
CABLEVISION LIGHTPATH LLC

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

| | March 31, 2025 (Unaudited) | December 31, 2024 |
|---|----------------------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 93,835 | \$ 102,914 |
| Accounts receivable, trade (less allowance for credit losses of \$1,665 and \$1,765, respectively) | 16,305 | 31,906 |
| Prepaid expenses and other current assets (\$57 due from affiliates in 2025) | 17,558 | 15,388 |
| Total current assets | 127,698 | 150,208 |
| Property, plant and equipment, net of accumulated depreciation of \$836,390 and \$814,110, respectively | 1,007,417 | 986,559 |
| Right-of-use operating lease assets | 23,701 | 24,883 |
| Other assets | 14,833 | 14,216 |
| Derivative contracts | 4,970 | 8,466 |
| Amortizable intangibles, net of accumulated amortization of \$279,448 and \$275,062, respectively | 82,846 | 87,232 |
| Indefinite-lived franchise rights | 340,000 | 340,000 |
| Goodwill | 105,894 | 105,894 |
| Total assets | <u>\$ 1,707,359</u> | <u>\$ 1,717,458</u> |
| LIABILITIES AND TOTAL EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 17,735 | \$ 24,059 |
| Interest payable | 4,024 | 14,503 |
| Accrued employee related costs | 7,987 | 13,194 |
| Amounts due to affiliates | 45,759 | 47,988 |
| Deferred revenue | 18,748 | 2,693 |
| Debt | 6,987 | 7,291 |
| Other current liabilities | 10,583 | 12,145 |
| Total current liabilities | 111,823 | 121,873 |
| Deferred tax liability, net | 4,336 | 4,298 |
| Deferred revenue | 13,726 | 21,872 |
| Right-of-use operating lease liability | 17,462 | 17,691 |
| Other liabilities | 6,201 | 5,908 |
| Long-term debt, net of current maturities | 1,526,449 | 1,527,424 |
| Total liabilities | <u>1,679,997</u> | <u>1,699,066</u> |
| Commitments and contingencies (Note 12) | | |
| Member's equity | 27,362 | 18,392 |
| | <u>\$ 1,707,359</u> | <u>\$ 1,717,458</u> |

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 March 31, | |
|--|------------------------------|------------------|
| | 2025 | 2024 |
| Revenue (including revenue from affiliates of \$2,206 and \$1,996, respectively. See Note 11) | \$ 107,690 | \$ 100,371 |
| Operating expenses: | | |
| Direct costs (including charges from affiliates of \$74 and \$62, respectively. See Note 11) | 11,020 | 10,473 |
| Other operating expenses (including charges from affiliates of \$3,927 and \$4,700, respectively. See Note 11) | 32,228 | 31,727 |
| Restructuring, impairments and other operating items | 298 | 406 |
| Depreciation and amortization | 30,084 | 25,893 |
| | <u>73,630</u> | <u>68,499</u> |
| Operating income | 34,060 | 31,872 |
| Other expense: | | |
| Interest expense, net | (23,267) | (24,439) |
| Gain (loss) on interest rate swap contracts, net | (1,719) | 9,161 |
| Other expense (See Note 11) | (31) | (50) |
| | <u>(25,017)</u> | <u>(15,328)</u> |
| Income before income taxes | 9,043 | 16,544 |
| Income tax expense | (73) | (90) |
| Net income | <u>\$ 8,970</u> | <u>\$ 16,454</u> |
| Comprehensive income | <u>\$ 8,970</u> | <u>\$ 16,454</u> |

See accompanying notes to consolidated financial statements.

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

| | Member's Equity |
|----------------------------------|--------------------|
| Balance at January 1, 2025 | \$ 18,392 |
| Net income | 8,970 |
| Balance at March 31, 2025 | <u>\$ 27,362</u> |

| | Member's Deficiency |
|----------------------------------|------------------------|
| Balance at January 1, 2024 | \$ (24,015) |
| Net income | 16,454 |
| Balance at March 31, 2024 | <u>\$ (7,561)</u> |

See accompanying notes to consolidated financial statements.

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

| | Three Months Ended March 31, | |
|---|------------------------------|-----------|
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Net income | \$ 8,970 | \$ 16,454 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 30,084 | 25,893 |
| Deferred income taxes | 38 | 28 |
| Decrease in right-of-use assets | 1,796 | 1,769 |
| Amortization of deferred financing costs | 846 | 1,233 |
| Allowance for credit losses | (4) | (207) |
| Other | — | 225 |
| Change in assets and liabilities: | | |
| Accounts receivable, trade | 15,605 | 2,762 |
| Prepaid expenses and other assets | (2,730) | (2,893) |
| Amounts due to affiliates | (2,286) | 21,599 |
| Accounts payable | 1,540 | 2,183 |
| Accrued liabilities | (18,908) | (16,233) |
| Deferred revenue | 7,909 | 1,797 |
| Interest rate swap contracts | 3,865 | (5,887) |
| Net cash provided by operating activities | 46,725 | 48,723 |
| Cash flows from investing activities: | | |
| Capital expenditures | (44,679) | (48,180) |
| Payment for acquisition | (9,000) | — |
| Net cash used in investing activities | (53,679) | (48,180) |
| Cash flows from financing activities: | | |
| Repayment of debt | (1,760) | (1,500) |
| Principal payments on capital lease obligations | (365) | — |
| Net cash used in financing activities | (2,125) | (1,500) |
| Net decrease in cash and cash equivalents | (9,079) | (957) |
| Cash and cash equivalents at beginning of year | 102,914 | 25,839 |
| Cash and cash equivalents at end of period | \$ 93,835 | \$ 24,882 |

See accompanying notes to consolidated financial statements.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)
(Unaudited)

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Cablevision Lightpath LLC (together with its subsidiaries, "we", "us", "our" or the "Company") provides ethernet, data transport, IP-based virtual private networks, Internet access, telephony services, including Session-Initiated Protocol ("SIP") trunking, and voice over Internet protocol ("VoIP") services to the business market primarily in the New York, Boston and Miami metropolitan areas. In 2024, we acquired a fiber network between New York City and Ashburn, Virginia, as well as a metro network in New York City and New Jersey. We also provide managed services to businesses, including hosted telephony services, managed WiFi, managed desktop and server backup and managed collaboration services including audio and web conferencing. Additionally, we offer fiber-to-the-tower services to wireless carriers, as well as contractual agreements granting indefeasible rights of use ("IRU") of dark fiber to hyperscaler companies. Our direct parent, 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 over us. We classify our operations in one segment.

NOTE 2. BASIS OF PRESENTATION

Our accompanying consolidated financial statements 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 its 49.99% interest in our direct parent on December 1, 2020 (the "Lightpath Transaction"), charges for certain services provided by Altice USA to us are outlined in a services agreement entered into with Altice USA (see Note 11 for a description of the services provided). Our financial position, results of operations and cash flows could differ from those that might have resulted had we 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 our annual report for the year ended December 31, 2024.

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, 2025.

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 our 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.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

NOTE 3. ACCOUNTING PRONOUNCEMENTS

Recently Issued But Not Yet Adopted Accounting Pronouncements

ASU No. 2024-03 Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures

In November 2024, the FASB issued Accounting Standards Update ("ASU") No. 2024-03 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures*, which requires disaggregated disclosures of certain categories of expenses on an annual and interim basis. ASU 2024-03 becomes effective for annual reporting periods beginning after December 15, 2026 (January 1, 2027 for us), and interim reporting periods beginning after December 15, 2027 (January 1, 2028 for us). We are currently evaluating the impact of adopting ASU 2024-03 on our consolidated financial statements and related disclosures, but we expect the adoption will result in additional disaggregation of expense captions within our note disclosures.

ASU No. 2023-09 Income Taxes—Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes—Improvements to Income Tax Disclosures*, which require greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid. ASU No. 2023-09 is effective for us for the year ending December 31, 2025, although early adoption is permitted. We are currently evaluating the impact of adopting ASU No. 2023-09, but we expect additional disclosure disaggregation in our income tax note.

NOTE 4. REVENUE

The following table presents the composition of revenue:

| | Three Months Ended March 31, | |
|---|------------------------------|-------------------|
| | 2025 | 2024 |
| Ethernet | \$ 92,747 | \$ 87,282 |
| Managed services | 6,887 | 6,618 |
| Time-division multiplexing ("TDM") services | 2,856 | 2,527 |
| IRU contract fees | — | 619 |
| Other | 5,200 | 3,325 |
| Total revenue | \$ 107,690 | \$ 100,371 |

Our service offerings consist of various telecommunications services to large enterprise businesses, including broadband, telephony and networking services. We satisfy our performance obligations to provide services to customers over time as the services are rendered. The amount of revenue recognized reflects the consideration which we expect 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. We recognize 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 generally over the average contract term. We also enter into contractual agreements to grant IRUs of dark fiber for a specified term, typically 20 years. These transactions are accounted for under Accounting Standards Codification Topic 842 as sales-type leases and revenue is recognized at the time of delivery and acceptance by the customer.

We are assessed non-income related taxes and fees by governmental authorities and we collect such taxes from our customers. In instances where the tax and fee is being assessed directly on us, amounts paid to the governmental authorities are recorded as direct costs, and amounts received from the customers are recorded as revenue. For the three months ended March 31, 2025 and 2024, the amount of these non-income related taxes and fees included as a component of revenue aggregated \$5,223 and \$4,842, respectively.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

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. Commissions related to customer sales are deferred and amortized over the average contract term. These are included in other current and noncurrent assets in the accompanying consolidated balance sheets and totaled \$14,480 and \$14,080 as of March 31, 2025 and December 31, 2024, respectively.

Concentrations of Credit Risk

We did not have a single customer that represented 10% or more of our consolidated revenues for the three months ended March 31, 2025 and 2024. We did not have a single customer that represented 10% or more of the balance of consolidated trade receivables, net as of March 31, 2025. There were two customers who accounted for approximately 44% of the balance of consolidated trade receivables, net, as of December 31, 2024.

NOTE 5. SUPPLEMENTAL CASH FLOW INFORMATION

Our non-cash investing and financing activities and other supplemental data were as follows:

| | Three Months Ended March 31, | |
|---|------------------------------|-----------|
| | 2025 | 2024 |
| <u>Non-Cash Investing and Financing Activities:</u> | | |
| Property and equipment accrued but unpaid | \$ 11,431 | \$ 16,450 |
| <u>Supplemental Data:</u> | | |
| Interest paid, net | 34,201 | 33,650 |
| Income taxes paid, net | 127 | 101 |

NOTE 6. INTANGIBLE ASSETS

The following table summarizes information relating to our amortizable intangible assets:

| | As of March 31, 2025 | | | As of December 31, 2024 | | | |
|------------------------------|-----------------------|--------------------------|---------------------|-------------------------|--------------------------|---------------------|------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Estimated Useful Lives |
| Customer relationships | \$ 302,294 | \$ (219,448) | \$ 82,846 | \$ 302,294 | \$ (215,062) | \$ 87,232 | 3 to 18 years |
| Trade names | 60,000 | (60,000) | — | 60,000 | (60,000) | — | 4 years |
| | <u>\$ 362,294</u> | <u>\$ (279,448)</u> | <u>\$ 82,846</u> | <u>\$ 362,294</u> | <u>\$ (275,062)</u> | <u>\$ 87,232</u> | |

Amortization expense for the three months ended March 31, 2025 aggregated \$4,386 and \$4,920, respectively.

Goodwill and the value of indefinite-lived franchise rights acquired in business combinations are not amortized. Rather, such assets are tested for impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the assets may be impaired. The carrying amount of indefinite-lived franchise rights and goodwill amounted to \$340,000 and \$105,894, respectively, as of March 31, 2025 and December 31, 2024.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

NOTE 7. DEBT

The following table provides a summary of our outstanding debt:

| | Date Issued | Maturity Date | Interest Rate | March 31, 2025 | | December 31, 2024 | |
|--|--------------------|--------------------|---------------|------------------|---------------------|-------------------|---------------------|
| | | | | Principal Amount | Carrying Amount (a) | Principal Amount | Carrying Amount (a) |
| Senior Notes | September 29, 2020 | September 15, 2028 | 5.625 % | \$ 415,000 | \$ 410,534 | \$ 415,000 | \$ 410,249 |
| Senior Secured Notes | September 29, 2020 | September 15, 2027 | 3.875 % | 450,000 | 446,196 | 450,000 | 445,836 |
| Term Loan Facility (b) | November 30, 2020 | November 30, 2027 | 7.319 % | 674,240 | 671,548 | 676,000 | 673,107 |
| Revolving Credit Facility (c) | | | | — | — | — | — |
| | | | | 1,539,240 | 1,528,278 | 1,541,000 | 1,529,192 |
| Finance lease obligations (d) | | | | 5,158 | 5,158 | 5,523 | 5,523 |
| | | | | 1,544,398 | 1,533,436 | 1,546,523 | 1,534,715 |
| Less: current portion of credit facility debt | | | | (6,742) | (6,742) | (7,042) | (7,042) |
| Less: current portion of finance lease obligations | | | | (245) | (245) | (249) | (249) |
| | | | | (6,987) | (6,987) | (7,291) | (7,291) |
| Long-term debt, net of current maturities | | | | \$ 1,537,411 | \$ 1,526,449 | \$ 1,539,232 | \$ 1,527,424 |

- (a) The carrying amount is net of the unamortized deferred financing costs and discounts.
- (b) See discussion below under "Lightpath Credit Facility" regarding the Refinancing Amendment.
- (c) At March 31, 2025, \$150 of the revolving credit facility was restricted for certain letters of credit issued on our behalf and \$114,850 of the \$115,000 in revolving loan commitments were undrawn and available, subject to covenant limitations.

Credit Facility

We are party to an amended credit agreement (the "Amended Credit Agreement") which provides a term loan in an aggregate principal amount of \$700,000 (\$674,240 outstanding at March 31, 2025) and revolving loan commitments (the "Revolving Credit Facility") in an aggregate principal amount of \$115,000.

Under the Amended Credit Agreement, (i) \$95,000 of the aggregate principal amount of the Revolving Credit Facility will mature on the earlier of (x) June 15, 2027 and (y) the date that is five business days after any Extension Breach Date (as defined in the Amended Credit Agreement), and (ii) the remaining \$20,000 of the aggregate principal amount of the Revolving Credit Facility will mature on November 30, 2025.

In January 2025, we entered into a refinancing amendment (the "Refinancing Amendment") to our Amended Credit Agreement, which refinanced all of the term loans outstanding under our Amended Credit Agreement immediately prior to giving effect to the Refinancing Amendment in order to reduce the applicable margins with respect thereto from (i) with respect to any alternate base rate loan, 2.25% per annum to 2.00% per annum and (ii) with respect to any Term SOFR loan, 3.25% per annum to 3.00%. Additionally, after giving effect to the Refinancing Amendment, interest on borrowings made under the refinanced term loan facility are calculated without giving effect to the spread adjustments (0.11448%, 0.26161% and 0.42826% for interest periods of one, three and six months, respectively) initially provided for under the Amended Credit Agreement.

Debt Compliance

As of March 31, 2025, we were in compliance with applicable financial covenants under the Amended Credit Agreement and with applicable financial covenants under each respective indenture by which our senior secured notes and senior notes were issued.

Summary of Debt Maturities

The future principal payments under our various debt obligations outstanding as of March 31, 2025, but excluding

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

finance lease obligations, are as follows:

| <u>Years Ending December 31,</u> | |
|----------------------------------|-----------|
| 2025 | \$ 5,058 |
| 2026 | 6,742 |
| 2027 | 1,112,440 |
| 2028 | 415,000 |
| Thereafter | — |

NOTE 8. DERIVATIVES

Interest Rate Swap Contracts

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit us to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are not designated as hedges for accounting purposes and are carried at their fair market values on our consolidated balance sheets as derivative contracts, long-term, with changes in fair value reflected in the consolidated statements of operations.

The following is a summary of the terms of our interest rate swap contracts:

| <u>Maturity Date</u> | <u>Notional Amount</u> | <u>Company Pays</u> | <u>Company Receives</u> |
|----------------------|------------------------|----------------------|-------------------------|
| December 2026 | \$300,000 | Fixed rate of 2.11% | One-month SOFR |
| December 2026 | 180,000 | Fixed rate of 3.523% | One-month SOFR |
| December 2026 | 95,000 | Fixed rate of 3.979% | One-month SOFR |

For the three months ended March 31, 2025, we recorded a loss on interest rate swap contracts of \$1,719 and for the three months ended March 31, 2024 we recorded a gain of \$9,161.

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.

Our money market funds of \$88,516 and \$100,434 as of March 31, 2025 and December 31, 2024, respectively, are recorded as cash equivalents and classified within Level I of the fair value hierarchy because they are valued using quoted market prices.

Our interest rate swap contracts are valued using market-based inputs to valuation models. These valuation models require a variety of inputs, including contractual terms, market prices, yield curves, and measures of volatility. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit risk considerations. Such adjustments are generally based on available market evidence. Since model inputs can generally

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

be verified and do not involve significant management judgment, we have concluded that these instruments should be classified within Level II of the fair value hierarchy.

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 our debt instruments are based on quoted market prices of these instruments.

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

| | Fair Value Hierarchy | March 31, 2025 | | December 31, 2024 | |
|----------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | | Carrying Amount (a) | Estimated Fair Value | Carrying Amount (a) | Estimated Fair Value |
| Credit facility debt | Level II | 671,548 | \$ 674,239 | \$ 673,107 | \$ 676,000 |
| Senior secured notes | Level II | 446,196 | 426,375 | 445,836 | 421,875 |
| Senior notes | Level II | 410,534 | 379,206 | 410,249 | 384,913 |
| | | <u>\$ 1,528,278</u> | <u>\$ 1,479,820</u> | <u>\$ 1,529,192</u> | <u>\$ 1,482,788</u> |

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

The fair value estimates related to our 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.

NOTE 10. INCOME TAXES

We are treated as a partnership for income tax purposes, thus the taxability of our income is passed to our members. Accordingly, federal income taxes are not reflected in the accompanying statements of operations. However, we are subject to New York City Unincorporated Business Tax ("NYC UBT"). We recorded an income tax expense of \$73 on pre-tax income of \$9,043 for the three months ended March 31, 2025, and an income tax expense of \$90 on pre-tax income of \$16,544 for the three months ended March 31, 2024. The primary drivers of tax expense relate to the tax effect on earnings, nondeductible interest expense, and the remeasurement of the net deferred tax liability.

NOTE 11. AFFILIATE AND RELATED PARTY TRANSACTIONS

We are 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 our business, we receive certain services from and provide 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 costs related to services provided to or received from affiliates and related parties:

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2025 | 2024 |
| Revenue..... | \$ 2,206 | \$ 1,996 |
| Operating expenses: | | |
| Direct costs..... | (74) | (62) |
| Other operating expenses, net: | | |
| Technical and network support personnel..... | (327) | (442) |
| Corporate overhead and support..... | (1,610) | (2,156) |
| Network support services..... | (1,123) | (2,462) |
| Health and welfare plans..... | (2,226) | (1,441) |
| 401(k) plan..... | (587) | (766) |
| Capitalized costs..... | 1,946 | 2,567 |
| | (3,927) | (4,700) |
| Total operating expenses..... | (4,001) | (4,762) |
| Other expense..... | (31) | (50) |
| Net charges..... | \$ (1,826) | \$ (2,816) |
| Capital expenditures..... | \$ 1,946 | \$ 2,567 |

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 us by our affiliates.

Technical and Network Support Personnel

We were charged for salaries and benefits of technical and network support personnel of Altice USA who performed services exclusively for us based upon actual costs incurred by Altice USA.

Corporate Overhead and Support

Certain operating costs are charged by Altice USA to us, 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.

Network Support Services

We were charged a fixed fee per fiber route mile as outlined in a services agreement entered into with Altice USA.

Health and Welfare Plans

Our employees participate in health and welfare plans sponsored by Altice USA. Health and welfare benefit costs are generally charged by Altice USA to us 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 of our employees participate. We make matching contributions for a portion of employee voluntary contributions. Amounts in the table above reflect the total expense related to these employee plans.

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

Capitalized Costs

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

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 our employees who participate are "frozen." Amounts in the table above reflect total income or benefit allocated to us related to these plans. We do not provide post-retirement benefits for any of our employees.

Capital Expenditures

Certain Altice USA employees performed network construction activities for us. For the three months ended March 31, 2025 and 2024, \$1,946 and \$2,567 of costs allocated to us were capitalized and reflected as property, plant and equipment.

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

| | March 31, 2025 | December 31, 2024 |
|-----------------------------------|----------------|-------------------|
| Due from affiliates, current..... | \$ 57 | \$ — |
| Due to affiliates, current | \$ (45,759) | \$ (47,988) |

NOTE 12. COMMITMENTS AND CONTINGENCIES

In 2014, plaintiff Phone Administrative Services Inc. filed a New York False Claims Act complaint against numerous telephone providers in New York asserting knowing underpayment of 911 and Emergency Response fees. In October 2019, plaintiff filed a Second Amended Complaint that added us as a defendant. Defendants filed a motion to dismiss on February 14, 2020. In response to the motion, plaintiff's counsel advised that it would again 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. On September 4, 2022, plaintiff served its Fifth Amended Complaint and, on February 20, 2023, plaintiff served its Sixth Amended Complaint. Defendants have filed a motion for summary judgment dismissing the Sixth Amended Complaint. Plaintiff has filed two motions for partial summary judgment, only one of which is directed to us. The motions were submitted to the Court on April 15, 2024 and scheduled for oral argument on a date thereafter. The Court has advised that it will not be hearing oral argument on the summary judgment motions, which remain pending the Court's decisions. On January 21, 2025, the Court granted our Motion for Summary Judgment and dismissed the plaintiff's Sixth Amended Complaint. On February 5, 2025, Plaintiff filed a notice of appeal. Plaintiff has until August 5, 2025, to perfect its appeal.

Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on our 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 our operations or financial position or our ability to meet our financial obligations as they become due.

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

In addition to the matters discussed above, we and Altice USA 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 our 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 us related thereto, will have a

CABLEVISION LIGHTPATH LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands)
(Unaudited)

material adverse effect on our operations or financial position or our ability to meet our financial obligations as they become due.

NOTE 13. MANAGEMENT INCENTIVE PLAN

As of March 31, 2025, 616,334 Class A-1 management incentive units and 297,277 Class A-2 management incentive units ("Award Units") granted to certain of our employees 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 outstanding aggregated \$32,180 and will be expensed in the period in which a partial exit or a liquidity event is consummated.

NOTE 14. SUBSEQUENT EVENTS

We have updated our review of subsequent events as of May 15, 2025 (the date available for issuance) noting no other 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;
- 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 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 cybersecurity incident or our failure to detect and appropriately respond to a significant cybersecurity incident;
- 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, 2024.

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 Ethernet, data transport, IP-based virtual private networks, Internet access, telephony services, including SIP trunking and VoIP services to the business market primarily in the New York, Boston and Miami metropolitan areas. In 2024, we acquired a fiber network between New York City and Ashburn, Virginia, as well as a metro network in New York City and New Jersey. We also provide managed services to businesses, including hosted telephony services, managed WiFi, managed desktop and server backup and managed collaboration services including audio and web conferencing. Additionally, we offer 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 March 31, 2025, we had approximately 17,000 locations connected to our fiber network, which include approximately 11,700 unique route miles (in each case, comprised of route miles that are owned by us or currently utilized by us pursuant to IRU agreements from an indirect subsidiary of Altice USA ("CSC Holdings LLC" or "Altice Service Provider" and other parties). "Unique route miles" reflect the total aggregate distance measured in miles of all routes contained within the network that do not include overlap for multiple sheaths on similar routes. Our network currently includes approximately 1,811,500 "fiber miles" (i.e., the cumulative length of all fiber optic cables within our network) that we own directly or utilize through IRU agreements. None of these unique route miles or fiber miles disclosed above include additional fiber route miles in the New York metropolitan area that are available to us under 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 Parent, Inc., and Verizon Communications Inc., as well as with a variety of other national and regional business services competitors.

Management

There have been no changes to our executive officers as disclosed in our Annual Report for the year ended December 31, 2024.

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.

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 extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, interest expense, net, depreciation and amortization, share-based compensation, restructuring, impairments and other operating items (such as significant legal settlements and contractual payments for terminated employees). See reconciliation of net income (loss) to Adjusted EBITDA below.

Adjusted EBITDA eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our business and from intangible assets recognized from acquisitions, as well as certain non-cash and other operating items that affect the period-to-period comparability of our operating performance. In addition, Adjusted EBITDA is unaffected by our capital and tax structures and by our investment activities.

We believe Adjusted EBITDA is an appropriate measure for evaluating our operating performance. 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 our 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 U.S. generally accepted accounting principles ("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 Free Cash Flow (defined as net cash flows from operating activities less cash capital expenditures) as a liquidity measure. We believe this measure is useful to investors in evaluating our ability to service our debt and make continuing investments with internally generated funds, although it may not be directly comparable to similar measures reported by other companies.

Results of Operations

| | Three Months Ended March 31, | | Favorable (Unfavorable) |
|--|---------------------------------|------------------|----------------------------|
| | 2025 | 2024 | |
| | (Unaudited) | | |
| Revenue: | | | |
| Ethernet | \$ 92,747 | \$ 87,282 | \$ 5,465 |
| Managed services | 6,887 | 6,618 | 269 |
| Time-division multiplexing ("TDM") services | 2,856 | 2,527 | 329 |
| IRU contract fees | — | 619 | (619) |
| Other | 5,200 | 3,325 | 1,875 |
| Total revenue | 107,690 | 100,371 | 7,319 |
| Operating expenses: | | | |
| Direct costs | 11,020 | 10,473 | (547) |
| Other operating expenses | 32,228 | 31,727 | (501) |
| Restructuring, impairments and other operating items | 298 | 406 | 108 |
| Depreciation and amortization | 30,084 | 25,893 | (4,191) |
| Operating income | 34,060 | 31,872 | 2,188 |
| Other expense: | | | |
| Interest expense, net | (23,267) | (24,439) | 1,172 |
| Gain (loss) on interest rate swap contracts, net | (1,719) | 9,161 | (10,880) |
| Other expense | (31) | (50) | 19 |
| Income before income taxes | 9,043 | 16,544 | (7,501) |
| Income tax expense | (73) | (90) | 17 |
| Net income | \$ 8,970 | \$ 16,454 | \$ (7,484) |

The following is a reconciliation of net income to Adjusted EBITDA:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2025 | 2024 |
| | (Unaudited) | |
| Net income | \$ 8,970 | \$ 16,454 |
| Income tax expense | 73 | 90 |
| Other expense | 31 | 50 |
| Loss (gain) on interest rate swap contracts, net | 1,719 | (9,161) |
| Interest expense, net | 23,267 | 24,439 |
| Depreciation and amortization | 30,084 | 25,893 |
| Restructuring, impairments and other operating items | 298 | 406 |
| Adjusted EBITDA | \$ 64,442 | \$ 58,171 |

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

| | | Three Months Ended March 31, | |
|---|-----------|---------------------------------|------------------|
| | | 2025 | 2024 |
| | | (Unaudited) | |
| Net cash flows from operating activities | \$ | 46,725 | \$ 48,723 |
| Capital expenditures (cash) | | 44,679 | 48,180 |
| Free Cash Flow | \$ | 2,046 | \$ 543 |

Comparison of Results for the Three Months Ended March 31, 2025 as compared to the Three Months Ended March 31, 2024

Revenue

Revenue for the three months ended March 31, 2025 and 2024 was \$107,690 and \$100,371, respectively. Our 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, as well as IRU contract fees primarily from hyperscaler customers. Other revenue includes contract termination fees and fees for usage, access, installation, and other ancillary services. Revenue increased \$7,319 (7%) for the three months ended March 31, 2025, as compared to the same period in the prior year. The increase was primarily due to increases in Ethernet revenue, TDM revenue, IRU contract fee revenue, and managed services.

Direct Costs

Direct costs for the three months ended March 31, 2025 and 2024 amounted to \$11,020 and \$10,473, respectively. These costs include taxes and surcharges which represent federal and state fees incurred by us 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 increase of \$547 (5%) for the three months ended March 31, 2025 as compared to the prior year period was attributable to the following:

| | |
|--|---------------|
| Increase in taxes and surcharges, primarily from higher tax refunds received in 2024 | \$ 1,741 |
| Other net decreases | (1,194) |
| | <u>\$ 547</u> |

Other Operating Expenses

Other operating expenses for the three months ended March 31, 2025 and 2024 amounted to \$32,228 and \$31,727, respectively. Other operating expenses include (i) salaries and commissions of 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, finance, government affairs, 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 our affiliates and the related charges for these services.

The increase in other operating expenses of \$501 (2%) for the three months ended March 31, 2025 as compared to the prior year period was attributable to the following:

| | |
|--|---------------|
| Increase in consulting and professional costs | \$ 953 |
| Decrease in common support function costs provided by Altice USA | (1,348) |
| Other net increases | 896 |
| | <u>\$ 501</u> |

Restructuring, Impairments and Other Operating Items

Restructuring, impairments and other operating items for the three months ended March 31, 2025 and 2024 amounted to \$298 and \$406, respectively. Restructuring, impairments and other operating items include severance and other employee related costs and transactions costs for acquisitions.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2025 and 2024 amounted to \$30,084 and \$25,893, respectively. The increase in depreciation and amortization of \$(4,191) (16%) for the three months ended

March 31, 2025 as compared to the prior year period was a result of asset additions, partially offset by certain assets becoming fully depreciated.

Adjusted EBITDA

Adjusted EBITDA amounted to \$64,442 and \$58,171, for the three months ended March 31, 2025 and 2024, respectively. Adjusted EBITDA is a non-GAAP measure. See the definition of Adjusted EBITDA under "Non-GAAP Financial Measures" and the reconciliation of net income to Adjusted EBITDA above.

The increase in Adjusted EBITDA of \$6,271 (11%) for the three months ended March 31, 2025 as compared to the prior year period was primarily due to an increase in revenue, partially offset by an increase in operating expenses (excluding depreciation and amortization, restructuring, impairments and other operating items, and share-based compensation), as discussed above.

Free Cash Flow

Free cash flow was \$2,046 and \$543 for the three months ended March 31, 2025 and 2024, respectively. The increase of \$1,503 was primarily due to a decrease in capital expenditures, offset by a decrease in net cash flows from operating activities.

Interest Expense, Net

Interest expense, net, was \$23,267 and \$24,439 for the three months ended March 31, 2025 and 2024, respectively. The decrease of \$1,172 (5%) was primarily due to higher interest income and lower amortization of deferred financing and original issue discounts as compared to the prior year.

Gain (Loss) on Interest Rate Swap Contracts, Net

Gain (loss) on interest rate swap contracts, net, was \$(1,719) and \$9,161 for the three months ended March 31, 2025 and 2024, respectively. These amounts represent the change in the fair value on our interest rate swap contracts entered into in November 2024, April 2023 and March 2022. These contracts are not designated as hedges for accounting purposes.

Other Expense

Other expense amounted to \$31 and \$50 for the three months ended March 31, 2025 and 2024, respectively. These amounts primarily relate to the non-service cost components of Altice USA's pension expense allocated to us.

Income Tax Benefit (Expense)

We are treated as a partnership for income tax purposes and are subject to tax in New York City Unincorporated Business Tax ("NYC UBT"). We recorded an income tax expense of \$73 and \$90 for the three months ended March 31, 2025 and 2024, respectively. The primary drivers of tax expense relate to the tax effect on earnings, nondeductible interest expense, and the remeasurement of the net deferred tax liability.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2025 our consolidated cash and cash equivalents amounted to \$93,835 and we had principal debt outstanding of \$1,544,398.

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 our 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, make scheduled payments on our indebtedness and repay at, or refinance our indebtedness prior to,

maturity depends on our future operating performance and cash flows and our ability to access the capital and credit 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 will be dependent on our ability to access 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 us is subject to certain restrictive covenants. We are subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on our 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, we 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. Our senior debt 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 our senior secured debt 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). We 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.

Credit Agreement

We are party to an amended credit agreement (the "Amended Credit Agreement") which provides a term loan in an aggregate principal amount of \$700,000 (\$674,240 outstanding at March 31, 2025) and revolving loan commitments (the "Revolving Credit Facility") in an aggregate principal amount of \$115,000. As of March 31, 2025, \$114,850 of the \$115,000 from the Revolving Credit Facility was undrawn and available.

Under the Amended Credit Agreement, (i) \$95,000 of the aggregate principal amount of the Revolving Credit Facility will mature on the earlier of (x) June 15, 2027 and (y) the date that is five business days after any Extension Breach Date (as defined in the Amended Credit Agreement); and (ii) the remaining \$20,000 of the aggregate principal amount of the Revolving Credit Facility will mature on November 30, 2025.

In January 2025, we entered into a refinancing amendment (the "Refinancing Amendment") to our Amended Credit Agreement, which refinanced all of the term loans outstanding under our Amended Credit Agreement immediately prior to giving effect to the Refinancing Amendment in order to reduce the applicable margins with respect thereto from (i) with respect to any alternate base rate loan, 2.25% per annum to 2.00% per annum and (ii) with respect to any Term SOFR loan, 3.25% per annum to 3.00%. Additionally, after giving effect to the Refinancing Amendment, interest on borrowings made under the refinanced term loan facility are calculated without giving effect to the spread adjustments (0.11448%, 0.26161% and 0.42826% for interest periods of one, three and six months, respectively) initially provided for under the Amended Credit Agreement.

As of March 31, 2025, we were in compliance with applicable financial covenants under the Amended Credit Agreement and with applicable financial covenants under each respective indenture by which our senior secured notes and senior notes were issued.

Senior Secured Notes and Senior Notes

As of March 31, 2025, we were in compliance with applicable financial covenants under each respective indenture by which the senior secured notes and senior notes were issued.

Capital Expenditures

The following table presents our capital expenditures for the periods indicated:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2025 | 2024 |
| Fiber network (a) | \$ 32,331 | \$ 36,850 |
| Network and customer equipment (b) | 6,606 | 9,750 |
| Support and other (c) | 5,742 | 1,580 |
| Capital purchases (cash basis) | 44,679 | 48,180 |
| Change in accrued and unpaid purchases and other | (7,863) | (1,183) |
| Capital purchases (including accrued but not paid) (d) | <u>\$ 36,816</u> | <u>\$ 46,997</u> |

- (a) Fiber network includes the cost of design, engineering and construction of our fiber backbone and fiber connections to customer locations.
- (b) Network and customer equipment includes routing and interconnection equipment at our network locations, as well as equipment collocated in customer facilities.
- (c) Support and other includes costs associated with the replacement or enhancement of non-network assets, such as software systems, office equipment, and facilities.
- (d) Amounts are comprised of the following:

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2025 | 2024 |
| Success-based | \$ 27,744 | \$ 37,367 |
| Maintenance, support and other | 9,072 | 9,630 |
| Capital purchases (including accrued not paid) | <u>\$ 36,816</u> | <u>\$ 46,997</u> |

Cash Flow - Three Months Ended March 31, 2025 and 2024

Operating Activities

Net cash provided by operating activities amounted to \$46,725 and \$48,723 for the three months ended March 31, 2025 and 2024, respectively.

The decrease in cash provided by operating activities of \$1,998 in the 2025 period as compared to the 2024 period resulted from a decrease in net income before depreciation and amortization and other non-cash items of \$3,665, partially offset by an increase of \$1,667 due to changes in working capital (including an increase in interest payments of \$551 and an increase in tax payments of \$26), 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 three months ended March 31, 2025 and 2024 was \$53,679 and \$48,180, respectively, consisting primarily of capital expenditures and a payment for an acquisition during the three months ended March 31, 2025.

Financing Activities

Net cash used in financing activities amounted to \$2,125 and \$1,500 for the three months ended March 31, 2025 and 2024, respectively. In 2025, our financing activities consisted of the repayment of debt of \$1,760 and principal payments on capital lease obligations of \$365. In 2024, our financing activities consisted of the repayment of debt of \$1,500.

Commitments and Contingencies

As of March 31, 2025, our commitments and contingencies not reflected in our balance sheet was approximately \$28,511.