

May 2, 2023



# Liberty Broadband Reports First Quarter 2023 Financial Results

ENGLEWOOD, Colo.--(BUSINESS WIRE)-- Liberty Broadband Corporation ("Liberty Broadband") (Nasdaq: LBRDA, LBRDK, LBRDP) today reported first quarter 2023 results.

Headlines include<sup>(1)</sup>:

- Fair value of Charter investment was \$16.8 billion as of March 31<sup>st</sup>
- Issued \$1.3 billion aggregate principal amount of 3.125% exchangeable senior debentures due 2053 and used net proceeds and cash on hand to repurchase \$1.4 billion of near-term liabilities
- Liberty Broadband did not sell Charter shares to Charter from February 1<sup>st</sup> through April 30<sup>th</sup> as its fully diluted equity interest in Charter remained below 26%<sup>(2)</sup>
- From February 1<sup>st</sup> through April 30<sup>th</sup>, Liberty Broadband repurchased 137 thousand LBRDA/K shares at an average price per share of \$92.84 for total cash consideration of \$13 million
- In the first quarter, GCI<sup>(3)</sup> increased revenue 6% to \$246 million, generated \$29 million in operating income and grew Adjusted OIBDA<sup>(4)</sup> 3% to \$90 million

## Share Repurchases

From February 1, 2023 through April 30, 2023, Liberty Broadband repurchased 99 thousand shares of Series C Liberty Broadband common stock (Nasdaq: LBRDK) at an average cost per share of \$92.82 for total cash consideration of \$9 million and repurchased 38 thousand shares of Series A Liberty Broadband common stock (Nasdaq: LBRDA) at an average cost per share of \$92.88 for total cash consideration of \$4 million. The total remaining repurchase authorization for Liberty Broadband as of May 1, 2023 is approximately \$2.0 billion.

## Charter Ownership

Under the terms of Liberty Broadband and Charter's stockholder agreement, Liberty Broadband has sold and will continue to sell to Charter a number of shares of Class A common stock as is necessary to maintain Liberty Broadband's percentage equity interest at 26% on a fully diluted basis. Such sales are executed by Liberty Broadband monthly based on Charter's repurchase activity in the month prior.

From February 1, 2023 through April 30, 2023, Liberty Broadband did not sell any Charter shares to Charter as its fully diluted equity interest in Charter for the period was below 26%.

## Balance Sheet

The following presentation is provided to separately identify cash and liquid investments,

debt and public holdings of Liberty Broadband as of December 31, 2022 and March 31, 2023.

<i>(amounts in millions)</i>	12/31/2022	3/31/2023
<b>Cash and Cash Equivalents:</b>		
GCI Holdings	\$ 85	\$ 59
Corporate and Other	290	110
<b>Total Liberty Broadband Consolidated Cash</b>	<b>\$ 375</b>	<b>\$ 169</b>
<b>Fair Value of Public Holdings in Charter<sup>(a)</sup></b>	<b>\$ 16,012</b>	<b>\$ 16,843</b>
<b>Debt:</b>		
Senior Notes <sup>(b)</sup>	\$ 600	\$ 600
Senior Credit Facility	397	396
Tower Obligations and Other <sup>(c)</sup>	94	93
<b>Total GCI Holdings Debt</b>	<b>\$ 1,091</b>	<b>\$ 1,089</b>
GCI Leverage <sup>(d)</sup>	2.8x	2.9x
Charter Margin Loan	\$ 1,400	\$ 1,400
3.125% Exchangeable Senior Debentures due 2053 <sup>(e)</sup>	—	1,265
1.25% Exchangeable Senior Debentures due 2050 <sup>(e)</sup>	825	2
1.75% Exchangeable Senior Debentures due 2046 <sup>(e)</sup>	15	—
2.75% Exchangeable Senior Debentures due 2050 <sup>(e)</sup>	575	—
<b>Total Corporate Level Debt</b>	<b>\$ 2,815</b>	<b>\$ 2,667</b>
<b>Total Liberty Broadband Debt</b>	<b>\$ 3,906</b>	<b>\$ 3,756</b>
Fair market value adjustment and deferred loan costs	(16)	11
Tower obligations and finance leases (excluded from GAAP Debt)	(89)	(88)
<b>Total Liberty Broadband Debt (GAAP)</b>	<b>\$ 3,801</b>	<b>\$ 3,679</b>
<b>Other Financial Obligations:</b>		
Indemnification Obligation <sup>(f)</sup>	\$ 50	\$ 29
Preferred Stock <sup>(g)</sup>	180	180

a) Represents fair value of the investment in Charter as of December 31, 2022 and March 31, 2023. A portion of the Charter equity securities are considered covered shares and subject to certain contractual restrictions in accordance with the indemnification obligation, as described below.

b) Principal amount of Senior Notes.

c) Includes the Wells Fargo Note Payable and current and long-term obligations under tower obligations and finance leases.

d) As defined in GCI's credit agreement.

- e) Principal amount of Senior Exchangeable Debentures exclusive of fair market value adjustments.
- f) Indemnity to Qurate Retail, Inc. ("Qurate Retail"), pursuant to an indemnification agreement (the "indemnification agreement"), with respect to the Liberty Interactive LLC ("LI LLC") 1.75% exchangeable debentures due 2046 (the "LI LLC Charter exchangeable debentures"), as described below. LI LLC is a wholly owned subsidiary of Qurate Retail.
- g) Liquidation value of preferred stock. Preferred stock has a 7% coupon, \$25/share liquidation preference plus accrued and unpaid dividends and 1/3 vote per share. The redemption date is the first business day following March 8, 2039. The preferred stock is considered a liability for GAAP purposes.

Liberty Broadband cash decreased \$206 million in the first quarter due to repurchases of the 1.75%, 2.75% and 1.25% debentures (described below), partially offset by proceeds from the issuance of \$1,265 million principal amount of 3.125% exchangeable senior debentures due 2053. GCI cash decreased \$26 million in the first quarter as cash from operations was more than offset by a \$40 million dividend paid to Liberty Broadband and capital expenditures during the quarter.

Liberty Broadband debt decreased \$150 million in the first quarter due to the repurchases of (i) \$15 million aggregate principal of all outstanding 1.75% exchangeable senior debentures due 2046, (ii) \$575 million aggregate principal of all outstanding 2.75% exchangeable senior debentures due 2050 and (iii) \$823 million aggregate principal of almost all outstanding 1.25% exchangeable senior debentures due 2050. There is \$900 million of available capacity under the Charter margin loan. GCI's credit facility has undrawn capacity of \$397 million (net of letters of credit), and GCI's leverage as defined in its credit agreement is 2.9x.

Liberty Broadband has an indemnification agreement with Qurate Retail with respect to the LI LLC Charter exchangeable debentures. Pursuant to the indemnification agreement, Liberty Broadband will be required to indemnify LI LLC for any payments made to a holder of such debentures that exercises its exchange right on or before the put/call date of October 5, 2023 in excess of the sum of the adjusted principal amount of such debentures plus certain estimated tax benefits to Qurate Retail, if any, resulting from the exchange. This indemnity is supported by a negative pledge in favor of Qurate Retail on the reference shares of Class A common stock of Charter held at Liberty Broadband that underlie the LI LLC Charter exchangeable debentures. The indemnification obligation on Liberty Broadband's balance sheet is valued based on the estimated exchange feature in the LI LLC Charter exchangeable debentures. As of March 31, 2023, holders of the LI LLC Charter exchangeable debentures have the ability to put their debentures on October 5, 2023, and accordingly, the indemnification obligation is classified as a current liability. During the three months ended March 31, 2023, indemnification payments of \$24 million were made by Liberty Broadband to Qurate Retail in connection with exchanges of \$157 million of the LI LLC Charter exchangeable debentures that settled in the quarter.

### GCI Operating and Financial Results

	<u>1Q22</u>	<u>1Q23</u>	<u>% Change</u>
<i>(amounts in millions, except operating metrics)</i>			

## GCI Consolidated Financial Metrics

Revenue					
Consumer	\$	119	\$	118	(1)%
Business		114		128	12%
Total revenue	\$	<u>233</u>	\$	<u>246</u>	6%
Operating income					
	\$	21	\$	29	38%
Operating income margin (%)		9.0%		11.8%	280bps
Adjusted OIBDA <sup>(a)</sup>					
	\$	87	\$	90	3%
Adjusted OIBDA margin <sup>(a)</sup> (%)		37.3%		36.6%	(70)bps

## GCI Consumer

### Financial Metrics

Revenue					
Data	\$	58	\$	59	2%
Wireless		46		47	2%
Other		15		12	(20)%
Total revenue	\$	<u>119</u>	\$	<u>118</u>	(1)%

### Operating Metrics

#### Data:

Cable modem subscribers <sup>(b)</sup>	153,600	159,100	4%
--	---------	---------	----

#### Wireless:

Lines in service <sup>(c)</sup>	185,900	193,700	4%
---------------------------------	---------	---------	----

## GCI Business

### Financial Metrics

Revenue					
Data	\$	90	\$	106	18%
Wireless		14		13	(7)%
Other		10		9	(10)%
Total revenue	\$	<u>114</u>	\$	<u>128</u>	12%

a) See reconciling schedule 1.

b) A cable modem subscriber is defined by the purchase of cable modem service regardless of the level of service purchased. If one entity purchases multiple cable modem service access points, each access point is counted as a subscriber. Data cable modem subscribers as of March 31, 2023 include 1,100 subscribers that were reclassified from GCI Business to GCI Consumer subscribers in the first quarter of 2023 and are not new additions.

c) A wireless line in service is defined as a wireless device with a monthly fee for services. Wireless lines in service as of March 31, 2023 include 1,400 lines that were reclassified from GCI Business to GCI Consumer lines in the first quarter of 2023 and are not new additions.

Unless otherwise noted, the following discussion compares financial information for the three months ended March 31, 2023 to the same period in 2022.

GCI revenue increased 6% in the first quarter. Consumer revenue was down 1% driven by declines in video revenue that offset demand for consumer data and wireless. Business revenue increased 12% with strength in data primarily driven by sales to rural health care and schools due to service upgrades as well as new customer growth.

Operating income increased by \$8 million in the first quarter and Adjusted OIBDA increased \$3 million due to higher revenue, partially offset by increased labor related costs and comparisons against certain one-time benefits recognized in the prior year period.

In the first quarter, GCI spent \$54 million on net capital expenditures. Capital expenditure spending was related primarily to improvements to the wireless and hybrid fiber coax networks. GCI's net capital expenditures for the full year 2023 are expected to be approximately \$185 million related to increased investment in middle mile and last mile data connectivity, including network expansion in rural Alaska.

## FOOTNOTES

- 1) Liberty Broadband will discuss these highlights and other matters on Liberty Broadband's earnings conference call that will begin at 4:30 p.m. (E.T.) on May 2, 2023. For information regarding how to access the call, please see "Important Notice" later in this document.
- 2) Calculated pursuant to the stockholder agreement between Liberty Broadband and Charter Communications, Inc. ("Charter").
- 3) Liberty Broadband's principal operating asset is GCI Holdings, LLC ("GCI" or "GCI Holdings"), Alaska's largest communications provider. Liberty Broadband also holds an interest in Charter.
- 4) For a definition of Adjusted OIBDA and Adjusted OIBDA margin and applicable reconciliations, see the accompanying schedules.

## NOTES

### LIBERTY BROADBAND FINANCIAL METRICS

<i>(amounts in millions)</i>	<u>1Q22</u>	<u>1Q23</u>
<b>Revenue</b>		
GCI Holdings	\$ 233	\$ 246
Corporate and other <sup>(a)</sup>	5	—
<b>Total Liberty Broadband Revenue</b>	<b><u>\$ 238</u></b>	<b><u>\$ 246</u></b>
<b>Operating Income (Loss)</b>		
GCI Holdings	\$ 21	\$ 29

Corporate and other <sup>(a)</sup>	(14)	(13)
<b>Total Liberty Broadband Operating Income (Loss)</b>	<b>\$ 7</b>	<b>\$ 16</b>
<b>Adjusted OIBDA (Loss)</b>		
GCI Holdings	\$ 87	\$ 90
Corporate and other <sup>(a)</sup>	(7)	(8)
<b>Total Liberty Broadband Adjusted OIBDA (Loss)</b>	<b>\$ 80</b>	<b>\$ 82</b>

a) Corporate and other included Skyhook Holdings, Inc. until its sale on May 2, 2022

**Important Notice:** Liberty Broadband (Nasdaq: LBRDA, LBRDK, LBRDP) will discuss Liberty Broadband's earnings release on a conference call which will begin at 4:30 p.m. (E.T.) on May 2, 2023. The call can be accessed by dialing (877) 407-3944 or (412) 902-0038, passcode 13736369, at least 10 minutes prior to the start time. The call will also be broadcast live across the Internet and archived on our website. To access the webcast go to <https://www.libertybroadband.com/investors/news-events/ir-calendar>. Links to this press release and replays of the call will also be available on Liberty Broadband's website.

*This press release includes certain forward-looking statements under the Private Securities Litigation Reform Act of 1995, including statements about business strategies, market potential, future financial prospects, capital expenditures, matters relating to Liberty Broadband's equity interest in Charter and Charter's buyback of common stock, Liberty Broadband's participation in Charter's buyback of common stock, indemnification by Liberty Broadband, the continuation of our stock repurchase program and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, competitive issues, regulatory matters affecting our businesses, continued access to capital on terms acceptable to Liberty Broadband, changes in law and government regulations, the availability of investment opportunities, general market conditions (including as a result of inflationary pressures) and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this press release, and Liberty Broadband expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Broadband's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Broadband, including the most recent Forms 10-K and 10-Q, for additional information about Liberty Broadband and about the risks and uncertainties related to Liberty Broadband which may affect the statements made in this press release.*

## **NON-GAAP FINANCIAL MEASURES**

To provide investors with additional information regarding our financial results, this press release includes a presentation of Adjusted OIBDA, which is a non-GAAP financial measure, for Liberty Broadband (and certain of its subsidiaries) and GCI Holdings together with a

reconciliation to that entity or such businesses' operating income, as determined under GAAP. Liberty Broadband defines Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, transaction costs, separately reported litigation settlements, restructuring and impairment charges. Further, this press release includes Adjusted OIBDA margin which is also a non-GAAP financial measure. Liberty Broadband defines Adjusted OIBDA margin as Adjusted OIBDA divided by revenue.

Liberty Broadband believes Adjusted OIBDA is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Because Adjusted OIBDA is used as a measure of operating performance, Liberty Broadband views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Liberty Broadband's management considers in assessing the results of operations and performance of its assets. Please see the tables below for applicable reconciliations.

#### SCHEDULE 1

The following table provides a reconciliation of GCI's operating income to its Adjusted OIBDA for the three months ended March 31, 2022 and March 31, 2023.

#### GCI HOLDINGS ADJUSTED OIBDA RECONCILIATION

<i>(amounts in millions)</i>	1Q22	1Q23
<b>GCI Holdings Operating Income</b>	<b>\$ 21</b>	<b>\$ 29</b>
Depreciation and amortization	63	58
Stock-based compensation	3	3
<b>GCI Holdings Adjusted OIBDA</b>	<b>\$ 87</b>	<b>\$ 90</b>

#### SCHEDULE 2

The following table provides a reconciliation of operating income (loss) calculated in accordance with GAAP to Adjusted OIBDA for Liberty Broadband for the three months ended March 31, 2022 and March 31, 2023.

#### LIBERTY BROADBAND ADJUSTED OIBDA RECONCILIATION

<i>(amounts in millions)</i>	1Q22	1Q23
<b>Liberty Broadband Operating Income (Loss)</b>	<b>\$ 7</b>	<b>\$ 16</b>
Depreciation and amortization	64	58
Stock-based compensation	9	8
<b>Liberty Broadband Adjusted OIBDA (Loss)</b>	<b>\$ 80</b>	<b>\$ 82</b>
GCI Holdings	\$ 87	\$ 90
Corporate and other	(7)	(8)

**LIBERTY BROADBAND CORPORATION**  
**BALANCE SHEET INFORMATION**  
(unaudited)

	March 31, 2023	December 31, 2022
	amounts in millions, except share amounts	
<i>Assets</i>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 169	375
Trade and other receivables, net of allowance for credit losses of \$4 and \$4, respectively	194	201
Prepaid and other current assets	91	84
<b>Total current assets</b>	<b>454</b>	<b>660</b>
Investment in Charter, accounted for using the equity method	11,609	11,433
Property and equipment, net	1,012	1,011
<b>Intangible assets not subject to amortization</b>		
Goodwill	755	755
Cable certificates	550	550
Other	37	37
<b>Intangible assets subject to amortization, net</b>	<b>506</b>	<b>516</b>
Other assets, net	206	180
<b>Total assets</b>	<b>\$ 15,129</b>	<b>15,142</b>
<i>Liabilities and Equity</i>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 86	92
Deferred revenue	21	20
Current portion of debt, including \$2 and \$1,373 measured at fair value, respectively	5	1,376
Indemnification obligation	29	50
Other current liabilities	152	137
<b>Total current liabilities</b>	<b>293</b>	<b>1,675</b>
Long-term debt, net, including \$1,251 and zero measured at fair value, respectively	3,674	2,425
Obligations under tower obligations and finance leases, excluding current portion	85	86
Long-term deferred revenue	62	63
Deferred income tax liabilities	2,074	2,040



Preferred stock	202	202
Other liabilities	155	150
Total liabilities	6,545	6,641
<i>Equity</i>		
Series A common stock, \$.01 par value. Authorized 500,000,000 shares; issued and outstanding 18,221,602 and 18,528,468 at March 31, 2023 and December 31, 2022, respectively		
	—	—
Series B common stock, \$.01 par value. Authorized 18,750,000 shares; issued and outstanding 2,037,259 and 2,106,636 at March 31, 2023 and December 31, 2022, respectively		
	—	—
Series C common stock, \$.01 par value. Authorized 500,000,000 shares; issued and outstanding 125,938,456 and 125,962,296 at March 31, 2023 and December 31, 2022, respectively		
	1	1
Additional paid-in capital	3,282	3,318
Accumulated other comprehensive earnings (loss), net of taxes	59	9
Retained earnings	5,224	5,155
Total stockholders' equity	8,566	8,483
Non-controlling interests	18	18
Total equity	8,584	8,501
Commitments and contingencies		
Total liabilities and equity	\$ 15,129	15,142

**LIBERTY BROADBAND CORPORATION**  
**STATEMENT OF OPERATIONS INFORMATION**  
(unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>amounts in millions,</b>	
	<b>except per share amounts</b>	
Revenue	\$ 246	238
Operating costs and expenses:		
Operating expense (exclusive of depreciation and amortization shown separately below)	62	66
Selling, general and administrative, including stock-based compensation	110	101
Depreciation and amortization	58	64
	230	231
Operating income (loss)	16	7
Other income (expense):		
Interest expense (including amortization of deferred loan fees)	(45)	(26)
Share of earnings (losses) of affiliate	248	303

Gain (loss) on dilution of investment in affiliate	(27)	(56)
Realized and unrealized gains (losses) on financial instruments, net	(114)	137
Other, net	14	(21)
Earnings (loss) before income taxes	92	344
Income tax benefit (expense)	(23)	(45)
Net earnings (loss)	69	299
Less net earnings (loss) attributable to the non-controlling interests	—	—
Net earnings (loss) attributable to Liberty Broadband shareholders	\$ 69	299
Basic net earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share	\$ 0.47	1.79
Diluted net earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share	\$ 0.47	1.77

**LIBERTY BROADBAND CORPORATION**  
**STATEMENT OF CASH FLOWS INFORMATION**  
(unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>amounts in millions</b>	
Cash flows from operating activities:		
Net earnings (loss)	\$ 69	299
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation and amortization	58	64
Stock-based compensation	8	9
Share of (earnings) losses of affiliate, net	(248)	(303)
(Gain) loss on dilution of investment in affiliate	27	56
Realized and unrealized (gains) losses on financial instruments, net	114	(137)
Deferred income tax expense (benefit)	22	6
Other, net	(1)	(1)
Change in operating assets and liabilities:		
Current and other assets	(6)	65
Payables and other liabilities	(2)	32
Net cash provided by (used in) operating activities	41	90
Cash flows from investing activities:		
Capital expenditures	(54)	(32)
Cash received for Charter shares repurchased by Charter	42	602

Other investing activities, net	—	4
Net cash provided by (used in) investing activities	(12)	574
Cash flows from financing activities:		
Borrowings of debt	1,248	300
Repayments of debt, tower obligations and finance leases	(1,416)	(2)
Repurchases of Liberty Broadband common stock	(40)	(843)
Indemnification payment to Qurate Retail	(24)	—
Other financing activities, net	(3)	(3)
Net cash provided by (used in) financing activities	(235)	(548)
Net increase (decrease) in cash, cash equivalents and restricted cash	(206)	116
Cash, cash equivalents and restricted cash, beginning of period	400	206
Cash, cash equivalents and restricted cash, end of period	\$ 194	322

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20230501005794/en/>

Shane Kleinstein (720) 875-5432

Source: Liberty Broadband Corporation