28,260)
Net cash used in investing activities	(90,577)	(95,374)
Cash flows from financing activities:		
Repayment of debt	(4,500)	(4,500)
Contributions from parent entity	—	7,087
Net cash provided by (used in) financing activities	(4,500)	2,587
Net increase in cash and cash equivalents	19,033	9,594
Cash and cash equivalents at beginning of year	73,457	39,750
Cash and cash equivalents at end of period	$ 92,490	$ 49,344

See accompanying notes to consolidated financial statements.

(Dollars in thousands)

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Cablevision Lightpath LLC (together with its subsidiaries, the "Company") provides advanced fiber, Ethernet, data transport, IP-based virtual private networks, Internet access, managed services, telephony services, including Session-Initiated Protocol ("SIP") trunking, and voice over Internet protocol ("VoIP") services to the business market in the New York metropolitan area. The Company entered the Boston metropolitan area as a result of an acquisition of assets in June 2021. The direct parent of the Company, Lightpath Holdings LLC ("Lightpath Holdings") is owned 49.99% by Morgan Stanley Infrastructure Partners ("MSIP") and 50.01% by Altice USA, Inc. ("Altice USA") who also maintains control of the Company. The Company classifies its operations in one segment.

NOTE 2. BASIS OF PRESENTATION

The accompanying consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and have been derived from the consolidating financial statements and accounting records of Altice USA and reflect certain assumptions and allocations. Subsequent to the closing of MSIP's purchase of a 49.99% interest in the direct parent of the Company on December 1, 2020 (the "Lightpath Transaction"), charges for certain services are outlined in a services agreement entered into with Altice USA (see Note 11). The financial position, results of operations, and cash flows of the Company could differ from those that might have resulted had the Company been operated autonomously or as an entity independent of Altice USA.

The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2021.

The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2022.

The financial statements presented in this report are unaudited; however, in the opinion of management, such financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, including estimated allocations, which affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. REVENUE

The following table presents the composition of revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Ethernet	$ 83,093	$ 82,628	$ 248,014	$ 250,749
Managed services	7,043	7,842	20,998	22,449
Time-division multiplexing ("TDM") services	2,234	2,615	7,186	8,197
Other	4,454	3,007	16,711	9,214
Total revenue	$ 96,824	$ 96,092	$ 292,909	$ 290,609

(Dollars in thousands)

The Company’s service offerings consist of various telecommunications services to large enterprise businesses, including broadband, telephony and networking services. The Company satisfies its performance obligations to provide services to customers over time as the services are rendered. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for these services. Fixed fees are billed monthly in advance and usage fees are billed monthly in arrears. Amounts billed are due upon receipt and contract lengths typically range from three to five years. To the extent a customer contract is terminated prior to its contractual end, the customer is subject to termination fees. The Company recognizes termination fees as they are collected, unless they are paid in advance in which case, they are recognized through actual termination dates. In certain instances, upon expiration of a contract and prior to its renewal, we continue to provide services on a month to month basis. Installation revenue is deferred and recognized over the average contract term.

The Company is assessed non-income related taxes and fees by governmental authorities and collects such taxes from its customers. In instances where the tax and fee is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as direct costs, and amounts received from customers are recorded as revenue. For the three and nine months ended September 30, 2022, the amount of these non-income related taxes and fees included as a component of revenue aggregated $5,583 and $15,299, respectively, and for the three and nine months ended September 30, 2021, the amount aggregated $5,655 and $17,503, respectively.

Contract Assets

Incremental costs incurred in obtaining a contract with a customer are deferred and recorded as a contract asset if the period of benefit is expected to be greater than one year. Sales commissions related to customers are deferred and amortized over the average contract term.

Deferred enterprise commission costs are included in other current and noncurrent assets in the accompanying consolidated balance sheets and totaled $11,435 and $10,864 as of September 30, 2022 and December 31, 2021, respectively.

NOTE 4. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's non-cash investing and financing activities and other supplemental data were as follows:

	Nine Months Ended September 30,	
	2022	2021
Non-Cash Investing and Financing Activities:		
Property and equipment accrued but unpaid and other	$ 7,472	$ 6,585
Supplemental Data:		
Interest paid	60,558	57,539
Income taxes paid	148	830

NOTE 5. ACCOUNTING STANDARDS

ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

In October 2021, the Financial Accounting Standards Board ("FASB") issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which will require companies to apply the definition of a performance obligation under ASC Topic 606, Revenue from Contracts with Customers, to recognize and measure contract assets and contract liabilities relating to contracts with customers that are acquired in a business combination. Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU No. 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded before the acquisition under ASC Topic 606. ASU No. 2021-08 is effective for the Company on January 1, 2023, however the Company elected to early adopt this ASU on January 1, 2022. The guidance will be applied to any future business combinations.

(Dollars in thousands)

NOTE 6. INTANGIBLE ASSETS

The following table summarizes information relating to the Company's acquired amortizable intangible assets:

	As of September 30, 2022			As of December 31, 2021			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives
Customer relationships	$ 302,294	$ (170,344)	$ 131,950	$ 302,294	$ (152,961)	$ 149,333	3 to 18 years
Trade names	60,000	(60,000)	—	60,000	(60,000)	—	4 years
	$ 362,294	$ (230,344)	$ 131,950	$ 362,294	$ (212,961)	$ 149,333	

Amortization expense for the three and nine months ended September 30, 2022 aggregated $5,454 and $17,383 and for the three and nine months ended September 30, 2021 aggregated $5,989 and $18,221, respectively.

NOTE 7. DEBT

The following table provides a summary of the Company's outstanding debt:

				September 30, 2022		December 31, 2021	
	Date Issued	Maturity Date	Interest Rate	Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
Senior Notes	September 29, 2020	September 15, 2028	5.625 %	$ 415,000	$ 407,836	$ 415,000	$ 407,104
Senior Secured Notes	September 29, 2020	September 15, 2027	3.875 %	450,000	442,712	450,000	441,739
Term Loan	November 30, 2020	November 30, 2027	6.068 %	589,500	576,378	594,000	579,119
Revolving Credit Facility	—	November 30, 2025	(b)	—	—	—	—
				1,454,500	1,426,926	1,459,000	1,427,962
Less: current portion of credit facility debt				(6,000)	(6,000)	(6,000)	(6,000)
Long-term debt, net of current maturities				$ 1,448,500	$ 1,420,926	$ 1,453,000	$ 1,421,962

(a) The carrying amount is net of the unamortized deferred financing costs and discounts.

(b) There were no borrowings outstanding under the Company's revolving credit facility which provides for commitments in an aggregate principal amount of $100,000.

The Company's credit facility agreement contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the lenders under the credit facilities will be entitled to take various actions, including the acceleration of amounts due under the credit facility and all actions permitted to be taken by a secured creditor.

As of September 30, 2022, the Company was in compliance with applicable financial covenants under its credit facility agreement and with applicable financial covenants under each respective indenture by which the senior secured notes and senior notes were issued.

NOTE 8. DERIVATIVES

Interest Rate Swap Contract

In March 2022, the Company entered into an interest rate swap contract, effective April 2022, on a notional amount of $300,000, whereby the Company pays interest of 2.161% through December 2026 and receives interest based on the one-month LIBOR rate. This swap contract is not designated as a hedge for accounting purposes. Accordingly, the changes in the fair value of this interest rate swap contract are recorded through the statement of operations. For the three and nine months ended September 30, 2022, the Company recorded a gain on the interest rate swap contract of $12,079 and $12,376, respectively.

(Dollars in thousands)

NOTE 9. FAIR VALUE MEASUREMENT

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I - Quoted prices for identical instruments in active markets.
- Level II - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III - Instruments whose significant value drivers are unobservable.

The carrying values of cash, accounts receivable, accounts payable, and accrued expenses approximate their fair value due to the short-term maturity of these instruments.

Credit Facility Debt, Senior Secured Notes and Senior Notes

The fair values of each of the Company's debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments of the same remaining maturities.

The carrying values, estimated fair values, and classification under the fair value hierarchy of the Company's financial instruments are summarized below:

		September 30, 2022		December 31, 2021	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility debt	Level II	576,378	$ 589,500	$ 579,119	$ 594,000
Senior secured notes	Level II	442,712	376,875	441,739	434,250
Senior notes	Level II	407,836	336,150	407,104	405,663
		$ 1,426,926	$ 1,302,525	$ 1,427,962	$ 1,433,913

(a) Amounts are net of unamortized deferred financing costs and discounts.

The fair value estimates related to the Company's debt instruments presented above are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Interest Rate Swap

The Company's interest rate swap is valued using market-based inputs in a valuation model. This valuation model requires a variety of inputs, including contractual terms and yield curves. Since model inputs can generally be verified and do not involve significant management judgment, the Company has concluded that this swap instrument should be classified within Level II of the fair value hierarchy.

NOTE 10. INCOME TAXES

The Company is not a taxable entity for federal income tax purposes and the results of its operations are included in the federal tax return of its member. Accordingly, federal income taxes are not reflected in the financial statements for the three and nine months ended September 30, 2022 and 2021. However, the Company is subject to New York City Unincorporated Business Tax ("NYC UBT"). The Company recorded income tax expense of $172 and $375 on pre-tax income of $29,089 and $51,087 for the three and nine months ended September 30, 2022, respectively, and income tax expense of $19 and $86 on pre-tax income of $4,081 and $17,421 for the three and nine months ended September 30, 2021, respectively.

(Dollars in thousands)

NOTE 11. AFFILIATE AND RELATED PARTY TRANSACTIONS

The Company is a majority-owned indirect subsidiary of Altice USA, which is controlled by Patrick Drahi who is also the controlling stockholder of other entities. In connection with the operation of its business, the Company receives certain services from and provides certain services to affiliates, primarily Altice USA and its subsidiaries.

As the transactions discussed below were conducted between entities under common control, amounts charged for certain services may not have represented amounts that might have been received or incurred if the transactions were based upon arm's length negotiations. It is not practicable to determine whether the amounts charged for such services represent amounts that it might have incurred on a standalone basis. Management believes that the assumptions underlying the allocations of corporate general and administration expenses from Altice USA are reasonable.

The following table summarizes the revenue and charges related to services provided to or received from affiliates and related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	$ 1,477	$ 1,198	$ 5,119	$ 3,567
Operating expenses:				
Direct costs	(212)	(208)	(615)	(594)
Other operating expenses, net:				
Technical and network support personnel	(290)	(468)	(1,155)	(1,447)
Corporate overhead and support	(3,231)	(3,198)	(9,424)	(10,129)
Network support services	(1,629)	(1,796)	(4,795)	(5,358)
Health and welfare plans	(847)	(1,471)	(4,418)	(3,533)
401(k) plan	(604)	(523)	(1,920)	(1,580)
Share-based compensation	(8)	(42)	(33)	(127)
Capitalized costs	1,655	1,601	4,679	4,387
Marketing and sales costs charged to affiliates	—	—	—	111
	(4,954)	(5,897)	(17,066)	(17,676)
Total operating expenses	(5,166)	(6,105)	(17,681)	(18,270)
Other income (expense)	(42)	23	(63)	76
Net charges	$ (3,731)	$ (4,884)	$ (12,625)	$ (14,627)
Capital expenditures	$ 4,901	$ 2,123	$ 8,754	$ 5,269

Revenue

Revenue amounts reflected in the table above relate to certain technical services provided primarily to Altice USA, including Ethernet, multiplexing and usage.

Direct Costs

Direct costs relate to data usage and call completion costs charged to the Company by its affiliates.

Technical and Network Support Personnel

The Company was charged for salaries and benefits of technical and network support personnel of Altice USA who performed services exclusively for the Company based upon actual costs incurred by Altice USA.

Corporate Overhead and Support

Certain operating costs are charged by Altice USA to the Company, including overhead and common support function costs (such as human resources, legal, finance, accounting, tax, audit, treasury, information technology, and insurance, etc.) and facility costs based on an estimated level of effort and actual costs incurred by Altice USA as outlined in a services agreement entered into with Altice USA.

(Dollars in thousands)

Network Support Services

The Company was charged a fixed fee per fiber route mile as outlined in a services agreement entered into with Altice USA.

Health and Welfare Plans

Employees of the Company participate in health and welfare plans sponsored by Altice USA. Health and welfare benefit costs have been charged by Altice USA to the Company based upon the proportionate number of participants in the plans.

401(k) Savings Plan

Altice USA sponsors a qualified defined contribution 401(k) savings plan and a nonqualified excess savings plan in which certain employees of the Company participate. The Company makes matching contributions for a portion of employee voluntary contributions. Amounts in the table above reflect total expense related to these plans for Company employees.

Share-based Compensation

Altice USA charged the Company for expenses related to Altice USA's employee share-based incentive plan for Company employees.

Capitalized Costs

Amounts in the table above reflect the portion of the costs allocated to the Company that were capitalized and reflected as property, plant and equipment.

Marketing and Sales Costs Charged to Affiliates

Other operating expenses included an allocation to affiliates for marketing and sales costs for the nine months ended September 30, 2021 which were based on management's estimate of the level of effort to support affiliate services, and for commissions paid to the Company's employees for the sale of affiliate services.

Other Expense

Altice USA sponsors a non-contributory qualified defined benefit cash balance pension plan and a noncontributory non-qualified defined benefit excess cash balance plan in which the benefits earned by the Company's participants are "frozen", although these participants continue to earn interest credits on benefits earned prior to being frozen. Amounts in the table above reflect total expense or benefit allocated to the Company related to these plans. The Company does not provide post-retirement benefits for any of its employees.

Capital Expenditures

Certain Altice USA employees perform network construction activities for the Company. For the three and nine months ended September 30, 2022, $1,656 and $4,680, respectively, and for the three and nine months ended September 30, 2021, $1,601 and $4,387, respectively, of costs allocated to the Company were capitalized and reflected as property, plant and equipment. Additionally, the Company recorded capital expenditures of $3,245 and $4,074 for the three and nine months ended September 30, 2022, respectively, and $522 and $882 for the three and nine months ended September 30, 2021, respectively, primarily related to fiber assets acquired from Altice USA.

Aggregate amounts that were due from and due to related parties are summarized below:

	September 30, 2022	December 31, 2021
Due from affiliates, current	$ 57	$ 1,843
Due to affiliates, current	$ (11,398)	$ (10,666)

NOTE 12. COMMITMENTS AND CONTINGENCIES

Legal Matters

On November 6, 2018, Sprint Communications Company L.P ("Sprint") filed a complaint in the U.S. District Court for the District of Delaware alleging that Altice USA's and the Company's products infringe Sprint's patents purportedly by providing Voice over Internet Protocol ("VoIP") services. The lawsuit is a part of a pattern of litigation that was initiated as far back as 2005 by Sprint against numerous broadband and telecommunications providers, which has resulted in judgments and settlements of significant value for Sprint. Trial is scheduled to commence on December 12, 2022, at which we expect Sprint to seek as much as $250 million in damages. Altice USA intends to vigorously defend the lawsuit. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations or financial position is not known or reasonably estimable at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due, but an allocation of liability from Altice USA to the Company in this matter could be material to the Company's consolidated results of operations or cash flows for any one reporting period.

In October 2019, Phone Administrative Services Inc. filed a New York False Claims Act complaint against numerous telephone providers in New York, including the Company, asserting knowing underpayment of 911 and Emergency Response fees. Defendants filed a motion to dismiss on February 14, 2020. In response to the motion, plaintiff's counsel advised that it would amend the complaint and the parties agreed to hold the motion in abeyance until the complaint was amended. Plaintiff filed its Third Amended Complaint on or about April 29, 2021 and its Fourth Amended Complaint on May 19, 2021. Defendants moved to dismiss that complaint; the Court denied that motion with a limited exception on March 11, 2022. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

In connection with Lightpath Transaction, an affiliate of Altice USA agreed to indemnify the Company and Lightpath Holdings for liabilities incurred by them that are related to the above listed matters, in addition to certain other matters, and that exceed $10,000 in the aggregate.

Altice USA and the Company receive notices from third parties and, in some cases, are named as defendants in certain lawsuits claiming infringement of various patents or copyrights relating to various aspects of the Company's businesses. In certain of these cases the Company expects that any potential liability would be the responsibility of the Company's equipment vendors pursuant to applicable contractual indemnification provisions. In the event that the Company is found to infringe on any patent rights or copyrights, the Company may be subject to substantial damages liability or royalty payments (whether directly or through an allocation of liability between Altice USA and the Company, to the extent of Company's liability), or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers (or a combination of damages/royalty payments and an injunction). The Company believes that the claims are without merit, but is unable to predict the outcome of these matters or reasonably estimate a range of possible loss.

In addition to the matters discussed above, Altice USA and the Company are party to various other lawsuits, disputes and investigations, some of which may involve claims for substantial damages, fines or penalties. Although the outcome of these other matters cannot be predicted and the impact of the final resolution of these other matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not believe that the resolution of these other lawsuits, or an allocation of liability from Altice USA to the Company related thereto, will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

NOTE 13. MANAGEMENT INCENTIVE PLAN

Lightpath Management Incentive Aggregator LLC ("LMIA") established a Management Incentive Plan (the "Lightpath Plan") for the benefit of employees of the Company by issuing equity interests in LMIA which holds an equivalent number of equity interests in Lightpath Holdings LLC ("Holdings"), the Company's parent. These equity interests allow employees to participate in the long-term growth of the Company. The Lightpath Plan provides for an aggregate of 650,000 Class A-1 management incentive units and 350,000 Class A-2 management incentive units for issuance.

As of September 30, 2022, 478,725 Class A-1 management incentive units and 239,050 Class A-2 management incentive units ("Award Units") granted to certain employees of Lightpath were outstanding. Vested units will be redeemed upon a partial exit, a change in control or the completion of an initial public offering, as defined in the Lightpath Holdings LLC agreement. The grant date fair value of the Award Units granted and outstanding as of September 30, 2022 aggregated $31,356 and will be expensed in the period in which a partial exit or a liquidity event is consummated.

NOTE 14. SUBSEQUENT EVENTS

The Company has updated its review of subsequent events as of November 14, 2022 (the date available for issuance) noting no events that require disclosure.

Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis of financial condition and results of operations contains statements concerning our future operating results and future financial performance. Words such as "expects", "anticipates", "believes", "estimates", "may", "will", "should", "could", "potential", "continue", "intends", "plans" and similar words and terms used in the discussion of future operating results, future financial performance and future events identify forward-looking statements. Users are cautioned that such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors.

We operate in a highly competitive, consumer and technology driven and rapidly changing business that is affected by government regulation and economic, strategic, technological, political and social conditions. Various factors could adversely affect our operations, business or financial results in the future and cause our actual results to differ materially from those contained in the forward-looking statements. In addition, important factors that could cause our actual results to differ materially from those in our forward-looking statements include:

- our rights to the use of fiber that we do not own and that comprises a significant portion of our network may be affected by the ability to continue long term contracts and the financial stability of Altice USA and its indirect subsidiary, CSC Holdings LLC ("Altice Service Provider");
- the substantial capital expenditures that our operations require;
- our dependency on our ability to renew our long-term contracts with our customers;
- risks related to our major contracts;
- the impact of the coronavirus ("COVID-19") pandemic;
- tax distributions to our ultimate equity holders in amounts in excess of the tax expense that we would incur if we were a similarly situated corporate taxpayer;
- our ability to obtain financing on terms that are acceptable to us, or at all;
- the unpredictability of future tax liabilities;
- conditions or assumptions differing from the judgments, assumptions or estimates used in our critical accounting policies used in the preparation of our consolidated financial statements or forward-looking statements;
- impairment of goodwill or other intangible assets;
- our ability to efficiently manage our growth;
- our reliance on various third parties for our operations, financial performance and liquidity;
- portions of our property, plant and equipment that are located on property owned by third parties;
- the outcome of litigation and other proceedings;
- our dependence on intellectual property rights and non-infringement on the intellectual property rights of others;
- potential liability for the material that content providers distribute over our networks;
- our failure to hire and retain qualified personnel;
- our reliance on Altice Service Provider’s network and information systems for our operations and a disruption or failure of, or defects in, those systems may disrupt our operations, damage our reputation with customers and adversely affect our results of operations;
- a significant data security breach or our failure to detect and appropriately respond to a significant data security breach;

- our substantial indebtedness and debt service obligations;
- the restrictions contained in our financing agreements;
- adverse changes in the credit market;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate; and
- other risks and uncertainties inherent in business, including those listed under the caption "Risk Factors" included in our Annual Report for the year ended December 31, 2021.

These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could cause our actual results to differ materially from those expressed in any of our forward-looking statements.

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Except to the extent required by law, we do not undertake, and specifically decline any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

You should read this management's discussion and analysis of financial condition and results of operations with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. We qualify all forward-looking statements by these cautionary statements.

Certain numerical figures included in this management's discussion and analysis of financial condition and results of operations have been subject to rounding adjustments. Accordingly, such numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

All dollar amounts included in the following discussion are presented in thousands.

Our Business

We provide enterprise-grade fiber connectivity, bandwidth and managed services to customers primarily in the New York and Boston metropolitan areas. We provide Ethernet, data transport, Dark fiber, Cloud connectivity, IP-based virtual private networks, Internet access, and telephony services, including Session Initiated Protocol ("SIP"), trunking and VoIP services. We also provide managed services to businesses, including hosted telephony services, managed WiFi and managed collaboration services, including audio and web conferencing. Additionally, we offer fiber-to-the-tower ("FTTT") services to wireless carriers. Our customers include companies in health care, financial, education, legal and professional services, and other industries, as well as the public sector and communication providers, incumbent local exchange carriers, and competitive local exchange carriers.

As of September 30, 2022, we had over 13,200 locations connected to our fiber network, which currently includes approximately 19,900 route miles (approximately 9,900 owned route miles and approximately 10,000 route miles pursuant to an IRU from Altice Service Provider and approximately 971,700 fiber miles (i.e., route miles multiplied by the number of fiber strands within each cable sheath; "fiber miles"). Our fiber network as of September 30, 2022 excludes an approximate 8,750 fiber route miles in the New York metropolitan area available to us on preferential terms via our IRU Agreement with Altice Service Provider.

We operate in a highly competitive business telecommunications market and compete primarily with local incumbent telephone companies, especially AT&T Inc., Lumen Technologies, Inc., Frontier Communications Corporation, and Verizon Communications Inc, as well as with a variety of other national and regional business services competitors.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our business effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers.

In March 2020, the United States declared a national emergency concerning the outbreak of COVID-19. The COVID-19 pandemic and the various governmental actions taken in response thereto significantly impacted our business, including how our customers use our products and services and how our employees provide services to our customers. Although we cannot predict how our business and future results will be impacted if the pandemic continues or if governmental authorities take action to slow or prevent an increase in the spread of COVID-19, we have and will work to adapt to the environment in which we operate and continue to provide our products and services to our customers. See "Risk Factors - Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic." included in the Company's annual report for the year ended December 31, 2021.

Non-GAAP Financial Measures

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, non-operating income or expenses, gain (loss) on interest rate swap contract, interest expense, net, depreciation and amortization, share-based compensation expense, and restructuring expense and other expense.

We believe Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in our industry. Internally, we use revenue and Adjusted EBITDA measures as important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. We believe Adjusted EBITDA provides management and investors a useful measure for period-to-period comparisons of our core business and operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company's ongoing operating results. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), and other measures of performance presented in accordance with GAAP. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

We also use Operating Free Cash Flow (defined as Adjusted EBITDA less cash capital expenditures) and Free Cash Flow (defined as net cash flows from operating activities less cash capital expenditures) as indicators of the Company's financial performance. We believe these measures are one of several benchmarks used by investors, analysts and peers for comparison of performance in the Company's industry, although they may not be directly comparable to similar measures reported by other companies.

Results of Operations

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Favorable (Unfavorable)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Favorable (Unfavorable)
			(Unaudited)			
Revenue:						
Ethernet	$ 83,093	$ 82,628	$ 465	$ 248,014	$ 250,749	$ (2,735)
Managed services	7,043	7,842	(799)	20,998	22,449	(1,451)
Time-division multiplexing ("TDM") services	2,234	2,615	(381)	7,186	8,197	(1,011)
Other	4,454	3,007	1,447	16,711	9,214	7,497
Total revenue	**96,824**	**96,092**	**732**	**292,909**	**290,609**	**2,300**
Operating expenses:						
Direct costs	4,460	14,654	10,194	30,466	45,570	15,104
Other operating expenses	31,453	31,201	(252)	94,581	90,928	(3,653)
Restructuring and other expense	—	76	76	635	379	(256)
Depreciation and amortization	24,507	28,896	4,389	74,693	84,967	10,274
Operating income	**36,404**	**21,265**	**15,139**	**92,534**	**68,765**	**23,769**
Other income (expense):						
Interest expense, net	(19,352)	(17,208)	(2,144)	(53,760)	(51,421)	(2,339)
Gain on interest rate swap contract	12,079	—	12,079	12,376	—	12,376
Other income (expense)	(42)	24	(66)	(63)	77	(140)
Income before income taxes	**29,089**	**4,081**	**25,008**	**51,087**	**17,421**	**33,666**
Income tax expense	(172)	(19)	(153)	(375)	(86)	(289)
Net income	**$ 28,917**	**$ 4,062**	**$ 24,855**	**$ 50,712**	**$ 17,335**	**$ 33,377**

The following is a reconciliation of net income to Adjusted EBITDA and Operating Free Cash Flow:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
		(Unaudited)		
Net income	$ 28,917	$ 4,062	$ 50,712	$ 17,335
Income tax expense	172	19	375	86
Other expense (income)	42	(24)	63	(77)
Gain on interest rate swap contract	(12,079)	—	(12,376)	—
Interest expense, net	19,352	17,208	53,760	51,421
Depreciation and amortization	24,507	28,896	74,693	84,967
Restructuring and other expense	—	76	635	379
Share-based compensation	9	42	33	127
Adjusted EBITDA	**60,920**	**50,279**	**167,895**	**154,238**
Less: Capital expenditures (cash)	35,817	22,398	90,579	67,130
Operating Free Cash Flow	**$ 25,103**	**$ 27,881**	**$ 77,316**	**$ 87,108**

The following is a reconciliation of net cash flow from operating activities to Free Cash Flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(Unaudited)			
Net cash flows from operating activities	**$ 37,142**	**$ 26,653**	**$ 114,110**	**$ 102,381**
Less: Capital expenditures (cash)	35,817	22,398	90,579	67,130
Free Cash Flow	**$ 1,325**	**$ 4,255**	**$ 23,531**	**$ 35,251**

Comparison of Results for the Three and Nine Months Ended September 30, 2022 as compared to the Three and Nine Months Ended September 30, 2021

Revenue

Revenue for the three and nine months ended September 30, 2022 was $96,824 and $292,909, while revenue for the three and nine months ended September 30, 2021 was $96,092 and $290,609, respectively. The Company's revenue is derived primarily from the sale of fiber-based broadband and telephony services, including bandwidth and managed services, to enterprise customers and carrier customers. Other revenue includes contract termination fees, IRU contract fees, and fees for usage, access, installation, and other ancillary services. The revenue increase of $732 for the three months ended September 30, 2022 as compared to the same period in the prior year was primarily due to increases in Ethernet and contract termination fees, partially offset by decreases in managed services and TDM revenue. The revenue increase of $2,300 (1%) for the nine months ended September 30, 2022 as compared to the same period in the prior year was primarily due to an increase in contract termination fees, partially offset by decreases in Ethernet, managed services and TDM revenue.

Direct Costs

Direct costs for the three and nine months ended September 30, 2022 amounted to $4,460 and $30,466, compared to $14,654 and $45,570 for the three and nine months ended September 30, 2021, respectively. These costs include taxes and surcharges which represent federal and state fees incurred by the Company to operate as a telecommunications carrier. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers.

The decreases of $10,194 (70%) and $15,104 (33%) for the three and nine months ended September 30, 2022, as compared to the prior year periods were attributable to the following:

	Three Months	Nine Months
Decrease in taxes and surcharges primarily due to certain tax refunds	$ (9,593)	$ (12,377)
Decrease in circuit fees	(503)	(1,920)
Decrease primarily from call completion and interconnection costs	(98)	(807)
	$ (10,194)	$ (15,104)

Other Operating Expenses

Other operating expenses for the three and nine months ended September 30, 2022 amounted to $31,453 and $94,581, compared to $31,201 and $90,928 for the three and nine months ended September 30, 2021, respectively. Other operating expenses include (i) staff costs including salaries and commissions of company employees and related taxes, benefits and other employee related expenses; (ii) costs associated with the repair and maintenance of our network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers; (iii) overhead and common support function costs (such as human resources, legal, government affairs, finance, accounting, tax, audit, treasury, information technology, and insurance, etc.) and facility costs; and (iv) various other operating expenses including agency fees, rent, subscriber billing costs, and marketing and advertising costs. See Note 11 to our consolidated financial statements included in this quarterly report for a discussion of services performed by affiliates of the Company and the related charges for those services.

The increases of $252 and $3,653 (4%) in other operating expenses for the three and nine months ended September 30, 2022 as compared to the prior year periods were attributable to the following:

	Three Months	Nine Months
Net increase in labor costs and benefits, partially offset by an increase in capitalizable activity	$ 587	$ 6,591
Increase in rent	362	1,274
Decrease in bad debt expense	(1,243)	(2,121)
Decrease in property taxes	(218)	(1,351)
Other net increases (decreases)	764	(740)
	$ 252	$ 3,653

Restructuring and Other Expense

Restructuring and other expense for the nine months ended September 30, 2022 amounted to $635 and for the three and nine months ended September 30, 2021 amounted to $76 and $379, respectively. Restructuring and other expense includes severance and other employee related costs and transactions costs for acquisitions.

Depreciation and Amortization

Depreciation and amortization for the three and nine months ended September 30, 2022 amounted to $24,507 and $74,693, as compared to $28,896 and $84,967 for the three and nine months ended September 30, 2021, respectively. The decreases in depreciation and amortization of $4,389 (15%) and $10,274 (12%) for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 were due to the acceleration of depreciation in 2021 related to asset retirements.

Adjusted EBITDA

Adjusted EBITDA amounted to $60,920 and $167,895 for the three and nine months ended September 30, 2022 as compared to $50,279 and $154,238 for the three and nine months ended September 30, 2021, respectively.

The increases in Adjusted EBITDA of $10,641 (21%) and $13,657 (9%) for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 were primarily due to decreases in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation) and increases in revenue, as discussed above.

Operating Free Cash Flow

Operating free cash flow was $25,103 and $77,316 for the three and nine months ended September 30, 2022 as compared to $27,881 and $87,108 for the three and nine months ended September 30, 2021, respectively. The decreases of $2,778 (10%) and $9,792 (11%) for the three and nine months ended September 30, 2022 as compared to the same periods in 2021 were due to increases in capital expenditures, partially offset by increases in Adjusted EBITDA.

Free Cash Flow

Free cash flow was $1,325 and $23,531 for the three and nine months ended September 30, 2022 as compared to $4,255 and $35,251 for the three and nine months ended September 30, 2021, respectively. The decreases in free cash flow of $2,930 (69%) and $11,720 (33%) for the three and nine months ended September 30, 2022 as compared to the same periods in 2021 were due to increases in capital expenditures, partially offset by increases in net cash flows from operating activities.

Interest Expense, Net

Interest expense, net was $19,352 and $53,760 for the three and nine months ended September 30, 2022, as compared to $17,208 and $51,421 for the three and nine months ended September 30, 2021, respectively. The increases were primarily due to increases in interest rates, partially offset by decreases in average debt balances.

Gain on Interest Rate Swap Contract

Gain on interest rate swap contract was $12,079 and $12,376 for the three and nine months ended September 30, 2022. These amounts represent the change in the fair value on the interest rate swap contract the Company entered into in March 2022. This contract is not designated as a hedge for accounting purposes.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2022, our consolidated cash and cash equivalents amounted to $92,490. The Company has a principal amount of long term debt outstanding of $1,448,500 as of September 30, 2022.

Our most significant financial obligations are our debt obligations. The terms of the debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Sources of Liquidity

Our principal sources of liquidity are our existing cash balances, operating cash flows of our operating subsidiaries and availability under the revolving credit facility, which we believe will provide adequate funds to support our current operating plan, make planned capital expenditures, and fulfill our debt service requirements pursuant to our outstanding indebtedness, for the next twelve months. The availability of borrowings under our credit facility is conditioned upon compliance with specified leverage ratios. Our ability to fund our operations, make planned capital expenditures, and make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. Competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position.

In the longer term, we may not be able to generate sufficient cash from operations to fund anticipated capital expenditures or meet all existing future contractual payment obligations. As a result, we could be dependent upon our access to the capital and credit markets to issue debt or equity. We believe we have the ability to access the credit markets if needed, however, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets or other conditions. We intend to raise significant amounts of funding over the next several years to extend our debt maturities, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating discretionary uses of cash.

Debt issued by the Company is subject to certain restrictive covenants. The Company is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the Company's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to its member or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to several important exceptions and qualifications.

To be able to incur additional debt under an applicable debt instrument, the Company must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument. Senior debt of the Company will be subject to an incurrence test of 6.75:1 (Consolidated Net Leverage to L2QA Pro Forma EBITDA (each as defined in the relevant debt instruments)) and senior secured debt of the Company will be subject to an incurrence test of 4.75:1 (Consolidated Net Senior Secured Leverage (as defined in the relevant debt instrument) to L2QA Pro Forma EBITDA). The Company will be allowed to fully consolidate the EBITDA from any subsidiaries in which we have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments. See Note 7 to the Consolidated Financial Statements for further details of our outstanding indebtedness.

Interest Rate Swap Contract

In March 2022, the Company entered into an interest rate swap contract, effective April 2022, on a notional amount of $300,000, whereby the Company pays interest of 2.161% through December 2026 and receives interest based on the one-month LIBOR rate. This swap contract is not designated as a hedge for accounting purposes. Accordingly, the changes in the fair value of this interest rate swap contract are recorded through the statement of operations. For the three and nine months ended September 30, 2022, the Company recorded a gain on the interest rate swap contract of $12,079 and $12,376, respectively.

Capital Expenditures

The following table presents the Company's capital expenditures for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Fiber network (1)	$ 25,311	$ 19,070	$ 65,299	$ 47,911
Network and customer equipment (2)	8,866	2,565	19,689	16,140
Support and other (3)	1,640	763	5,591	3,079
Capital purchases (cash basis)	35,817	22,398	90,579	67,130
Change in accrued and unpaid purchases and other	3,021	(394)	3,793	(234)
Capital purchases (including accrued but not paid) (4)	$ 38,838	$ 22,004	$ 94,372	$ 66,896

(1) Fiber network includes the cost of design, engineering and construction of the Company's fiber backbone and fiber connections to customer locations.

(2) Network and customer equipment includes routing and interconnection equipment at our network locations, as well as equipment collocated in customer facilities.

(3) Support and other includes costs associated with the replacement or enhancement of non-network assets, such as software systems, office equipment, and facilities.

(4) Amounts are comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Success-based	$ 31,344	$ 23,957	$ 78,788	$ 63,823
Maintenance, support and other	7,494	(1,953)	15,584	3,073
Capital purchases (including accrued not paid)	$ 38,838	$ 22,004	$ 94,372	$ 66,896

Cash Flow - Nine Months Ended September 30, 2022 and 2021

Operating Activities

Net cash provided by operating activities amounted to $114,110 and $102,381 for the nine months ended September 30, 2022 and 2021, respectively.

The increase in cash provided by operating activities of $11,729 in 2022 as compared to 2021 resulted from an increase in net income before depreciation and amortization and other non-cash items of $21,789 and a decrease of $10,060 due to changes in working capital (including an increase in interest payments of $3,019 and a decrease in tax payments of $682), as well as the timing of payments and collections of accounts receivable, among other items.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2022 was $90,577 and consisted primarily of capital expenditures. Net cash used in investing activities for the nine months ended September 30, 2021 was $95,374 and consisted primarily of capital expenditures of $67,130 and payments for acquisitions of $28,260.

Financing Activities

Net cash used in financing activities amounted to $4,500 for the nine months ended September 30, 2022 and represents the repayment of debt. Net cash provided by financing activities amounted to $2,587 for the nine months ended September 30, 2021 and included contributions from the Company's parent entity of $7,087, partially offset by the repayment of debt of $4,500.

Commitments and Contingencies

As of September 30, 2022, the Company's commitments and contingencies not reflected in the Company's balance sheet increased to approximately $63,617 as compared to approximately $31,156 at December 31, 2021. This increase relates primarily to new purchase obligations made in the ordinary course of business.