

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-51446



CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>02-0636095</u> (IRS Employer Identification No.)
<u>2116 South 17th Street , Mattoon , Illinois</u> (Address of principal executive offices)	<u>61938-5973</u> (Zip Code)

(217) 235-3311
(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock - \$0.01 par value	CNSL	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

On April 30, 2024, the registrant had 118,429,666 shares of Common Stock outstanding.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES**
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; Amounts in thousands except per share amounts)

	Three Months Ended	
	March 31,	
	2024	2023
Net revenues	\$ 274,675	\$ 276,126
Operating expense:		
Cost of services and products (exclusive of depreciation and amortization)	113,459	131,938
Selling, general and administrative expenses	83,955	81,284
Transaction costs	2,925	—
Loss on disposal of assets	—	3,304
Depreciation and amortization	80,633	77,699
Loss from operations	(6,297)	(18,099)
Other income (expense):		
Interest expense, net of interest income	(42,451)	(33,860)
Other, net	1,593	2,758
Loss before income taxes	(47,155)	(49,201)
Income tax benefit	(11,772)	(12,240)
Net loss	(35,383)	(36,961)
Less: dividends on Series A preferred stock	11,687	10,587
Less: net income attributable to noncontrolling interest	113	143
Net loss attributable to common shareholders	\$ (47,183)	\$ (47,691)
Net loss per basic and diluted common shares attributable to common shareholders	\$ (0.41)	\$ (0.42)

See accompanying notes

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; Amounts in thousands)

	Three Months Ended	
	March 31,	
	2024	2023
Net loss	\$ (35,383)	\$ (36,961)
Pension and post-retirement obligations:		
Amortization of actuarial loss (gain) and prior service cost (credit) to earnings, net of tax	(455)	(999)
Derivative instruments designated as cash flow hedges:		
Change in fair value of derivatives, net of tax	7,940	(34)
Reclassification of realized gain to earnings, net of tax	(1,304)	(1,979)
Comprehensive loss	(29,202)	(39,973)
Less: comprehensive income attributable to noncontrolling interest	113	143
Total comprehensive loss attributable to common shareholders	<u>\$ (29,315)</u>	<u>\$ (40,116)</u>

See accompanying notes

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; Amounts in thousands except share and per share amounts)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,363	\$ 4,765
Accounts receivable, net of allowance for credit losses	109,353	121,194
Income tax receivable	3,070	2,880
Prepaid expenses and other current assets	62,738	56,843
Assets held for sale	70,971	70,473
Total current assets	<u>253,495</u>	<u>256,155</u>
Property, plant and equipment, net	2,461,004	2,449,009
Investments	8,648	8,887
Goodwill	814,624	814,624
Customer relationships, net	14,543	18,616
Other intangible assets	10,557	10,557
Other assets	79,371	70,578
Total assets	<u>\$ 3,642,242</u>	<u>\$ 3,628,426</u>
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,529	\$ 60,073
Advance billings and customer deposits	48,579	44,478
Accrued compensation	47,901	58,151
Accrued interest	36,275	18,694
Accrued expense	96,750	114,022
Current portion of long-term debt and finance lease obligations	19,234	18,425
Liabilities held for sale	3,147	3,402
Total current liabilities	<u>272,415</u>	<u>317,245</u>
Long-term debt and finance lease obligations	2,234,667	2,134,916
Deferred income taxes	201,047	210,648
Pension and other post-retirement obligations	136,460	137,616
Other long-term liabilities	46,298	48,637
Total liabilities	<u>2,890,887</u>	<u>2,849,062</u>
Commitments and contingencies (Note 15)		
Series A preferred stock, par value \$0.01 per share; 10,000,000 shares authorized, 434,266 shares outstanding as of March 31, 2024 and December 31, 2023; liquidation preference of \$ 532,643 and \$ 520,957 as of March 31, 2024 and December 31, 2023, respectively	384,277	372,590
Shareholders' equity:		
Common stock, par value \$0.01 per share; 150,000,000 shares authorized, 118,429,666 and 116,172,568 shares outstanding as of March 31, 2024 and December 31, 2023, respectively	1,184	1,162
Additional paid-in capital	671,241	681,757
Retained earnings (accumulated deficit)	(297,876)	(262,380)
Accumulated other comprehensive loss, net	(15,691)	(21,872)
Noncontrolling interest	8,220	8,107
Total shareholders' equity	<u>367,078</u>	<u>406,774</u>
Total liabilities, mezzanine equity and shareholders' equity	<u>\$ 3,642,242</u>	<u>\$ 3,628,426</u>

See accompanying notes

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY
(Unaudited; Amounts in thousands)

	Mezzanine Equity				Shareholders' Equity				
	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss, net	Non- controlling Interest	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2022	456	\$ 328,680	115,167	\$ 1,152	\$ 720,442	\$ (11,866)	\$ (610)	\$ 7,651	\$ 716,769
Shares issued under employee plan, net of forfeitures	—	—	1,738	17	(17)	—	—	—	—
Series A preferred stock issued	21	—	—	—	—	—	—	—	—
Dividends on Series A preferred stock accrued	—	10,587	—	—	(10,587)	—	—	—	(10,587)
Non-cash, share-based compensation	—	—	—	—	799	—	—	—	799
Purchase and retirement of common stock	—	—	(256)	(2)	(1,034)	—	—	—	(1,036)
Other comprehensive income	—	—	—	—	—	—	(3,012)	—	(3,012)
Net income (loss)	—	—	—	—	—	(37,104)	—	143	(36,961)
Balance at March 31, 2023	<u>477</u>	<u>\$ 339,267</u>	<u>116,649</u>	<u>\$ 1,167</u>	<u>\$ 709,603</u>	<u>\$ (48,970)</u>	<u>\$ (3,622)</u>	<u>\$ 7,794</u>	<u>\$ 665,972</u>
Balance at December 31, 2023	434	\$ 372,590	116,172	\$ 1,162	\$ 681,757	\$ (262,380)	\$ (21,872)	\$ 8,107	\$ 406,774
Shares issued under employee plan, net of forfeitures	—	—	2,368	23	(23)	—	—	—	—
Accrued Series A preferred stock liquidation preference as paid-in-kind dividends	—	11,687	—	—	(11,687)	—	—	—	(11,687)
Non-cash, share-based compensation	—	—	—	—	1,681	—	—	—	1,681
Purchase and retirement of common stock	—	—	(111)	(1)	(487)	—	—	—	(488)
Other comprehensive loss	—	—	—	—	—	—	6,181	—	6,181
Net income (loss)	—	—	—	—	—	(35,496)	—	113	(35,383)
Balance at March 31, 2024	<u>434</u>	<u>\$ 384,277</u>	<u>118,429</u>	<u>\$ 1,184</u>	<u>\$ 671,241</u>	<u>\$ (297,876)</u>	<u>\$ (15,691)</u>	<u>\$ 8,220</u>	<u>\$ 367,078</u>

See accompanying notes

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; Amounts in thousands)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (35,383)	\$ (36,961)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	80,633	77,699
Deferred income tax expense (benefit)	(11,791)	5,604
Pension and post-retirement contributions in excess of expense	(1,702)	(2,861)
Stock-based compensation expense	1,681	799
Amortization of deferred financing costs and discounts	1,957	1,847
Loss on disposal of assets	—	3,304
Other, net	(1,283)	(418)
Changes in operating assets and liabilities:		
Accounts receivable, net	11,696	10,110
Income tax receivable	(190)	(17,835)
Prepaid expenses and other assets	(8,811)	(6,691)
Accounts payable	(25,976)	11,976
Accrued expenses and other liabilities	(5,161)	8,513
Net cash provided by operating activities	<u>5,670</u>	<u>55,086</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(98,032)	(130,826)
Proceeds from sale and maturity of investments	714	1,623
Proceeds from sale of assets	76	292
Net cash used in investing activities	<u>(97,242)</u>	<u>(128,911)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	100,000	—
Payment of finance lease obligations	(4,837)	(3,114)
Payment of financing costs	(504)	—
Share repurchases for minimum tax withholding	(489)	(1,036)
Net cash provided by (used in) financing activities	<u>94,170</u>	<u>(4,150)</u>
Change in cash and cash equivalents	2,598	(77,975)
Cash and cash equivalents at beginning of period	4,765	325,852
Cash and cash equivalents at end of period	<u>\$ 7,363</u>	<u>\$ 247,877</u>

See accompanying notes

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Basis of Accounting

Consolidated Communications Holdings, Inc. (the “Company,” “we,” “our” or “us”) is a holding company with operating subsidiaries (collectively “Consolidated”) that provide communication solutions to consumer, commercial and carrier customers across a service area in over 20 states.

Leveraging our advanced fiber network spanning approximately 61,000 fiber route miles, we offer residential high-speed Internet, video, phone and home security services as well as a comprehensive business product suite including: data and Internet solutions, voice, data center services, security services, managed and IT services, and an expanded suite of cloud services.

In the opinion of management, the accompanying unaudited condensed consolidated balance sheets and related condensed consolidated statements of operations, comprehensive income (loss), mezzanine equity and shareholders’ equity and cash flows include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States (“US GAAP” or “GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such SEC rules and regulations and accounting principles applicable for interim periods. Events subsequent to the balance sheet date have been evaluated for inclusion in the accompanying condensed consolidated financial statements through the date of issuance. Management believes that the disclosures made are adequate to make the information presented not misleading. Interim results are not necessarily indicative of results for a full year. The information presented in this Form 10-Q should be read in conjunction with Management’s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the accompanying notes to the financial statements (“Notes”) thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC.

Recent Developments

Merger Agreement

On October 15, 2023, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Condor Holdings LLC, a Delaware limited liability company (“Parent”) affiliated with certain funds managed by affiliates of Searchlight Capital Partners, L.P. (“Searchlight”), and Condor Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent (“Merger Sub”), pursuant to which, subject to the terms and conditions thereof, Merger Sub will merge with and into the Company (the “Merger”) with the Company continuing as the surviving corporation and a wholly owned subsidiary of an affiliate of Searchlight. British Columbia Investment Management Corporation (“BCI”) and certain affiliates of Searchlight have committed to provide equity financing to Parent to fund the transactions contemplated by the Merger Agreement. Searchlight is currently the beneficial owner of approximately 33 % of the Company’s outstanding shares of common stock and is the holder of 100 % of the Company’s outstanding Series A perpetual preferred stock. Refer to Note 4 for a more complete discussion of the strategic investment with Searchlight. Subject to the terms and conditions set forth in the Merger Agreement, upon the consummation of the Merger, each share of the Company’s common stock, par value \$ 0.01 per share (other than shares of the Company’s common stock (i) held directly or indirectly by Parent, Merger Sub or any subsidiary of the Company, (ii) held by the Company as treasury shares or (iii) held by any person who properly exercises appraisal rights under Delaware law) will be converted into the right to receive an amount in cash equal to \$ 4.70 per share, without interest (the “Merger Consideration”), subject to any withholding of taxes required by applicable law. In addition, pursuant to the Merger Agreement, upon the consummation of the Merger, (i) Company restricted share awards (“Company RSAs”) held by non-employee directors or by certain affiliates of Searchlight will vest and be canceled in exchange for the Merger Consideration and (ii) all other Company RSAs will be converted into restricted cash awards based on the Merger Consideration and subject to the same terms and conditions, including time-

and performance-based vesting conditions, as the corresponding Company RSA (except that the relative total shareholder return modifier shall be deemed to be achieved at the target level).

The Merger Agreement has, unanimously by the directors present, been approved by the board of directors of the Company (the "Board"), acting upon the unanimous recommendation of a special committee consisting of only independent and disinterested directors of the Company (the "Special Committee"). On January 31, 2024, the Company held a virtual special meeting of stockholders (the "Special Meeting") to consider three proposals with respect to the Merger Agreement. The first proposal, to adopt the Merger Agreement, was approved by (i) holders of a majority of the voting power represented by the issued and outstanding shares of our common stock that were entitled to vote thereon and (ii) holders of a majority of the voting power represented by the issued and outstanding shares of our common stock that were entitled to vote thereon and held by Unaffiliated Stockholders (as defined in the Merger Agreement). The second proposal, to approve by advisory (non-binding) vote the compensation that may be paid or become payable to the named executive officers of the Company in connection with the consummation of the Merger, was approved by the requisite vote of the Company's stockholders. The third proposal, to approve any adjournment of the Special Meeting, if necessary, to solicit additional proxies if there were insufficient votes in favor of the Merger Agreement proposal, was also approved by the requisite vote of the Company's stockholders. Because the Merger Agreement proposal was approved by the requisite vote, no adjournment to solicit additional proxies was necessary.

The proposed transaction constitutes a "going-private transaction" under the rules of the SEC and is expected to close by the first quarter of 2025. The closing of the Merger is subject to various conditions, including (i) the expiration or termination of the applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"); (ii) the receipt of certain required consents or approvals from (a) the Federal Communications Commission, (b) the Committee on Foreign Investment in the United States, (c) state public utility commissions and (d) local regulators in connection with the provision of telecommunications and media services; (iii) the absence of any order, injunction or decree restraining, enjoining or otherwise prohibiting or making illegal the consummation of the Merger or the other transactions contemplated by the Merger Agreement; and (iv) the accuracy of the representations and warranties contained in the Merger Agreement, subject to customary materiality qualifications, as of the date of the Merger Agreement and the date of closing, and performance in all material respects of the covenants and agreements contained in the Merger Agreement. The transaction is not subject to a financing condition. We are awaiting required regulatory approvals in order to execute the Merger. Following the closing of the transaction, shares of our common stock will no longer be traded or listed on any public securities exchange.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable ("AR") consists primarily of amounts due to the Company from normal business activities. We maintain an allowance for credit losses ("ACL") based on our historical loss experience, current conditions and forecasted changes including but not limited to changes related to the economy, our industry and business. Uncollectible accounts are written-off (removed from AR and charged against the ACL) when internal collection efforts have been unsuccessful. Subsequently, if payment is received from the customer, the recovery is credited to the ACL.

The following table summarizes the activity in ACL for the three months ended March 31, 2024 and 2023:

<i>(In thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Balance at beginning of year	\$ 13,469	\$ 11,470
Provision charged to expense	2,033	2,040
Write-offs, less recoveries	(1,783)	(1,523)
Balance at end of year	<u>\$ 13,719</u>	<u>\$ 11,987</u>

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update No. 2023-07 ("ASU 2023-07"), *Improvements to Reportable Segment Disclosures*. ASU 2023-07 improves reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The new guidance is

effective on retrospective basis for financial statements issued for annual periods beginning after December 15, 2023 with early adoption permitted. We are currently evaluating the impact this update will have on our related disclosures.

In December 2023, the FASB issued the Accounting Standards Update No. 2023-09 ("ASU 2023-09"), *Improvements to Income Tax Disclosures*. Amendments in ASU 2023-09 require additional income tax disclosures primarily related to the rate reconciliation and income taxes paid. The new guidance is effective for financial statements issued for annual periods beginning after December 15, 2024 with early adoption permitted and can be applied on either a prospective or retrospective basis. We are currently evaluating the impact this update will have on our income tax disclosures.

2. REVENUE

Nature of Contracts with Customers

Our revenue contracts with customers may include a promise or promises to deliver goods such as equipment and/or services such as broadband, video or voice services. Promised goods and services are considered distinct as the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer and the Company's promise to transfer a good or service to the customer is separately identifiable from other promises in the contract. The Company accounts for goods and services as separate performance obligations. Each service is considered a single performance obligation as it is providing a series of distinct services that are substantially the same and have the same pattern of transfer.

The transaction price is determined at contract inception and reflects the amount of consideration to which we expect to be entitled in exchange for transferring a good or service to the customer. This amount is generally equal to the market price of the goods and/or services promised in the contract and may include promotional discounts. The transaction price excludes amounts collected on behalf of third parties such as sales taxes and regulatory fees. Conversely, nonrefundable upfront fees, such as service activation and set-up fees, are included in the transaction price. In determining the transaction price, we consider our enforceable rights and obligations within the contract. We do not consider the possibility of a contract being cancelled, renewed or modified.

The transaction price is allocated to each performance obligation based on the standalone selling price of the good or service, net of the related discount, as applicable.

Revenue is recognized when or as performance obligations are satisfied by transferring control of the good or service to the customer.

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers for the three months ended March 31, 2024 and 2023:

<i>(In thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Operating Revenues		
Consumer:		
Broadband (Data and VoIP)	\$ 79,882	\$ 67,961
Voice services	28,336	32,263
Video services	6,626	9,594
	<u>114,844</u>	<u>109,818</u>
Commercial:		
Data services (includes VoIP)	54,681	53,134
Voice services	30,711	32,631
Other	8,964	9,756
	<u>94,356</u>	<u>95,521</u>
Carrier:		
Data and transport services	31,048	32,923
Voice services	3,794	4,367
Other	235	350
	<u>35,077</u>	<u>37,640</u>
Subsidies	6,806	7,036
Network access	22,468	24,444
Other products and services	1,124	1,667
Total operating revenues	<u>\$ 274,675</u>	<u>\$ 276,126</u>

Contract Assets and Liabilities

The following table provides information about receivables, contract assets and contract liabilities from our revenue contracts with customers:

<i>(In thousands)</i>	March 31,	
	2024	2023
Accounts receivable, net	\$ 109,353	\$ 108,471
Contract assets	42,315	26,556
Contract liabilities	61,325	57,787

Contract assets include costs that are incremental to the acquisition of a contract. Incremental costs are those that result directly from obtaining a contract or costs that would not have been incurred if the contract had not been obtained, which primarily relate to sales commissions and certain contract fulfillment costs. These costs are deferred and amortized over the expected customer life. We determined that the expected customer life is the expected period of benefit as the commission on the renewal contract is not commensurate with the commission on the initial contract. During the three-month periods ended March 31, 2024 and 2023, the Company recognized expense of \$ 4.0 million and \$ 3.5 million, respectively, related to deferred contract acquisition costs.

Contract liabilities include deferred revenues related to advanced payments for services and nonrefundable, upfront service activation and set-up fees, which are generally deferred and amortized over the expected customer life as the option to renew without paying an upfront fee provides the customer with a material right. During the three months ended March 31, 2024 and 2023, the Company recognized previously deferred revenues of \$ 113.6 million and \$ 110.7 million, respectively.

A receivable is recognized in the period the Company provides goods or services when the Company's right to consideration is unconditional. Payment terms on invoiced amounts are generally 30 to 60 days .

Performance Obligations

ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), requires that the Company disclose the aggregate amount of the transaction price that is allocated to remaining performance obligations that are unsatisfied as of March 31, 2024. The guidance provides certain practical expedients that limit this requirement. The service revenue contracts of the Company meet the following practical expedients provided by ASC 606:

1. The performance obligation is part of a contract that has an original expected duration of one year or less.
2. Revenue is recognized from the satisfaction of the performance obligations in the amount billable to the customer in accordance with ASC 606-10-55-18.

The Company has elected these practical expedients. Performance obligations related to our service revenue contracts are generally satisfied over time. For services transferred over time, revenue is recognized based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are substantially the same and have the same pattern of transfer over the life of the contract. As such, revenue related to unsatisfied performance obligations that will be billed in future periods has not been disclosed.

3. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per common share ("EPS") are computed using the two-class method, which is an earnings allocation method that determines EPS for each class of common stock and participating securities considering dividends declared and participation rights in undistributed earnings. Common stock related to certain of the Company's restricted stock awards are considered participating securities because holders are entitled to receive non-forfeitable dividends, if declared, during the vesting term.

The potentially dilutive impact of the Company's restricted stock awards is determined using the treasury stock method. Under the treasury stock method, if the average market price during the period exceeds the exercise price, these instruments are treated as if they had been exercised with the proceeds of exercise used to repurchase common stock at the average market price during the period. Any incremental difference between the assumed number of shares issued and repurchased is included in the diluted share computation.

Diluted EPS includes securities that could potentially dilute basic EPS during a reporting period. Dilutive securities are not included in the computation of loss per share when a company reports a net loss from continuing operations as the impact would be anti-dilutive.

The computation of basic and diluted EPS attributable to common shareholders computed using the two-class method is as follows:

<i>(In thousands, except per share amounts)</i>	Three Months Ended March 31,	
	2024	2023
Net loss	(35,383)	\$ (36,961)
Less: dividends on Series A preferred stock	\$ 11,687	10,587
Less: net income attributable to noncontrolling interest	113	143
Loss attributable to common shareholders before allocation of earnings to participating securities	(47,183)	(47,691)
Less: earnings allocated to participating securities	—	—
Loss attributable to common shareholders, after earnings allocated to participating securities	(47,183)	\$ (47,691)
	\$ (47,183)	\$ (47,691)
Weighted-average number of common shares outstanding	114,134	112,939
Net loss per common share attributable to common shareholders - basic and diluted	\$ (0.41)	\$ (0.42)

Diluted EPS attributable to common shareholders for the three months ended March 31, 2024 and 2023 excludes 2.6 million and 2.5 million potential common shares related to our share-based compensation plan, respectively, because the inclusion of the potential common shares would have an antidilutive effect.

4. SEARCHLIGHT INVESTMENT

In connection with the Investment Agreement entered into on September 13, 2020, affiliates of Searchlight committed to invest up to an aggregate of \$ 425.0 million in the Company. The investment commitment was structured in two stages. In the first stage of the transaction, which was completed on October 2, 2020, Searchlight invested \$ 350.0 million in the Company in exchange for 6,352,842 shares, or approximately 8 %, of the Company's common stock and was issued a CPR that was convertible, upon the receipt of certain regulatory and shareholder approvals, into an additional 17,870,012 shares, or 16.9 %, of the Company's common stock. In addition, Searchlight received the right to an unsecured subordinated note with an aggregate principal amount of approximately \$ 395.5 million (the "Note"), which was convertible into shares of a new series of perpetual preferred stock of the Company with an aggregate liquidation preference equal to the principal amount of the Note plus accrued interest as of the date of conversion.

On July 15, 2021, the Company received all required state public utility commission regulatory approvals necessary for the conversion of the CPR into 16.9 % additional shares of the Company's common stock. As a result, the CPR was converted into 17,870,012 shares of common stock, which were issued to Searchlight on July 16, 2021.

In the second stage of the transaction, which was completed on December 7, 2021 following the receipt of Federal Communications Commission ("FCC") and certain regulatory approvals and the satisfaction of certain other customary closing conditions, Searchlight invested an additional \$ 75.0 million and was issued the Note. On December 7, 2021, Searchlight elected to convert the Note into 434,266 shares of Series A Perpetual Preferred Stock, par value \$ 0.01 per share (the "Series A Preferred Stock"). In addition, the CPR converted into an additional 15,115,899 shares, or an additional 10.1 %, of the Company's common stock. As of March 31, 2024 and December 31, 2023, the total shares of common stock issued to Searchlight represent approximately 33 % and 34 % of the Company's outstanding common stock, respectively.

On December 7, 2021, Searchlight exercised its option to convert the Note and the net carrying value of the Note of \$ 285.9 million, net of unamortized discount and issuance costs of \$ 139.7 million and \$ 8.7 million, respectively, was converted into 434,266 shares of Series A Preferred Stock at an initial liquidation preference of \$ 1,000 per share.

Dividends on the Series A Preferred Stock accrue daily on the liquidation preference at a rate of 9.0 % per annum, payable semi-annually in arrears. The liquidation preference per share is adjusted to include any paid-in-kind dividends. See Note 11 for more information on the terms of the Series A Preferred Stock.

With the strategic investment from Searchlight, we have enhanced our fiber infrastructure and accelerated the investment in our network, which will include the upgrade of approximately 1.6 million passings across select service areas to enable multi-Gig capable services to these homes and small businesses. Our fiber build plan includes the upgrade of approximately 150,000 homes and small businesses in 2024.

5. DIVESTITURES

Washington Operations

On July 10, 2023, we entered into a definitive agreement to sell all of the issued and outstanding stock of our business located in Washington, Consolidated Communications of Comerco Company (“CCCC”), which directly owns all of the issued and outstanding shares of Consolidated Communications of Washington Company (“CCWC” and together with CCCC, the “Washington operations”), for gross cash proceeds of approximately \$ 73.0 million, subject to customary working capital adjustments and other post-closing purchase price adjustments. The sale closed on May 1, 2024. The sale of the Washington operations aligns with our ongoing strategic asset review and focus on our fiber expansion plans in our core broadband regions.

At March 31, 2024 and December 31, 2023, the major classes of assets and liabilities to be sold were classified as held for sale in the condensed consolidated balance sheets and consisted of the following:

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Current assets	\$ 1,292	\$ 1,208
Property, plant and equipment	30,839	30,581
Goodwill	114,946	114,946
Other long-term assets	1,649	1,493
Impairment to net realizable value	(77,755)	(77,755)
Total assets	<u>\$ 70,971</u>	<u>\$ 70,473</u>
Current liabilities	\$ 2,007	\$ 2,196
Other long-term liabilities	1,140	1,206
Total liabilities	<u>\$ 3,147</u>	<u>\$ 3,402</u>

During the three months ended June 30, 2023, the carrying value of the net assets to be sold were reduced to their estimated fair value, which was determined based on the estimated selling price less costs to sell and were classified as Level 2 within the fair value hierarchy. As a result, we recognized an impairment loss of \$ 77.8 million during the three months ended June 30, 2023.

Kansas City Operations

On March 2, 2022, we entered into a definitive agreement to sell substantially all the assets of our business located in the Kansas City market (the “Kansas City operations”). The Kansas City operations provide data, voice and video services to customers within the Kansas City metropolitan area and surrounding counties. The sale closed on November 30, 2022 for gross cash proceeds of \$ 82.1 million, subject to the finalization of certain working capital and other post-closing purchase price adjustments. During the three months ended March 31, 2023, we recognized an additional loss on sale of \$ 2.1 million as a result of expected purchase price adjustments and changes in working capital. The loss on the sale of the Kansas City Operations is included in loss on disposal of assets in the condensed consolidated statement of operations.

6. INVESTMENTS

Our investments are as follows:

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Long-term investments:		
Cash surrender value of life insurance policies	\$ 3,208	\$ 2,860
CoBank, ACB Stock	5,168	5,755
Other	272	272
	<u>\$ 8,648</u>	<u>\$ 8,887</u>

Long-Term Investments

CoBank, ACB ("CoBank") is a cooperative bank owned by its customers. On an annual basis, CoBank distributes patronage in the form of cash and stock in the cooperative based on the Company's outstanding loan balance with CoBank, which has traditionally been a significant lender in the Company's credit facility. The investment in CoBank represents the accumulation of the equity patronage paid by CoBank to the Company.

7. FAIR VALUE MEASUREMENTS

Our derivative instruments related to interest rate swap agreements are required to be measured at fair value on a recurring basis. The fair values of the interest rate swaps are determined using valuation models and are categorized within Level 2 of the fair value hierarchy as the valuation inputs are based on quoted prices and observable market data of similar instruments. See Note 9 for further discussion regarding our interest rate swap agreements.

Our interest rate swap agreements measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023 were as follows:

<i>(In thousands)</i>	Total	As of March 31, 2024		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total	Total	Total
Long-term interest rate swap assets	\$ 6,567	\$ —	\$ 6,567	\$ —

<i>(In thousands)</i>	Total	As of December 31, 2023		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total	Total	Total
Long-term interest rate swap liabilities	\$(2,421)	\$ —	\$ (2,421)	\$ —

We have not elected the fair value option for any of our other assets or liabilities. The carrying value of other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short maturities. The following table presents the other financial instruments that are not carried at fair value but which require fair value disclosure as of March 31, 2024 and December 31, 2023.

<i>(In thousands)</i>	As of March 31, 2024		As of December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, excluding finance leases	\$ 2,243,290	\$ 2,034,117	\$ 2,142,858	\$ 1,903,831

Investments

Our investments as of March 31, 2024 and December 31, 2023 accounted for at cost consisted primarily of our investment in CoBank. It is impracticable to determine the fair value of this investment.

Long-term Debt

The fair value of our senior notes was based on quoted market prices, and the fair value of borrowings under our credit facility was determined using current market rates for similar types of borrowing arrangements. We have categorized the long-term debt as Level 2 within the fair value hierarchy.

8. LONG-TERM DEBT

Long-term debt, presented net of unamortized discounts, consisted of the following:

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Senior secured credit facility:		
Term loans, net of discounts of \$ 6,585 and \$ 7,017 at March 31, 2024 and December 31, 2023, respectively	\$ 993,290	\$ 992,858
Revolving loans	100,000	—
6.50 % Senior notes due 2028	750,000	750,000
5.00 % Senior notes due 2028	400,000	400,000
Finance leases	38,347	39,240
	<u>2,281,637</u>	<u>2,182,098</u>
Less: current portion of long-term debt and finance leases	(19,234)	(18,425)
Less: deferred debt issuance costs	(27,736)	(28,757)
Total long-term debt	<u>\$ 2,234,667</u>	<u>\$ 2,134,916</u>

Credit Agreement

On October 2, 2020, the Company, through certain of its wholly-owned subsidiaries, entered into a Credit Agreement with various financial institutions (as amended, the "Credit Agreement") to replace the Company's previous credit agreement in its entirety. The Credit Agreement consisted of term loans in an original aggregate amount of \$ 1,250.0 million (the "Term Loans") and a revolving loan facility of \$ 250.0 million. The Credit Agreement also includes an incremental loan facility which provides the ability to borrow, subject to certain terms and conditions, incremental loans in an aggregate amount of up to the greater of (a) \$ 300.0 million plus (b) an amount which would not cause its senior secured leverage ratio not to exceed 3.70 :1.00 (the "Incremental Facility"). Borrowings under the Credit Agreement are secured by substantially all of the assets of the Company and its subsidiaries, subject to certain exceptions.

The Term Loans have a maturity date of October 2, 2027 and bear interest at a rate of 3.50 % plus Secured Overnight Financing Rate ("SOFR") (subject to a 0.75 % SOFR floor) plus a SOFR adjustment. As part of the replacement to SOFR-benchmark rates in 2023, borrowings will include an adjustment of 0.11 %, 0.26 % and 0.43 % for borrowings of one, three and six month loans, respectively. On March 18, 2021, the Company repaid \$ 397.0 million of the then outstanding Term Loans with the net proceeds received from the issuance of \$ 400.0 million aggregate principal amount of 5.00 % senior secured notes due 2028 (the "5.00 % Senior Notes"), as described below. The repayment of the Term Loans was applied to the remaining principal payments in direct order of maturity, thereby eliminating the required quarterly principal payments through the remaining term of the loan.

The revolving credit facility has a maturity date of October 2, 2027 (subject to springing maturity on April 2, 2027 if the Term Loans, as of April 1, 2027, are scheduled to mature earlier than March 31, 2028) and an applicable margin (at our election) of 4.00 % for SOFR-based borrowings or 3.00 % for alternate base rate borrowings, with a 0.25 % reduction in each case if the consolidated first lien leverage ratio, as defined in the Credit Agreement, does not exceed 3.20 to 1.00. As of March 31, 2024, borrowings of \$ 100.0 million were outstanding under our revolving credit facility. At December 31,

2023, there were no borrowings outstanding under the revolving credit facility. Stand-by letters of credit of \$ 38.6 million were outstanding under our revolving credit facility as of March 31, 2024. The stand-by letters of credit are renewable annually and reduce the borrowing availability under the revolving credit facility. As of March 31, 2024, \$ 111.4 million was available for borrowing under the revolving credit facility, subject to certain covenants.

As allowed for under the credit agreement under permitted indebtedness, on March 29, 2024, the Company entered into a term sheet to facilitate a loan of up to an aggregate amount of \$ 80.0 million, contingent upon satisfaction of certain conditions including a successful fund raising by the lender.

The weighted-average interest rate on outstanding borrowings under our credit facility was 8.98 % and 8.96 % as of March 31, 2024 and December 31, 2023, respectively. Interest is payable at least quarterly.

Credit Agreement Covenant Compliance

The Credit Agreement contains various provisions and covenants, including, among other items, restrictions on the ability to pay dividends, incur additional indebtedness, and issue certain capital stock. We have agreed to maintain certain financial ratios, including a maximum consolidated first lien leverage ratio, as defined in the Credit Agreement. Among other things, it will be an event of default, with respect to the revolving credit facility only, if our consolidated first lien leverage ratio is greater than 7.75 :1.00 as of the end of any fiscal quarter, if on such date the testing threshold is met. The testing threshold is met if the aggregate amount of our borrowings outstanding under the revolving credit facility exceeds 35 %. As of March 31, 2024, the testing threshold was not met and our consolidated first lien leverage ratio under the Credit Agreement was 6.42 :1.00. As of March 31, 2024, we were in compliance with the Credit Agreement covenants.

On October 15, 2023, the Company entered into Amendment No. 5 to the Credit Agreement (the "Fifth Amendment") to, among other things, increase the maximum consolidated first lien leverage ratio (the "Step-Up") permitted under the Credit Agreement to (i) 7.75 to 1.00, from October 15, 2023 to and including December 31, 2024, (ii) 7.50 to 1.00, from and including January 1, 2025 to and including March 31, 2025, (iii) 7.25 to 1.00, from and including April 1, 2025 to and including June 30, 2025, (iv) 7.00 to 1.00, from and including July 1, 2025 to and including September 30, 2025, (v) 6.75 to 1.00 from and including October 1, 2025 to and including December 31, 2025, (vi) 6.50 to 1.00, from and including January 1, 2026 to and including March 31, 2026, (vii) 6.25 to 1.00, from and including April 1, 2026 to and including June 30, 2026, (viii) 6.00 to 1.00, from and including July 1, 2026 to and including September 30, 2026, and (ix) 5.85 to 1.00 from and including October 1, 2026 and thereafter (the "Step-Up Period"). While the Step-Up is in effect, the Company will be subject to additional restrictions on its ability to make certain investments and restricted payments (the "Restrictions"). The Step-Up Period and the Restrictions will end and the maximum Consolidated First Lien Leverage Ratio will revert to the levels set forth in the Credit Agreement on the earlier of (a) the Company's election and (b) August 1, 2025, to the extent \$ 300.0 million in cash proceeds have not been received by the Company from equity contributed to its capital by such date. If the proposed Merger is not completed by August 1, 2025, the increase in the maximum consolidated first lien leverage ratio as permitted in the Fifth Amendment to the Credit Agreement to provide interim financial covenant relief will end and the maximum consolidated first lien leverage ratio will revert to 5.85 to 1.00.

Searchlight Term Loan

On March 21, 2024, the Company, through certain of its wholly-owned subsidiaries, and Searchlight, as lender entered into a Term Loan Agreement (the "Loan Agreement"), which consists of delayed draw term loans in the aggregate amount of \$ 80.0 million (the "Loan"). The Loan Agreement provides us with the ability to borrow the Loan in the event either (a) the aggregate amount of available loans to be drawn under the revolving credit facility is less than \$ 25.0 million or (b) drawing under the revolving credit facility would trigger the financial maintenance covenant thereunder and we would not be in compliance with such covenant on a pro forma basis, in each case subject to the satisfaction of certain other customary conditions.

In the event the Loan is ever drawn, we intend to apply the proceeds from the Loan to directly or indirectly fund capital expenditures for our fiber broadband expansion plan. The Loan Agreement is unsecured and the Loan will mature on April 2, 2027. Drawn amounts on the Loan bear interest at a rate per annum equal to an applicable rate ranging from 12.0 % per annum, which applies prior to the date that is 18 months after the initial borrowing date (unless the Merger Agreement is

terminated pursuant to the Company's breach thereof), to the amount required for Searchlight to realize a multiple on invested capital of 1.75 x on the Loan, which applies on and after the earlier of (i) the date that the Merger Agreement is terminated pursuant to the Company's breach thereof and (ii) the date that is 18 months after the initial borrowing date.

The Loan Agreement contains various affirmative, negative, and financial covenants consistent with the Company's existing credit agreement. The Loan Agreement requires, in the event the Merger Agreement is terminated and any amounts in respect of the Loan remain outstanding, for the Company to maintain a maximum consolidated first lien leverage ratio. The Loan Agreement also contains customary events of default, including, but not limited to, nonpayment, material inaccuracy of representations and warranties, violations of covenants, nonpayment of other material debts, certain bankruptcy and liquidations, certain material judgments, and certain events related to the Employee Retirement Income Security Act of 1974, as amended.

Senior Notes

On October 2, 2020, we completed an offering of \$ 750.0 million aggregate principal amount of 6.50 % unsubordinated secured notes due 2028 (the "6.50 % Senior Notes"). The 6.50 % Senior Notes were priced at par and bear interest at a rate of 6.50 %, payable semi-annually on April 1 and October 1 of each year. The 6.50 % Senior Notes mature on October 1, 2028.

On March 18, 2021, we issued \$ 400.0 million aggregate principal amount 5.00 % Senior Notes, together with the 6.50 % Senior Notes (the "Senior Notes"). The 5.00 % Senior Notes were priced at par and bear interest at a rate of 5.00 % per year, payable semi-annually on April 1 and October 1 of each year, beginning on October 1, 2021. The 5.00 % Senior Notes mature on October 1, 2028. The net proceeds from the issuance of the 5.00 % Senior Notes were used to repay \$ 397.0 million of the Term Loans outstanding under the Credit Agreement.

The Senior Notes are unsubordinated secured obligations of the Company, secured by a first priority lien on the collateral that secures the Company's obligations under the Credit Agreement. The Senior Notes are fully and unconditionally guaranteed on a first priority secured basis by the Company and the majority of our wholly-owned subsidiaries. The offerings of the Senior Notes have not been registered under the Securities Act of 1933, as amended or any state securities laws.

Senior Notes Covenant Compliance

Subject to certain exceptions and qualifications, the indentures governing the Senior Notes contain customary covenants that, among other things, limits the Company and its restricted subsidiaries' ability to: incur additional debt or issue certain preferred stock; pay dividends or make other distributions on capital stock or prepay subordinated indebtedness; purchase or redeem any equity interests; make investments; create liens; sell assets; enter into agreements that restrict dividends or other payments by restricted subsidiaries; consolidate, merge or transfer all or substantially all of its assets; engage in transactions with its affiliates; or enter into any sale and leaseback transactions. The indentures also contain customary events of default. As of March 31, 2024, the Company was in compliance with all terms, conditions and covenants under the indentures governing the Senior Notes.

9. DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative financial instruments to manage our exposure to the risks associated with fluctuations in interest rates. Our interest rate swap agreements effectively convert a portion of our floating-rate debt to a fixed-rate basis, thereby reducing the impact of interest rate changes on future cash interest payments. Derivative financial instruments are recorded at fair value in our condensed consolidated balance sheets. We may designate certain of our interest rate swaps as cash flow hedges of our expected future interest payments. For derivative instruments designated as a cash flow hedge, the change in the fair value is recognized as a component of accumulated other comprehensive income (loss) ("AOCI") and is recognized as an adjustment to earnings over the period in which the hedged item impacts earnings. When an interest rate swap agreement terminates, any resulting gain or loss is recognized over the shorter of the remaining original term of the hedging instrument or the remaining life of the underlying debt obligation. If a derivative instrument is de-designated,

the remaining gain or loss in AOCI on the date of de-designation is amortized to earnings over the remaining term of the hedging instrument. For derivative financial instruments that are not designated as a hedge, including those that have been de-designated, changes in fair value are recognized on a current basis in earnings. Cash flows from hedging activities are classified under the same category as the cash flows from the hedged items in our condensed consolidated statements of cash flows.

The following interest rate swaps were outstanding as of March 31, 2024:

<i>(In thousands)</i>	Notional Amount	2024 Balance Sheet Location	Fair Value
Cash Flow Hedges:			
Fixed to 1-month floating SOFR	\$ 500,000	Other long-term assets	\$ 6,567

Our fixed to 1-month floating SOFR interest rate swap agreements, which became effective July 31, 2023, have a fixed rate of 3.941 % and mature on September 30, 2026.

The following interest rate swaps were outstanding as of December 31, 2023:

<i>(In thousands)</i>	Notional Amount	2023 Balance Sheet Location	Fair Value
Cash Flow Hedges:			
Fixed to 1-month floating SOFR	\$ 500,000	Other long-term liabilities	\$(2,421)

The counterparties to our various swaps are highly rated financial institutions. None of the swap agreements provide for either us or the counterparties to post collateral nor do the agreements include any covenants related to the financial condition of Consolidated or the counterparties. The swaps of any counterparty that is a lender, as defined in our credit facility, are secured along with the other creditors under the credit facility. Each of the swap agreements provides that in the event of a bankruptcy filing by either Consolidated or the counterparty, any amounts owed between the two parties would be offset in order to determine the net amount due between parties.

As of March 31, 2024 and December 31, 2023, the total pre-tax unrealized gain (loss) related to our interest rate swap agreements included in AOCI was \$ 6.6 million and \$(2.4) million, respectively. From the balance in AOCI as of March 31, 2024, we expect to recognize a gain of approximately \$ 5.0 million in earnings in the next twelve months.

Information regarding our cash flow hedge transactions is as follows:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2024	2023
Unrealized gain (loss) recognized in AOCI, pretax	\$ 10,755	\$ (47)
Deferred gain reclassified from AOCI to interest expense	\$ 1,767	\$ 2,678

10. LEASES

Lessor

We have various arrangements for use of our network assets for which we are the lessor, including tower space, certain colocation, conduit and dark fiber arrangements. These leases meet the criteria for operating lease classification. Lease income associated with these types of leases is not material. Occasionally, we enter into arrangements where the term may be for a major part of the asset's remaining economic life such as in indefeasible right of use ("IRU") arrangements for dark fiber or conduit, which meet the criteria for sales-type lease classification. During the three months ended March 31, 2024 and 2023, we did not enter into any such arrangements.

11. MEZZANINE EQUITY

Series A Preferred Stock

The Company is authorized to issue up to 10,000,000 shares of Preferred Stock with a par value of \$ 0.01 per share. The designated Series A Preferred Stock ranks senior to the Company's common stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and redemption rights. The following is a summary of certain provisions under the Certificate of Designations of the Series A Perpetual Preferred Stock ("Certificate of Designations").

Dividends

Dividends on each share of Series A Preferred Stock accrue daily on the liquidation preference at a rate of 9.0 % per annum and will be payable semi-annually in arrears on January 1 and July 1 of each year. Subsequent to a waiver issued by Searchlight in November 2022 as described below, dividends are payable until October 2, 2027 at our election, either in cash or in-kind through an accrual of unpaid dividends, which are automatically added to the liquidation preference; and after October 2, 2027, solely in cash. The liquidation preference at the time of issuance is \$ 1,000 per share, as adjusted to include any paid-in-kind dividends. In the event that the Company's Board of Directors fails to declare and pay dividends in cash after October 2, 2027, among other conditions, the dividend rate applicable to each subsequent dividend period will increase to 11.0 %.

On November 22, 2022, in connection with entering into the Third Amendment to the Credit Agreement, Searchlight waived for two years, until October 2, 2027, the obligation under the Certificate of Designations to begin paying in cash after October 2, 2025 rather than being permitted to accrue dividends on the Series A Preferred Stock. Any dividend not declared and fully paid in cash during the waiver period or otherwise, will continue to accrue in accordance with the Certificate of Designations and be reflected as additional per share liquidation preference.

Redemption

Upon a fundamental change such as a change of control, liquidation, dissolution or winding up event, holders of the Series A Preferred Stock will have the right to require the Company to repurchase all or any part of the outstanding Series A Preferred Stock for cash at a price equal the liquidation preference and accrued and unpaid dividends through and including the fundamental change date.

The Company may, at its option redeem all or any part of the outstanding shares of Series A Preferred Stock at a purchase price per share in cash equal to the sum of the liquidation preference and accrued and unpaid dividends. A premium may also be payable in connection with any such redemption.

Voting Rights

Holders of Series A Preferred Stock are entitled to one vote per share on matters specifically related to the Series A Preferred Stock. The holders do not otherwise have any voting rights. If preferred dividends have not been paid in cash in full for two dividend periods after October 2, 2027, whether or not consecutive, then the holders of the Series A Preferred Stock, voting together as a single class, will be entitled to elect two additional directors to the board of directors.

In accordance with ASC 480, *Distinguishing Liabilities from Equity*, the Series A Preferred Stock is classified as mezzanine equity in the consolidated balance sheets due to a deemed liquidation feature, which gives holders the right to require the Company to redeem all or any part of the holders' Series A Preferred Stock for cash in the event of a fundamental change or change in control. We have not adjusted the carrying value of the Series A Preferred Stock to its liquidation value since the securities are not currently redeemable nor is it probable that they will become redeemable. Subsequent adjustments to increase the carrying value to the liquidation value will be made only if and when it becomes probable that such a deemed liquidation event will occur.

On December 7, 2021, upon the completion of the Searchlight investment as described in Note 4, we issued 434,266 shares of Series A Preferred Stock with a carrying value of \$ 285.9 million. As of December 31, 2023, the liquidation preference of the Series A Preferred Stock was \$ 521.0 million, which included accrued and unpaid dividends of \$ 22.4 million. On January 2, 2024, the Company paid dividends in-kind of \$ 22.5 million. As of March 31, 2024, the liquidation preference of the Series A Preferred Stock was \$ 532.6 million, which includes accrued and unpaid dividends of \$ 11.6 million. Searchlight is the sole holder of all of the issued and outstanding shares of the Company's Series A Preferred Stock. The Company intends to exercise the paid-in-kind dividend option on the Series A Preferred Stock through at least 2025.

12. SHAREHOLDERS' EQUITY

Share-Based Compensation

Our Board of Directors (or its Compensation Committee) may grant share-based awards from our shareholder approved Consolidated Communications Holdings, Inc. Long-Term Incentive Plan, as amended and/or restated (the "Plan"). The Plan permits the issuance of awards in the form of stock options, stock appreciation rights, stock grants, and stock unit grants to eligible directors and employees at the discretion of the Compensation Committee of the Board of Directors. On February 26, 2023, our Board of Directors adopted, and on May 1, 2023, the shareholders approved an amendment to the Plan to increase by 5,280,000 shares the number of shares of our common stock authorized for issuance under the Plan. With the amendment, approximately 15,330,000 shares of our common stock are authorized for issuance under the Plan, provided that in any calendar year an eligible employee may be granted no more than 300,000 stock options or 300,000 stock appreciation rights, and a non-employee director may be granted no more than 25,000 stock options or 25,000 stock appreciation rights. In addition, stock awards and stock unit awards granted to an employee in any calendar year may not cover shares having a fair market value on the date of grant that exceeds \$ 6,000,000 (\$ 500,000 in the case of a non-employee director). Unless terminated sooner, the Plan will continue in effect until April 30, 2028.

The following table summarizes total compensation costs recognized for share-based payments during the three months ended March 31, 2024 and 2023:

<i>(In thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Restricted stock	\$ 939	\$ 923
Performance shares	742	(124)
Total	\$ 1,681	\$ 799

Share-based compensation expense is included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations.

As of March 31, 2024, total unrecognized compensation cost related to non-vested Restricted Stock Awards (“RSAs”) and Performance Share Awards (“PSAs”) was \$ 21.1 million and will be recognized over a weighted-average period of approximately 1.8 years.

The following table summarizes the RSA and PSA activity for the three-month period ended March 31, 2024:

	RSAs		PSAs	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested shares outstanding - December 31, 2023	1,491,997	\$ 3.78	690,822	\$ 7.28
Shares granted	2,025,439	\$ 4.31	437,368	\$ 3.02
Shares vested	—	\$ —	(310,520)	\$ 8.60
Shares forfeited, cancelled or retired	(33,784)	\$ 3.93	(60,882)	\$ 7.82
Non-vested shares outstanding - March 31, 2024	<u>3,483,652</u>	<u>\$ 4.08</u>	<u>756,788</u>	<u>\$ 4.23</u>

At March 31, 2024, we had 2.4 million PSAs outstanding for which performance condition achievement has not yet been determined, with a weighted average grant date fair value of \$ 3.89 . The PSAs are earned upon the achievement of predetermined goals over the performance periods, which range from one to three years . Depending on performance, a number of shares equal to 0 % to 150 % of the target PSAs outstanding as of March 31, 2024 may be issued as restricted stock once the performance periods are completed.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, net of tax, by component for the three-month period ended March 31, 2024:

<i>(In thousands)</i>	Pension and Post-Retirement Obligations	Derivative Instruments	Total
	Balance at December 31, 2023	\$ (20,084)	\$ (1,788)
Other comprehensive gain (loss) before reclassifications	—	7,940	7,940
Amounts reclassified from accumulated other comprehensive loss	(455)	(1,304)	(1,759)
Net current period other comprehensive income	(455)	6,636	6,181
Balance at March 31, 2024	<u>\$ (20,539)</u>	<u>\$ 4,848</u>	<u>\$ (15,691)</u>

The following table summarizes reclassifications from accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023:

<i>(In thousands)</i>	Three Months Ended March 31,		Affected Line Item in the Statement of Operations
	2024	2023	
Amortization of pension and post-retirement items:			
Prior service credit	\$ 130	\$ 132	(a)
Actuarial gain	487	1,223	(a)
	617	1,355	Total before tax
	(162)	(356)	Tax expense
	<u>\$ 455</u>	<u>\$ 999</u>	Net of tax
Gain (loss) on cash flow hedges:			
Interest rate derivatives	\$ 1,767	\$ 2,678	Interest expense
	(463)	(699)	Tax expense
	<u>\$ 1,304</u>	<u>\$ 1,979</u>	Net of tax

- (a) These items are included in the components of net periodic benefit cost for our pension and other post-retirement benefit plans. See Note 13 for further discussion regarding our pension and other post-retirement benefit plans.

13. PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS

Defined Benefit Plans

We sponsor qualified defined benefit pension plans that are non-contributory covering substantially all of our hourly employees under collective bargaining agreements who fulfill minimum age and service requirements and certain salaried employees. The defined benefit pension plans are closed to all new entrants. All of our defined benefit pension plans are now frozen to all current employees, and no additional monthly pension benefits will accrue under those plans.

We also maintain non-qualified supplemental retirement plans (the “Supplemental Plans” and, together with the defined benefit pension plans, the “Pension Plans”). The Supplemental Plans provide supplemental retirement benefits to certain former employees by providing for incremental pension payments to partially offset the reduction of the amount that would have been payable under the qualified defined benefit pension plans if it were not for limitations imposed by federal income tax regulations. The Supplemental Plans are closed to all new entrants. These plans are unfunded and have no assets. The benefits paid under the Supplemental Plans are paid from the general operating funds of the Company.

The following table summarizes the components of net periodic pension benefit for our Pension Plans for the three months ended March 31, 2024 and 2023:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2024	2023
Interest cost	\$ 6,671	\$ 7,356
Expected return on plan assets	(6,660)	(7,850)
Net amortization loss	210	72
Net prior service cost amortization	31	31
Net periodic pension cost (benefit)	<u>\$ 252</u>	<u>\$ (391)</u>

The components of net periodic pension cost (benefit) other than the service cost component are included in other, net within other income (expense) in the condensed consolidated statements of operations.

Post-retirement Benefit Obligations

We sponsor various healthcare and life insurance plans (“Post-retirement Plans”) that provide post-retirement medical and life insurance benefits to certain groups of retired employees. Certain plans are frozen so that no person is eligible to become a new participant. Retirees share in the cost of healthcare benefits, making contributions that are adjusted periodically—either based upon collective bargaining agreements or because total costs of the program have changed.

Covered expenses for retiree health benefits are paid as they are incurred. Post-retirement life insurance benefits are fully insured. A majority of the healthcare plans are unfunded and have no assets, and benefits are paid from the general operating funds of the Company. However, a certain healthcare plan is funded by assets that are separately designated within the Pension Plans for the sole purpose of providing payments of retiree medical benefits for this specific plan.

The following table summarizes the components of the net periodic cost for our Post-retirement Plans for the three months ended March 31, 2024 and 2023:

<i>(In thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Service cost	\$ 21	\$ 19
Interest cost	693	750
Expected return on plan assets	(46)	(47)
Net amortization gain	(697)	(1,295)
Net prior service credit amortization	(161)	(163)
Net periodic post-retirement benefit cost	<u>\$ (190)</u>	<u>\$ (736)</u>

The components of net periodic post-retirement benefit cost other than the service cost component are included in other, net within other income (expense) in the condensed consolidated statements of operations.

Contributions

We elected to participate in the American Rescue Plan Act of 2021 ("ARPA") beginning with the 2021 plan year. ARPA, which was signed into law in March 2021, included changes to the employer funding requirements and is designed to reduce the amounts of required contributions to provide funding relief for employers. During 2021 and the six months ended June 30, 2022, we elected to fund our pension contributions at the pre-ARPA levels, which has created a pre-funded balance. We intend to use our current pre-funded balance to satisfy the minimum contribution requirements until the balance is exhausted, which is expected to occur in late 2024. We expect to contribute approximately \$ 0.2 million to our Pension Plans and \$ 5.7 million to our Post-retirement Plans in 2024. As of March 31, 2024, we have contributed \$ 1.7 million of the annual contribution to the Post-retirement Plans.

14. INCOME TAXES

Our unrecognized tax benefits as of March 31, 2024 and December 31, 2023 were \$ 4.9 million. The net amount of unrecognized tax benefits that, if recognized, would result in an impact to the effective tax rate is \$ 4.7 million as of March 31, 2024 and December 31, 2023. We do not expect any material change in our unrecognized tax benefits during the remainder of 2024.

Our practice is to recognize interest and penalties related to income tax matters in interest expense and selling, general and administrative expenses, respectively. As of March 31, 2024, we did not have a material liability for interest or penalties and had no material interest or penalty expense.

The periods subject to examination for our federal return are years 2020 through 2022. The periods subject to examination for our state returns are years 2019 through 2022. In addition, prior tax years may be subject to examination by federal or state taxing authorities if the Company's net operating loss carryovers from those prior years are utilized in the future. We are currently under examination by certain state taxing authorities. We do not expect any settlement or payment that may result from the examination to have a material effect on our results or cash flows.

Our effective tax rate was 25.0 % and 24.9 % for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate differed from the federal and state statutory rates due to various permanent income tax differences.

15. COMMITMENTS AND CONTINGENCIES

Litigation, Regulatory Proceedings and Other Contingencies

Gross Receipts Tax

Two of our subsidiaries, Consolidated Communications of Pennsylvania Company LLC ("CCPA") and Consolidated Communications Enterprise Services, Inc. ("CCES"), have, at various times, received Assessment Notices and/or Audit

Assessment Notices from the Commonwealth of Pennsylvania Department of Revenue (“DOR”) increasing the amounts owed for the Pennsylvania Gross Receipts Tax, and have had audits performed for the tax years 2008 through 2018 (CCPA and CCES) and 2019 through 2020 (CCPA). We filed Petitions for Reassessment with the DOR’s Board of Appeals contesting these audit assessments. These cases remain pending and are in various stages of appeal. In May 2017, we entered into an agreement to guarantee any potential liabilities to the DOR up to \$ 5.0 million.

Tax liabilities calculated by the DOR for CCPA and CCES for tax years 2010 (CCPA) and 2014 through 2023 (CCPA and CCES) are approximately \$ 5.3 million and \$ 2.6 million, respectively. Based on the initial settlement offers for the tax years 2008 through 2013, which were subsequently settled in 2019 for \$ 2.1 million, including interest, and the Company’s best estimate of the potential additional tax liabilities for the remaining unsettled tax years 2010 (CCPA) and 2014 through 2023 (CCPA and CCES), we have reserved \$ 1.0 million and \$ 2.7 million, including interest, for our CCPA and CCES subsidiaries, respectively. We expect the filings for the tax years 2014 through 2023 to be settled at a later date similar to the initial settlement. While we continue to believe a settlement of all remaining disputed claims is possible, we cannot anticipate at this time what the ultimate resolution of these cases will be, nor can we evaluate the likelihood of a favorable or unfavorable outcome or the potential losses (or gains) should such an outcome occur.

From time to time we may be involved in litigation that we believe is of the type common to companies in our industry, including regulatory issues. While the outcome of these claims cannot be predicted with certainty, we do not believe that the outcome of any of these legal matters will have a material adverse impact on our financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain statements in this Quarterly Report on Form 10-Q, including those relating to the take private transaction, the impact on future revenue sources, pending and future regulatory orders, continued expansion of the telecommunications network and expected changes in the sources of our revenue and cost structure resulting from our entrance into new markets, are forward-looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect, among other things, our current expectations, plans, strategies and anticipated financial results. Moreover, forward-looking statements necessarily involve assumptions on our part. These forward-looking statements generally are identified by the words "believe," "expect," "anticipate," "estimate," "project," "intend," "plan," "should," "may," "will," "would," "will be," "will continue" or similar expressions. There are a number of risks, uncertainties, conditions and other important factors that may cause the actual results of Consolidated Communications Holdings, Inc. and its subsidiaries ("Consolidated," the "Company," "we" or "our") to differ materially from those expressed or implied by these forward-looking statements including: (1) significant competition in all parts of our business and among our customer channels; (2) our ability to adapt to rapid technological changes; (3) shifts in our product mix that may result in a decline in operating profitability; (4) public health threats, including the novel coronavirus ("COVID-19") pandemic; (5) continued receipt of support from various funds established under federal and state laws; (6) disruptions in our networks and infrastructure and any related service delays or disruptions could cause us to lose customers and incur additional expenses; (7) cyber-attacks may lead to unauthorized access to confidential customer, personnel and business information that could adversely affect our business; (8) our ability to fund capital expenditures required for our operations; (9) our ability to obtain and maintain necessary rights-of-way for our networks; (10) our ability to obtain necessary hardware, software and operational support from third-party vendors; (11) the impact of rising video content costs; (12) our ability to enter into new collective bargaining agreements or renew existing agreements; (13) our ability to attract and/or retain certain key management and other personnel in the future; (14) risks associated with acquisitions and the realization of anticipated benefits from such acquisitions; (15) increasing attention to, and evolving expectations for, environmental, social and governance initiatives; (16) the impact of unfavorable changes in financial markets on our pension plan investments; (17) weak economic conditions; (18) the risk that the proposed Merger (as defined herein) may not be completed in a timely manner or at all; (19) the possibility that any or all of the various conditions to the consummation of the proposed Merger may not be satisfied or waived, including the failure to receive any required regulatory approvals from any applicable governmental entities (or any conditions, limitations or restrictions placed on such approvals); (20) the occurrence of any event, change or other circumstance that could give rise to the termination of the definitive transaction agreement relating to the proposed Merger, including in circumstances that would require the Company to pay a termination fee; (21) the effect of the announcement or pendency of the proposed Merger on the Company's ability to attract, motivate or retain key executives and employees, its ability to maintain relationships with its customers, suppliers and other business counterparties, or its operating results and business generally; (22) risks related to the proposed Merger transaction diverting management's attention from the Company's ongoing business operations; (23) the amount of costs, fees and expenses related to the proposed merger transaction; (24) the risk that the Company's stock price may decline significantly if the proposed Merger is not consummated; (25) the risk of stockholder litigation in connection with the proposed Merger, including resulting expense or delay; and (26) the other risk factors described in Part I, Item 1A of Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"), as updated by our other filings with the Securities and Exchange Commission (the "SEC"). Many of these circumstances are beyond our ability to control or predict. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements that appear throughout this report. Furthermore, undue reliance should not be placed on forward-looking statements, which are based on the information currently available to us and speak only as of the date they are made. Except as required under federal securities laws or the rules and regulations of the SEC, we disclaim any intention or obligation to update or revise publicly any forward-looking statements. Management's Discussion and Analysis ("MD&A") should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes to the financial statements ("Notes") as of and for the three months ended March 31, 2024 included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Throughout this MD&A, we refer to certain measures that are not measures of financial performance in accordance with accounting principles generally accepted in the United States ("US GAAP" or "GAAP"). We believe the use of these non-GAAP measures on a consolidated basis provides the reader with additional information that is useful in understanding our operating results and trends. These measures should be viewed in addition to, rather than as a substitute for, those

measures prepared in accordance with GAAP. See the “Non-GAAP Measures” section below for a more detailed discussion on the use and calculation of these measures.

Overview

Consolidated is a broadband and business communications provider offering a wide range of communication solutions to consumer, commercial and carrier customers across a service area in over 20 states. We operate an advanced fiber network spanning over 61,000 fiber route miles across many rural areas and metro communities. We offer residential high-speed Internet, video, phone and home security services as well as multi-service residential and small business bundles. Our business product suite includes: data and Internet solutions, voice, data center services, security services, managed and IT services, and an expanded suite of cloud services. We provide wholesale solutions to wireless and wireline carriers and other service providers including data, voice, network connections and custom fiber builds and last mile connections.

We generate the majority of our consolidated operating revenues primarily from monthly subscriptions to our broadband, data and transport services (collectively “broadband services”) marketed to residential and business customers. As consumer demands for bandwidth continue to increase, our focus is on expanding our fiber broadband services and upgrading data speeds in order to offer a highly competitive fiber product. Our investment in more competitive broadband speeds is critical to our long-term success. Our strategic investment with Searchlight Capital Partners L.P. (“Searchlight”) combined with the refinancing of our capital structure in 2020 provided us with additional capital that has enabled us to accelerate our fiber expansion plans and provided significant benefits to our consumer, commercial and carrier customers. With this strategic investment, we enhanced our fiber infrastructure and accelerated our investments in high-growth and competitive areas. By leveraging our existing dense core fiber network and an accelerated build plan, we expect to be able to significantly increase data speeds, expand our multi-Gig coverage and strategically extend our network across our strong existing commercial and carrier footprint to attract more on-net and near-net opportunities. As part of our multi-year fiber expansion plan, we plan to upgrade approximately 1.6 million passings to fiber across select service areas to enable multi-Gig capable services to these homes and small businesses including more than 1 million passings within our northern New England service areas. The ultimate total passings will be dependent upon, amongst other things, our ability to secure Public Private Partnership grant arrangements and other broadband infrastructure funding opportunities.

In 2024, we plan to continue to execute on our multi-year fiber growth plan and transformation from a copper-based telecommunications provider to a fiber broadband provider. Our fiber build plan includes the upgrade of approximately 150,000 homes and small businesses in 2024. During the three months ended March 31, 2024, we upgraded approximately 10,800 passings and added approximately 18,800 consumer fiber Gig-capable subscribers. During the year ended December 31, 2023, we upgraded approximately 227,500 passings. As of March 31, 2024, approximately 47% of our passings were at least 1 Gig capable, as compared to 22% at December 31, 2021.

Fidium Fiber, our Gigabit consumer fiber internet product with an all-new customer experience reinforces our broadband-first strategy. Our Fidium plans offer symmetrical speeds from 50 Mbps to 2 Gbps over the latest WiFi 6 technology with no data caps. We expect to continue to expand the availability of Fidium Fiber further into communities within our markets. In February 2023, we launched Fidium@Work and expanded our Fidium Fiber service to small businesses everywhere Fidium internet is available. Fidium@Work is ideal for small businesses that have outgrown residential or traditional internet service, but do not require an enterprise solution.

As we continue to increase broadband speeds, we believe that we will also be able to simultaneously enhance our commercial product offerings to meet the needs of our business customers. By leveraging our advanced fiber network, we can tailor our services for business customers by developing solutions to fit their specific needs. We offer fiber broadband connectivity and cloud-based services to deliver differentiated solutions targeting customers ranging from small businesses to large enterprises and carriers. We are focused on driving fiber connectivity, achieving data services growth and standardizing our commercial product portfolio, which increases efficiency and enables greater scalability and reliability for businesses.

Operating revenues continue to be impacted by the industry-wide trend of declines in voice services, access lines and related network access revenue. Many customers are choosing to subscribe to alternative communication services, and competition for these subscribers continues to increase. Total voice connections decreased 11% as of March 31, 2024

compared to the same period in 2023. We have been able to mitigate some of the access line losses through alternative product offerings, such as our VoIP service.

As part of our plan to simplify our product offerings and focus on our fiber-first strategy, we have commenced a scheduled decommissioning of video services across our markets. We plan to discontinue video services in all markets by the end of the third quarter of 2024. Total video connections decreased 46% as of March 31, 2024 compared to the same period in 2023 as a result of our plan to discontinue providing video services and transition customers to streaming services offered through our streaming partnerships, which may amplify the demand for our competitive multi-gig broadband speeds to facilitate streaming content.

In July 2023, we initiated a business simplification and cost savings initiative plan intended to further align our company as a fiber-first provider, improve operating efficiencies, lower our cost structure and ultimately improve the overall customer experience. This initiative included a reduction in workforce, consolidation and elimination of certain facilities and review of our product offerings. In 2024, we expect to continue to seek to improve operating efficiency through technology, better practices and procedures and through cost containment measures.

Recent Developments

Merger Agreement

On October 15, 2023, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Condor Holdings LLC, a Delaware limited liability company ("Parent") affiliated with certain funds managed by affiliates of Searchlight, and Condor Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), pursuant to which, subject to the terms and conditions thereof, Merger Sub will merge with and into the Company (the "Merger") with the Company continuing as the surviving corporation and a wholly owned subsidiary of an affiliate of Searchlight. British Columbia Investment Management Corporation ("BCI") and certain affiliates of Searchlight have committed to provide equity financing to Parent to fund the transactions contemplated by the Merger Agreement. Searchlight is currently the beneficial owner of approximately 33% of the Company's outstanding shares of common stock and is the holder of 100% of the Company's outstanding Series A perpetual preferred stock. Subject to the terms and conditions set forth in the Merger Agreement, upon the consummation of the Merger, each share of the Company's common stock, par value \$0.01 per share (other than shares of the Company's common stock (i) held directly or indirectly by Parent, Merger Sub or any subsidiary of the Company, (ii) held by the Company as treasury shares or (iii) held by any person who properly exercises appraisal rights under Delaware law) will be converted into the right to receive an amount in cash equal to \$4.70 per share, without interest (the "Merger Consideration"), subject to any withholding of taxes required by applicable law. In addition, pursuant to the Merger Agreement, upon the consummation of the Merger, (i) Company restricted share awards ("Company RSAs") held by non-employee directors or by certain affiliates of Searchlight will vest and be canceled in exchange for the Merger Consideration and (ii) all other Company RSAs will be converted into restricted cash awards based on the Merger Consideration and subject to the same terms and conditions, including time- and performance-based vesting conditions, as the corresponding Company RSA (except that the relative total shareholder return modifier shall be deemed to be achieved at the target level).

The Merger Agreement has, unanimously by the directors present, been approved by the board of directors of the Company (the "Board"), acting upon the unanimous recommendation of a special committee consisting of only independent and disinterested directors of the Company (the "Special Committee"). On January 31, 2024, the Company held a virtual special meeting of stockholders (the "Special Meeting") to consider three proposals with respect to the Merger Agreement. The first proposal, to adopt the Merger Agreement, was approved by (i) holders of a majority of the voting power represented by the issued and outstanding shares of our common stock that were entitled to vote thereon and (ii) holders of a majority of the voting power represented by the issued and outstanding shares of our common stock that were entitled to vote thereon and held by Unaffiliated Stockholders (as defined in the Merger Agreement). The second proposal, to approve by advisory (non-binding) vote the compensation that may be paid or become payable to the named executive officers of the Company in connection with the consummation of the Merger, was approved by the requisite vote of the Company's stockholders. The third proposal, to approve any adjournment of the Special Meeting, if necessary, to solicit additional proxies if there were insufficient votes in favor of the Merger Agreement proposal, was also approved by the

requisite vote of the Company's stockholders. Because the Merger Agreement proposal was approved by the requisite vote, no adjournment to solicit additional proxies was necessary.

The proposed transaction constitutes a "going-private transaction" under the rules of the SEC and is expected to close by the first quarter of 2025. The closing of the Merger is subject to various conditions, including (i) the expiration or termination of the applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"); (ii) the receipt of certain required consents or approvals from (a) the Federal Communications Commission, (b) the Committee on Foreign Investment in the United States, (c) state public utility commissions and (d) local regulators in connection with the provision of telecommunications and media services; (iii) the absence of any order, injunction or decree restraining, enjoining or otherwise prohibiting or making illegal the consummation of the Merger or the other transactions contemplated by the Merger Agreement; and (iv) the accuracy of the representations and warranties contained in the Merger Agreement, subject to customary materiality qualifications, as of the date of the Merger Agreement and the date of closing, and performance in all material respects of the covenants and agreements contained in the Merger Agreement. The transaction is not subject to a financing condition. We are awaiting required regulatory approvals in order to execute the Merger. Following the closing of the transaction, shares of our common stock will no longer be traded or listed on any public securities exchange.

Additional information about the Merger Agreement and the Merger is set forth in the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on December 18, 2023, as supplemented.

Divestiture

On July 10, 2023, we entered into a definitive agreement to sell our business located in the Washington market ("the Washington operations"), for gross cash proceeds of approximately \$73.0 million, subject to customary working capital adjustments and other post-closing purchase price adjustments. At March 31, 2024 and December 31, 2023, the assets and liabilities to be sold were classified as assets held for sale in the condensed consolidated balance sheet. The sale of the Washington operations closed on May 1, 2024.

Results of Operations

The following tables reflect our financial results on a consolidated basis and key operating metrics as of and for the three months ended March 31, 2024 and 2023.

Financial Data

<i>(In millions, except for percentages)</i>	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Operating Revenues				
Consumer:				
Broadband (Data and VoIP)	\$ 79.9	\$ 68.0	\$ 11.9	18 %
Voice services	28.3	32.3	(4.0)	(12)
Video services	6.6	9.6	(3.0)	(31)
	<u>114.8</u>	<u>109.9</u>	<u>4.9</u>	<u>4</u>
Commercial:				
Data services (includes VoIP)	54.7	53.1	1.6	3
Voice services	30.7	32.6	(1.9)	(6)
Other	9.0	9.8	(0.8)	(8)
	<u>94.4</u>	<u>95.5</u>	<u>(1.1)</u>	<u>(1)</u>
Carrier:				
Data and transport services	31.1	32.9	(1.8)	(5)
Voice services	3.8	4.4	(0.6)	(14)
Other	0.2	0.3	(0.1)	(33)
	<u>35.1</u>	<u>37.6</u>	<u>(2.5)</u>	<u>(7)</u>
Subsidies	6.8	7.0	(0.2)	(3)
Network access	22.5	24.4	(1.9)	(8)
Other products and services	1.1	1.7	(0.6)	(35)
Total operating revenues	<u>274.7</u>	<u>276.1</u>	<u>(1.4)</u>	<u>(1)</u>
Operating Expenses				
Cost of services and products (exclusive of depreciation and amortization)	113.5	131.9	(18.4)	(14)
Selling, general and administrative costs	84.0	81.3	2.7	3
Transaction costs	2.9	—	2.9	100
Loss on disposal of assets	—	3.3	(3.3)	(100)
Depreciation and amortization	80.6	77.7	2.9	4
Total operating expenses	<u>281.0</u>	<u>294.2</u>	<u>(13.2)</u>	<u>(4)</u>
Loss from operations	(6.3)	(18.1)	(11.8)	(65)
Interest expense, net	(42.5)	(33.9)	8.6	25
Other income, net	1.6	2.8	(1.2)	(43)
Income tax benefit	(11.8)	(12.2)	(0.4)	(3)
Net loss	(35.4)	(37.0)	(1.6)	(4)
Dividends on Series A preferred stock	11.7	10.6	1.1	10
Net income attributable to noncontrolling interest	0.1	0.1	—	—
Loss attributable to common shareholders	<u>\$ (47.2)</u>	<u>\$ (47.7)</u>	<u>\$ (0.5)</u>	<u>(1)</u>
Adjusted EBITDA ⁽¹⁾	\$ 88.4	\$ 75.4	\$ 13.0	17 %

⁽¹⁾ A non-GAAP measure. See the "Non-GAAP Measures" section below for additional information and reconciliation to the most directly comparable GAAP measure.

Key Operating Statistics

	As of March 31,			
	2024	2023	Change	% Change
Consumer customers	504,889	483,266	21,623	4 %
Fiber Gig+ capable	213,997	135,209	78,788	58
DSL/Copper	185,560	234,653	(49,093)	(21)
Consumer data connections	399,557	369,862	29,695	8
Consumer voice connections	229,523	267,509	(37,986)	(14)
Video connections	17,620	32,426	(14,806)	(46)

Operating Revenues

Consumer

Broadband Services

Broadband services include revenues from residential customers for subscriptions to our data and Voice over Internet Protocol ("VoIP") products. We offer high-speed Internet access at speeds of up to 2 Gbps, depending on the network facilities that are available, the level of service selected and the location. Our fiber expansion plan is expected to provide fiber broadband revenue growth opportunities as we upgrade data speeds and expand our multi-Gig coverage across our network. Our VoIP digital phone service is also available in certain markets as an alternative to the traditional telephone line.

Broadband services revenues increased \$11.9 million during the three months ended March 31, 2024 compared to the same period in 2023. Broadband services revenue continued to increase primarily as a result of price increases and growth in fiber Internet services as fiber data connections continue to increase and offset the decline in copper data connections. Total consumer data connections increased 8% as of March 31, 2024 compared to the same period in 2023. In addition, a greater mix of our subscribers are shifting towards higher broadband speeds and electing to subscribe to our 1 Gig or higher product.

Voice Services

We offer several different basic local phone service packages and long-distance calling plans, including unlimited flat-rate calling plans. The plans include options for voicemail and other custom calling features such as caller ID, call forwarding and call waiting. Voice services revenues decreased \$4.0 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to a 19% decline in access lines. The number of local access lines in service directly affects the recurring revenues we generate from end users and continues to be impacted by the industry-wide decline in access lines. We expect to continue to experience erosion in voice connections due to competition from alternative technologies.

Video Services

Depending on geographic market availability, our video services range from limited basic service to advanced digital television, which includes several plans, each with hundreds of local, national and music channels including premium and Pay-Per-View channels as well as video On-Demand service. Certain customers may also subscribe to our advanced video services, which consist of high-definition television, digital video recorders ("DVR") and/or a whole home DVR. Our video subscribers can also watch their favorite shows, movies and livestreams on any device. In addition, we offer other on-demand streaming TV services, which provide endless entertainment options.

Video services revenues decreased \$3.0 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to the continued decline in connections as we discontinue providing video services in our markets and transition customers to streaming services. We expect to discontinue video services in all markets by the third quarter of 2024.

Commercial

Data Services

We provide a variety of business communication services to business customers of all sizes, including voice and data services over our advanced fiber network. The services we offer include scalable high-speed broadband Internet access and VoIP phone services, which range from basic service plans to virtual hosted systems. In addition to Internet and VoIP services, we also offer a variety of commercial data connectivity services in select markets including Ethernet services; private line data services; software defined wide area network ("SD-WAN") and multi-protocol label switching. Our networking services include point-to-point and multi-point deployments from 2.5 Mbps to 10 Gbps to accommodate the growth patterns of our business customers. We offer a suite of cloud-based services, which includes a hosted unified communications solution that replaces the customer's on-site phone systems and data networks, managed network security services and data protection services. Data center and disaster recovery solutions provide a reliable and local colocation option for commercial customers.

Data services revenues increased \$1.6 million during the three months ended March 31, 2024 compared to the same period in 2023 due to continued growth in dedicated Internet access and fiber Internet services, which was reduced in part by declines in Metro Ethernet and VoIP phone services as a result of customer churn. In recent years, the growth in data services revenues has been impacted by customer churn from increased competition and price compression as customers are migrating from legacy data connection products to more competitive products with a lower average revenue per user.

Voice Services

Voice services include basic local phone and long-distance service packages for business customers. The plans include options for voicemail, conference calling, linking multiple office locations and other custom calling features such as caller ID, call forwarding, speed dialing and call waiting. Services can be charged at a fixed monthly rate, a measured rate or can be bundled with selected services at a discounted rate. Voice services revenues decreased \$1.9 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to a 13% decline in access lines as commercial customers are increasingly choosing alternative technologies and the broad range of features that Internet-based voice services can offer.

Other

Other services include business equipment sales and related hardware and maintenance support, video services, pole attachment fees and other miscellaneous revenues, including 911 service revenues. Other services revenues decreased \$0.8 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to a decline in pole rental revenues and license attachment fees following the sale in 2023 of poles located in New Hampshire. However, these declines were offset in part by an increase in business equipment sales and custom construction revenues.

Carrier

Data and Transport Services

We provide high-speed fiber data transmission services to regional and national interexchange and wireless carriers including Ethernet, cellular backhaul, dark fiber and colocation services. Data and transport services revenues decreased \$1.8 million during the three months ended March 31, 2024 compared to the same period in 2023 due to a decrease in Ethernet services as a result of customer churn. Colocation and cellular backhaul revenue also declined from the same period in 2023 as a result of a reduction in pricing of recent contract renewals with our wireless backhaul partners. We expect to recognize further declines in cellular backhaul revenue as a result of new pricing in 2023 and 2024.

Voice Services

We provide basic local phone service packages with customized features for resell by wholesale customers. The plans include options for voicemail, conference calling, linking multiple office locations and other custom calling features. Voice services revenues decreased \$0.6 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily as a result of customer churn for business data services.

Other

Other services revenues include conduit and other asset lease revenue as well as other miscellaneous revenue. Other services revenues decreased \$0.1 million during the three months ended March 31, 2024 compared to the same period in 2023 due to a decline in conduit lease revenue.

Subsidies

Subsidies consist of both federal and state subsidies, which are designed to promote widely available, quality broadband services at affordable prices with higher data speeds in rural areas. Subsidies revenues decreased \$0.2 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to changes in state subsidies support. See the "Regulatory Matters" section below for a further discussion of the subsidies we receive.

Network Access Services

Network access services include interstate and intrastate switched access, network special access and end user access. Switched access revenues include access services to other communications carriers to terminate or originate long-distance calls on our network. Special access circuits provide dedicated lines and trunks to business customers and interexchange carriers. Network access services revenues decreased \$1.9 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to a decline in end user access revenue as a result of a reduction in funding rates for State Universal Service Funds ("USF") for Texas. Special access revenues also decreased related to the continuing decline in minutes of use, voice connections and carrier circuits as carriers transition to Ethernet based transport solutions.

Other Products and Services

Other products and services include revenues from telephone directory publishing, video advertising, billing and support services and other miscellaneous revenues, including revenue from Public Private Partnerships ("PPP's"). We have entered into numerous PPP agreements with various towns in New Hampshire and Vermont to build new fiber to the premise ("FTTP") Internet networks. The new town networks provide multi-gigabit broadband speeds to residential and commercial customers. PPP's are a key component of Consolidated's commitment to expand rural broadband access.

Other products and services revenues decreased \$0.6 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due a decline in video and directory advertising revenue.

Operating Expenses

Cost of Services and Products

Cost of services and products decreased \$18.4 million during the three months ended March 31, 2024 compared to the same period in 2023. Video programming costs decreased as a result of a decline in video connections and the planned decommissioning of video services in 2024. Federal USF contributions declined due to a one-time adjustment recognized during the three months ended March 31, 2024 for the final filings for 2023 as well as lower assessable revenues in 2024. Required contributions to the State USF decreased in the three months ended March 31, 2024 as a result of a reduction in the funding rates for Texas as compared to 2023. Employee labor costs decreased in the three months ended March 31, 2024 as a result of a reduction in head count and the cost savings initiative plan implemented in 2023. Contract labor costs

declined in the three months ended March 31, 2024 from savings in maintenance costs. Access expense also decreased from the prior year period.

Selling, General and Administrative Costs

Selling, general and administrative costs increased \$2.7 million during the three months ended March 31, 2024 compared to the same period in 2023. Professional fees increased during the three months ended March 31, 2024 for various system enhancements, customer service improvements and strategic initiatives. The increase in selling, general and administrative costs was also due to an increase in legal fees, property and real estate taxes and software maintenance costs in the three months ended March 31, 2024. These increases were offset in part by a reduction in employee labor costs as a result of the cost savings initiative plan implemented in 2023.

Transaction Costs

Transaction costs of \$2.9 million during the three months ended March 31, 2024 consist primarily of legal and other professional fees incurred in connection with the Merger Agreement entered into with Searchlight in October 2023.

Loss on Disposal of Assets

During the three months ended March 31, 2023, we recognized an additional loss of \$2.1 million on the sale of substantially all of the assets of our Kansas City operations as a result of purchase price adjustments and working capital changes. We also recognized a loss of \$1.2 million related to the sale of certain utility poles during the three months ended March 31, 2023.

Depreciation and Amortization

Depreciation and amortization expense increased \$2.9 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to ongoing capital expenditures related to the fiber network expansion and customer service improvements as well as success-based capital projects for consumer and commercial services. However, amortization expense declined during the three months ended March 31, 2024 for customer relationships, which are amortized under the accelerated method. Depreciation expense also declined during the three months ended March 31, 2024 due certain assets becoming fully depreciated.

Regulatory Matters

Our revenues are subject to broad federal and/or state regulations, which include such telecommunications services as local telephone service, network access service and toll service. The telecommunications industry is subject to extensive federal, state and local regulation. Under the Telecommunications Act of 1996, federal and state regulators share responsibility for implementing and enforcing statutes and regulations designed to encourage competition and to preserve and advance widely available, quality telephone service at affordable prices.

At the federal level, the FCC generally exercises jurisdiction over facilities and services of local exchange carriers, such as our rural telephone companies, to the extent they are used to provide, originate or terminate interstate or international communications. The FCC has the authority to condition, modify, cancel, terminate or revoke our operating authority for failure to comply with applicable federal laws or FCC rules, regulations and policies. Fines or penalties also may be imposed for any of these violations.

State regulatory commissions generally exercise jurisdiction over carriers' facilities and services to the extent they are used to provide, originate or terminate intrastate communications. In particular, state regulatory agencies have substantial oversight over interconnection and network access by competitors of our rural telephone companies. In addition, municipalities and other local government agencies regulate the public rights-of-way necessary to install and operate networks. State regulators can sanction our rural telephone companies or revoke our certifications if we violate relevant laws or regulations.

FCC Matters

In general, telecommunications service in rural areas is costlier to provide than service in urban areas. The lower customer density means that switching and other facilities serve fewer customers and loops are typically longer, requiring greater expenditures per customer to build and maintain. By supporting the high-cost of operations in rural markets, USF subsidies promote widely available, quality telephone service at affordable prices in rural areas.

In April 2019, the FCC announced plans for the Rural Digital Opportunity Fund (“RDOF”), the next phase of the Connect America Fund (“CAF”) program. The RDOF is a \$20.4 billion fund to bring speeds of 25 Mbps downstream and 3 Mbps upstream to unserved and underserved areas of America. The FCC issued a Notice of Proposed Rulemaking at their August 2019 Open Commission Meeting. The order prioritizes terrestrial broadband as a bridge to rural 5G networks by providing a significant weight advantage to traditional broadband providers. Funding will occur in two phases with the first phase auctioning \$16.0 billion and the second phase auctioning \$4.4 billion, each to be distributed over 10 years. The minimum speed required to receive funding is 25 Mbps downstream and 3 Mbps upstream. Consolidated won 246 census block groups serving in seven states in the 2020 auction. The bids we won are at the 1 Gbps downstream and 500 Mbps upstream speed tier to approximately 27,000 locations at an annual funding level of \$5.9 million as of January 1, 2022 through December 31, 2031. Consolidated began receiving RDOF funding in January 2022.

The annual FCC price cap filing was made on June 16, 2023 and became effective on July 3, 2023. The net impact is a decrease of approximately \$3.7 million in network access and CAF ICC support funding for the July 2023 through June 2024 tariff period.

American Rescue Plan Act Funding

President Biden signed the American Rescue Plan Act of 2021 (“ARPA”) on March 11, 2021. States have been allocated federal funds to be utilized for capital infrastructure, including broadband deployment, and are in various stages of implementation. We are working with the states and municipalities to participate in this broadband grant program. In January 2023, we were awarded \$9.2 million in funding from ARPA to build to approximately 14,000 unserved homes in Skowhegan and Greater East Grand Bay Maine and in February 2023, we were awarded \$40.0 million in funding from ARPA to build nearly 25,000 unserved homes throughout New Hampshire. Construction began for both projects in 2023 and is expected to be largely completed by the end of 2024. The grants will be accounted for as a contribution in aid of construction given the nature of the arrangement.

Affordable Connectivity Program

The Affordable Connectivity Program (“ACP”) is a broadband affordability program set up to help ensure that households can afford the broadband access they need for work, school, healthcare and more. The benefit provides a discount of up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on qualifying Tribal lands. Eligible households can also receive a one-time discount of up to \$100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute more than \$10 and less than \$50 toward the purchase price. The ACP is limited to one monthly service discount and one device discount per household. The program began distributing funds on March 1, 2022. Consolidated is participating in this program and has approximately 8,300 ACP customers at March 31, 2024. Due to the expected lapse in the initial funding for the ACP in the second quarter of 2024, the ACP stopped accepting new applications and enrollments on February 7, 2024. The last fully funded month of the program was April 2024.

Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (“Infrastructure Act”), signed on November 15, 2021, included \$65.0 billion to support broadband infrastructure deployment and access across the United States with an aim to extend high-speed broadband connectivity to unserved rural, low-income, and tribal communities, as well as to promote broadband affordability and digital literacy. Among other broadband-related initiatives, the Infrastructure Act allocated \$42.5 billion for the Broadband Equity, Access, and Deployment (“BEAD”) program, which is administered by the National Telecommunications and Information Administration (“NTIA”). The NTIA has begun distributing BEAD program funding to states, which, in turn, will award BEAD program grants to ISPs to support broadband deployment and access

initiatives. The precise terms under which BEAD program grants will be awarded to ISPs are expected to vary from state to state and are not known at this time.

Apart from the broadband funding initiatives in the Infrastructure Act, Congress directed the FCC to adopt rules prohibiting “digital discrimination of access,” and the FCC in turn issued an order in November 2023 defining that term broadly. In particular, the FCC prohibited any policy or practice by ISPs, among other covered entities, that intentionally discriminates or has a disparate impact based on race, income level, and other prohibited classifications. The FCC indicated that it intends to take enforcement action based on any finding of digital discrimination unless the ISP can show that the policy or practice in question was justified based on economic or technical feasibility. The U.S. Chamber of Commerce and several groups representing ISPs filed petitions for review challenging the FCC’s order, and the petitions have been consolidated in the U.S. Court of Appeals for the Eighth Circuit. At this time, we cannot determine the likely impacts of the FCC’s order or the outcome of the pending appeal.

Other Regulatory Matters

We are also subject to a number of regulatory proceedings occurring at the federal and state levels that may have a material impact on our operations. The FCC and state commissions have authority to conduct audits and issue and interpret rules and regulations related to our business. A number of proceedings and findings are pending or anticipated that are related to such telecommunications issues as competition, interconnection, access charges, ICC, broadband deployment, rural subsidy programs, consumer protection and universal service reform. Some proceedings may authorize new services to compete with our existing services. Proceedings that relate to our cable television operations include rulemakings on set top boxes, carriage of programming, industry consolidation and ways to promote additional competition. There are various on-going legal challenges to the scope or validity of FCC orders that have been issued. As a result, it is not yet possible to fully determine the impact of the related FCC rules and regulations on our operations.

Non-Operating Items

Interest Expense, Net

Interest expense, net of interest income, increased \$8.6 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to an increase in variable interest rates on our outstanding term loan. Interest on borrowings from the revolving credit facility also increased due to outstanding borrowings of \$100.0 million as of March 31, 2024. Interest expense also increased from a decline in interest income of \$2.7 million due to additional cash equivalents and short-term investments during the three months ended March 31, 2023.

Other Income

Other income decreased \$1.2 million during the three months ended March 31, 2024 compared to the same period in 2023 primarily due to an increase in pension and post-retirement expense of \$1.2 million. See Note 13 to the condensed consolidated financial statements for a more detailed discussion regarding our pension and post-retirement plans.

Income Taxes

Income tax benefit decreased \$0.4 million during the three months ended March 31, 2024 compared to the same period in 2023. Our effective tax rate was 25.0% and 24.9% for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate differed from the federal and state statutory rates due to various permanent income tax differences.

Non-GAAP Measures

In addition to the results reported in accordance with US GAAP, we also use certain non-GAAP measures such as EBITDA and Adjusted EBITDA to evaluate operating performance and to facilitate the comparison of our historical results and trends. These financial measures are not measures of financial performance under US GAAP and should not be considered in isolation or as a substitute for net income (loss) as a measure of performance and net cash provided by operating activities as a measure of liquidity. They are not, on their own, necessarily indicative of cash available to fund cash needs as determined in accordance with GAAP. The calculation of these non-GAAP measures may not be comparable to similarly

titled measures used by other companies. Reconciliations of these non-GAAP measures to the most directly comparable financial measures presented in accordance with GAAP are provided below.

EBITDA is defined as net earnings before interest expense, income taxes and depreciation and amortization. Adjusted EBITDA is comprised of EBITDA, adjusted for certain items as permitted or required under our credit facility as described in the reconciliations below. These measures are a common measure of operating performance in the telecommunications industry and we believe they are useful, with other data, as a means to evaluate our ability to fund our estimated uses of cash.

The following table is a reconciliation of net loss to Adjusted EBITDA for the three months ended March 31, 2024 and 2023:

<i>(In thousands, unaudited)</i>	Three Months Ended	
	March 31,	
	2024	2023
Net loss	\$ (35,383)	\$ (36,961)
Add (subtract):		
Interest expense, net of interest income	42,451	33,860
Income tax benefit	(11,772)	(12,240)
Depreciation and amortization	80,633	77,699
EBITDA	75,929	62,358
Adjustments to EBITDA:		
Other, net ⁽¹⁾	10,789	8,889
Loss on disposal of assets	—	3,304
Non-cash, stock-based compensation	1,681	799
Adjusted EBITDA	<u>\$ 88,399</u>	<u>\$ 75,350</u>

⁽¹⁾ Includes dividend income, income attributable to noncontrolling interests in subsidiaries, acquisition and transaction related costs including integration and severance, non-cash pension and post-retirement benefits and certain other miscellaneous items.

Liquidity and Capital Resources

Outlook and Overview

Our operating requirements have historically been funded from cash flows generated from our business and borrowings under our credit facilities. We expect that our future operating requirements will continue to be funded from cash flows from operating activities, existing cash and cash equivalents, proceeds from sales of nonstrategic assets and, if needed, borrowings under our revolving credit facility and our ability to obtain future external financing. We anticipate that we will continue to use a substantial portion of our cash flow to fund capital expenditures for our accelerated fiber network expansion and growth plan.

The following table summarizes our cash flows:

<i>(In thousands)</i>	Three Months Ended March	
	31,	
	2024	2023
Cash flows provided by (used in):		
Operating activities	\$ 5,670	\$ 55,086
Investing activities	(97,242)	(128,911)
Financing activities	94,170	(4,150)
Change in cash and cash equivalents	<u>\$ 2,598</u>	<u>\$ (77,975)</u>

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was \$5.7 million during the three months ended March 31, 2024, a decrease of \$49.4 million compared to the same period in 2023. Cash flows provided by operating activities decreased primarily due to a decline in accounts payable and accrued expense related to the timing of expenditures. Cash paid for interest also increased \$4.5 million during the three months ended March 31, 2024 compared to the same period in 2023.

Cash Flows Used In Investing Activities

Net cash used in investing activities was \$97.2 million during the three months ended March 31, 2024 and consisted primarily of cash used for capital expenditures and proceeds received from the sale of assets and investments.

Capital expenditures continue to be our primary recurring investing activity and were \$98.0 million and \$130.8 million during the three months ended March 31, 2024 and 2023, respectively. Capital expenditures for 2024 are expected to be used for our planned fiber projects and broadband network expansion, including the upgrade in 2024 of approximately 150,000 fiber passings, and to support success-based capital projects for commercial, carrier and consumer initiatives. We expect to continue to invest in the enhancement and expansion of our fiber network in order to retain and acquire more customers through a broader set of products and an expanded network footprint.

Cash Flows Used In Financing Activities

Net cash used in financing activities consists primarily of our proceeds from and principal payments on long-term borrowings.

Long-term Debt

Credit Agreement

On October 2, 2020, the Company, through certain of its wholly-owned subsidiaries, entered into a Credit Agreement with various financial institutions (as amended, the "Credit Agreement") to replace the Company's previous credit agreement in its entirety. The Credit Agreement consisted of term loans in an original aggregate amount of \$1,250.0 million (the "Term Loans") and a revolving loan facility of \$250.0 million. The Credit Agreement also includes an incremental loan facility which provides the ability to borrow, subject to certain terms and conditions, incremental loans in an aggregate amount of up to the greater of (a) \$300.0 million plus (b) an amount which would not cause its senior secured leverage ratio not to exceed 3.70:1.00 (the "Incremental Facility"). Borrowings under the Credit Agreement are secured by substantially all of the assets of the Company and its subsidiaries, subject to certain exceptions.

The Term Loans have a maturity date of October 2, 2027 and bear interest at a rate of 3.50% plus Secured Overnight Borrowing Rate ("SOFR") (subject to a 0.75% SOFR floor) plus a SOFR adjustment. As part of the replacement to SOFR-benchmark rates in 2023, borrowings will include an adjustment of 0.11%, 0.26% and 0.43% for borrowings of one, three and six month loans, respectively. On March 18, 2021, the Company repaid \$397.0 million of the then outstanding Term Loans with the net proceeds received from the issuance of \$400.0 million aggregate principal amount of 5.00% senior secured notes due 2028 (the "5.00% Senior Notes"), as described below. The repayment of the Term Loans was applied to the remaining principal payments in direct order of maturity, thereby eliminating the required quarterly principal payments through the remaining term of the loan.

The revolving credit facility has a maturity date of October 2, 2027 (subject to springing maturity on April 2, 2027 if the Term Loans, as of April 1, 2027, are scheduled to mature earlier than March 31, 2028) and an applicable margin (at our election) of 4.00% for SOFR-based borrowings or 3.00% for alternate base rate borrowings, with a 0.25% reduction in each case if the consolidated first lien leverage ratio, as defined in the Credit Agreement, does not exceed 3.20 to 1.00. As of March 31, 2024, borrowings of \$100.0 million were outstanding under our revolving credit facility. At December 31, 2023, there were no borrowings outstanding under the revolving credit facility. Stand-by letters of credit of \$38.6 million were outstanding under our revolving credit facility as of March 31, 2024. The stand-by letters of credit are renewable annually and reduce the borrowing availability under the revolving credit facility. As of March 31, 2024, \$111.4 million was available for borrowing under the revolving credit facility, subject to certain covenants.

As allowed for under the credit agreement under permitted indebtedness, on March 29, 2024, the Company entered into a term sheet to facilitate a loan of up to an aggregate amount of \$80.0 million, contingent upon satisfaction of certain conditions including a successful fund raising by the lender.

The weighted-average interest rate on outstanding borrowings under our credit facility was 8.98% and 8.96% as of March 31, 2024 and December 31, 2023, respectively. Interest is payable at least quarterly.

Credit Agreement Covenant Compliance

The Credit Agreement contains various provisions and covenants, including, among other items, restrictions on the ability to pay dividends, incur additional indebtedness, and issue certain capital stock. We have agreed to maintain certain financial ratios, including a maximum consolidated first lien leverage ratio, as defined in the Credit Agreement. Among other things, it will be an event of default, with respect to the revolving credit facility only, if our consolidated first lien leverage ratio is greater than 7.75:1.00 as of the end of any fiscal quarter, if on such date the testing threshold is met. The testing threshold is met if the aggregate amount of our borrowings outstanding under the revolving credit facility exceeds 35%. As of March 31, 2024, the testing threshold was not met and our consolidated first lien leverage ratio under the Credit Agreement was 6.42:1.00. As of March 31, 2024, we were in compliance with the Credit Agreement covenants.

On October 15, 2023, the Company entered into Amendment No. 5 to the Credit Agreement (the "Fifth Amendment") to, among other things, increase the maximum consolidated first lien leverage ratio (the "Step-Up") permitted under the Credit Agreement to (i) 7.75 to 1.00, from October 15, 2023 to and including December 31, 2024, (ii) 7.50 to 1.00, from and including January 1, 2025 to and including March 31, 2025, (iii) 7.25 to 1.00, from and including April 1, 2025 to and including June 30, 2025, (iv) 7.00 to 1.00, from and including July 1, 2025 to and including September 30, 2025, (v) 6.75 to 1.00 from and including October 1, 2025 to and including December 31, 2025, (vi) 6.50 to 1.00, from and including January 1, 2026 to and including March 31, 2026, (vii) 6.25 to 1.00, from and including April 1, 2026 to and including June 30, 2026, (viii) 6.00 to 1.00, from and including July 1, 2026 to and including September 30, 2026, and (ix) 5.85 to 1.00 from and including October 1, 2026 and thereafter (the "Step-Up Period"). While the Step-Up is in effect, the Company will be subject to additional restrictions on its ability to make certain investments and restricted payments (the "Restrictions"). The Step-Up Period and the Restrictions will end and the maximum Consolidated First Lien Leverage Ratio will revert to the levels set forth in the Credit Agreement on the earlier of (a) the Company's election and (b) August 1, 2025, to the extent \$300.0 million in cash proceeds have not been received by the Company from equity contributed to its capital by such date. If the proposed Merger is not completed by August 1, 2025, the increase in the maximum consolidated first lien leverage ratio as permitted in the Fifth Amendment to the Credit Agreement to provide interim financial covenant relief will end and the maximum consolidated first lien leverage ratio will revert to 5.85 to 1.00.

Searchlight Term Loan

On March 21, 2024, the Company, through certain of its wholly-owned subsidiaries, and Searchlight, as lender entered into a Term Loan Agreement (the "Loan Agreement"), which consists of delayed draw term loans in the aggregate amount of \$80.0 million (the "Loan"). The Loan Agreement provides us with the ability to borrow the Loan in the event either (a) the aggregate amount of available loans to be drawn under the revolving credit facility is less than \$25.0 million or (b) drawing under the revolving credit facility would trigger the financial maintenance covenant thereunder and we would not be in compliance with such covenant on a pro forma basis, in each case subject to the satisfaction of certain other customary conditions.

In the event the Loan is ever drawn, we intend to apply the proceeds from the Loan to directly or indirectly fund capital expenditures for our fiber broadband expansion plan. The Loan Agreement is unsecured and the Loan will mature on April 2, 2027. Drawn amounts on the Loan bear interest at a rate per annum equal to an applicable rate ranging from 12.0% per annum, which applies prior to the date that is 18 months after the initial borrowing date (unless the Merger Agreement is terminated pursuant to the Company's breach thereof), to the amount required for Searchlight to realize a multiple on invested capital of 1.75x on the Loan, which applies on and after the earlier of (i) the date that the Merger Agreement is terminated pursuant to the Company's breach thereof and (ii) the date that is 18 months after the initial borrowing date.

The Loan Agreement contains various affirmative, negative, and financial covenants consistent with the Company's existing credit agreement. The Loan Agreement requires, in the event the Merger Agreement is terminated and any amounts in respect of the Loan remain outstanding, for the Company to maintain a maximum consolidated first lien leverage ratio. The Loan Agreement also contains customary events of default, including, but not limited to, nonpayment, material inaccuracy of representations and warranties, violations of covenants, nonpayment of other material debts, certain bankruptcy and liquidations, certain material judgments, and certain events related to the Employee Retirement Income Security Act of 1974, as amended.

Senior Notes

On October 2, 2020, we completed an offering of \$750.0 million aggregate principal amount of 6.50% unsubordinated secured notes due 2028 (the "6.50% Senior Notes"). The 6.50% Senior Notes were priced at par and bear interest at a rate of 6.50%, payable semi-annually on April 1 and October 1 of each year. The 6.50% Senior Notes mature on October 1, 2028.

On March 18, 2021, we issued \$400.0 million aggregate principal amount 5.00% Senior Notes, together with the 6.50% Senior Notes (the "Senior Notes"). The 5.00% Senior Notes were priced at par and bear interest at a rate of 5.00% per year, payable semi-annually on April 1 and October 1 of each year. The 5.00% Senior Notes mature on October 1, 2028. The net proceeds from the issuance of the 5.00% Senior Notes were used to repay \$397.0 million of the Term Loans outstanding under the Credit Agreement.

The Senior Notes are unsubordinated secured obligations of the Company, secured by a first priority lien on the collateral that secures the Company's obligations under the Credit Agreement. The Senior Notes are fully and unconditionally guaranteed on a first priority secured basis by the Company and the majority of our wholly-owned subsidiaries. The offerings of the Senior Notes have not been registered under the Securities Act of 1933, as amended or any state securities laws.

Senior Notes Covenant Compliance

Subject to certain exceptions and qualifications, the indentures governing the Senior Notes contain customary covenants that, among other things, limits the Company and its restricted subsidiaries' ability to: incur additional debt or issue certain preferred stock; pay dividends or make other distributions on capital stock or prepay subordinated indebtedness; purchase or redeem any equity interests; make investments; create liens; sell assets; enter into agreements that restrict dividends or other payments by restricted subsidiaries; consolidate, merge or transfer all or substantially all of its assets; engage in transactions with its affiliates; or enter into any sale and leaseback transactions. The indentures also contain customary events of default. As of March 31, 2024, the Company was in compliance with all terms, conditions and covenants under the indentures governing the Senior Notes.

Finance Leases

We lease certain facilities and equipment under various finance leases which expire between 2024 and 2040. As of March 31, 2024, the present value of the minimum remaining lease commitments was approximately \$38.3 million, of which \$19.2 million was due and payable within the next twelve months. The leases require total remaining rental payments of \$42.9 million as of March 31, 2024.

Sufficiency of Cash Resources

The following table sets forth selected information regarding our financial condition.

<i>(In thousands, except for ratio)</i>	March 31, 2024	December 31, 2023
Cash and cash equivalents and short-term investments	\$ 7,363	\$ 4,765
Working capital (deficit)	(18,920)	(61,090)
Current ratio	0.93	0.81

Our net working capital deficit improved \$42.2 million as of March 31, 2024 compared to December 31, 2023. The working capital deficit was reduced by a decline in accounts payable and accrued expense of \$39.5 million and \$17.3 million at March 31, 2024, respectively, related to the timing of expenditures. Accrued compensation also declined \$10.3 million. However, accrued interest increased \$17.6 million at March 31, 2024 related to the timing of the semi-annual interest payments for our Senior Notes. A decline in accounts receivable of \$11.8 million also reduced working capital related to the timing of cash receipts for special projects and grant funding.

Our most significant use of funds for the remainder of 2024 is expected to be for capital expenditures and interest payments on our indebtedness. We have historically funded certain core network capacity equipment with finance leases and it remains our intent to continue such arrangements with our leasing partners. In the event we are unable to secure such financing, we may be required to make cash expenditures for this capital. The refinancing of our capital structure in recent years, including the Fifth Amendment to our Credit Agreement described above, availability of approximately \$111.4 million on our revolving credit facility as of March 31, 2024, \$80.0 million undrawn under the Term Loan Agreement, and net proceeds from expected asset divestitures in 2024 provides us with near-term financial and operational flexibility. In the future, our ability to use cash may be limited by our other expected uses of cash and our ability to incur additional debt will be limited by our existing and future debt agreements.

We believe that cash flows from operating activities, together with our existing cash and borrowings available under our revolving credit facility and other financing arrangements, will be sufficient for at least the next twelve months to fund our current anticipated uses of cash. After that, our ability to fund expected uses of cash and to comply with the financial covenants under our debt agreements will depend on the results of future operations, performance, cash flow and potential additional divestitures of non-core assets. Our ability to fund expected uses from the results of future operations will be subject to prevailing economic conditions and to financial, business, regulatory, legislative and other factors, many of which are beyond our control.

To the extent that our business plans or projections change or prove to be inaccurate, we may require additional financing or require financing sooner than we currently anticipate. Sources of additional financing may include commercial bank borrowings, other strategic debt financing, sales of nonstrategic assets, vendor financing or the private or public sales of equity and debt securities. There can be no assurance that we will be able to generate sufficient cash flows from operations in the future, that anticipated revenue growth will be realized or that future borrowings or equity issuances will be available in amounts sufficient to provide adequate sources of cash to fund our expected uses of cash. Failure to obtain adequate financing, if necessary, could require us to significantly reduce our operations or level of capital expenditures which could have a material adverse effect on our financial condition and the results of operations.

We may be unable to access the cash flows of our subsidiaries since certain of our subsidiaries are parties to credit or other borrowing agreements, or are subject to statutory or regulatory restrictions, that restrict the payment of dividends or making intercompany loans and investments, and those subsidiaries are likely to continue to be subject to such restrictions and prohibitions for the foreseeable future. In addition, future agreements that our subsidiaries may enter into governing the terms of indebtedness may restrict our subsidiaries' ability to pay dividends or advance cash in any other manner to us.

Surety Bonds

In the ordinary course of business, we enter into surety, performance and similar bonds as required by certain jurisdictions in which we provide services. As of March 31, 2024, we had approximately \$45.8 million of these bonds outstanding.

Defined Benefit Pension Plans

As required, we contribute to qualified defined pension plans and non-qualified supplemental retirement plans (collectively the "Pension Plans") and other post-retirement benefit plans, which provide retirement benefits to certain eligible employees as described in the Note 13 to the Condensed Consolidated Financial Statements, included in this report in Part I – Item 1 "Financial Statements". Contributions are intended to provide for benefits attributed to service to date. Our funding policy is to contribute annually an actuarially determined amount consistent with applicable federal income tax regulations.

The cost to maintain our Pension Plans and future funding requirements are affected by several factors including the expected return on investment of the assets held by the Pension Plans, changes in the discount rate used to calculate pension expense and the amortization of unrecognized gains and losses. Returns generated on the Pension Plans assets have historically funded a significant portion of the benefits paid under the Pension Plans. We estimate the long-term rate of return on assets will be 6.50%. The Pension Plans invest in marketable equity securities which are exposed to changes in the financial markets. If the financial markets experience a sustained downturn and returns fall below our estimate, we could be required to make material contributions to the Pension Plans, which could adversely affect our cash flows from operations.

Our contribution amounts meet the minimum funding requirements as set forth in employee benefit and tax laws. We elected to participate in ARPA beginning with the 2021 plan year. ARPA, which was signed into law in March 2021, included changes to the employer funding requirements and is designed to reduce the amounts of required contributions as a relief. During 2021 and the six months ended June 30, 2022, we elected to fund our pension contributions at the pre-ARPA levels, which has created a pre-funded balance. We intend to use our current pre-funded balance to satisfy the minimum contribution requirements until the balance is exhausted, which is expected to occur in late 2024. We expect that for 2024, contributions to our Pension Plans will be approximately \$0.2 million. As of March 31, 2024, we have contributed \$1.7 million to our other post-retirement benefit plans, and expect to make contributions to our other post-retirement benefit plans totaling approximately \$4.0 million during the remainder of 2024.

Income Taxes

The timing of cash payments for income taxes, which is governed by the Internal Revenue Service and other taxing jurisdictions, will differ from the timing of recording tax expense and deferred income taxes, which are reported in accordance with GAAP. For example, tax laws in effect regarding accelerated or "bonus" depreciation for tax reporting resulted in less cash payments than the GAAP tax expense. Acceleration of tax deductions could eventually result in situations where cash payments will exceed GAAP tax expense.

Critical Accounting Estimates

Our condensed consolidated financial statements and accompanying notes are prepared in accordance with US GAAP. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by management's application of accounting policies. Our judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making estimates about the carrying values of assets and liabilities that are not readily apparent from other sources. For a full discussion of our accounting estimates and assumptions that we have identified as critical in the preparation of our condensed consolidated financial statements, refer to "Critical Accounting Estimates" in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K filed with the SEC.

Recent Accounting Pronouncements

For information regarding the impact of certain recent accounting pronouncements, see Note 1 "Summary of Significant Accounting Policies" to the Condensed Consolidated Financial Statements, included in this report in Part I - Item 1 "Financial Statements".

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is primarily related to the impact of interest rate fluctuations on our debt obligations. Market risk is the potential loss arising from adverse changes in market interest rates on our variable rate obligations. In order to manage the volatility relating to changes in interest rates, we utilize derivative financial instruments such as interest rate swaps to maintain a mix of fixed and variable rate debt. We do not use derivatives for trading or speculative purposes.

Our interest rate swap agreements effectively convert a portion of our floating-rate debt to a fixed-rate basis, thereby reducing the impact of interest rate changes on future cash interest payments. We calculate the potential change in interest expense caused by changes in market interest rates by determining the effect of the hypothetical rate increase on the portion of our variable rate debt that is not subject to a variable rate floor or hedged through the interest rate swap agreements. Based on our variable rate debt outstanding as of March 31, 2024, a 1.00% change in market interest rates would increase or decrease annual interest expense by approximately \$6.0 million.

ITEM 4. CONTROLS AND PROCEDURES

Limitations on Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act") that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Evaluation of Disclosure Controls and Procedures

In connection with the filing of this Form 10-Q, management evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design to provide reasonable assurance of achieving their objectives and operation of our disclosure controls and procedures as of March 31, 2024. Based upon that evaluation and subject to the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of March 31, 2024.

Changes in Internal Control Over Financial Reporting

Based upon the evaluation performed by our management, which was conducted with the participation of our Chief Executive Officer and Chief Financial Officer, there were no changes in our internal control over financial reporting required by Rules 13a-15(d) under the Exchange Act during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may be involved in litigation that we believe is of the type common to companies in our industry, including regulatory issues. While the outcome of these claims cannot be predicted with certainty, we do not believe that the outcome of any of these legal matters will have a material adverse impact on our business, results of operations, financial condition or cash flows. See Note 15 to the Condensed Consolidated Financial Statements, included in this report in Part I - Item 1 "Financial Statements" for a discussion of recent developments related to these legal proceedings.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a level of risk. You should carefully consider the risks described under the heading "Risk Factors" in Part I, Item 1A. of our 2023 Form 10-K, the other information in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and the related notes, as well as our other public filings with the SEC, before deciding to invest in our common stock. There have been no material changes to the Company's risk factors previously disclosed in our 2023 Form 10-K. The occurrence of any of the events described therein could harm our business, financial condition, results of operations, liquidity or prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements and Policies

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

- 10.1 [Term Loan Agreement, dated as of March 21, 2024, by and among Consolidated Communications Holdings, Inc., Consolidated Communications, Inc., and Searchlight CVL AGG, L.P., as Lender \(incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated March 27, 2024\)](#)
- 31.1* [Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).
- 31.2* [Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#).
- 32.1** [Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#).
- 101* The following financial information from Consolidated Communications Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Changes in Mezzanine Equity and Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.
- 104* Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

*Filed herewith.

**Furnished herewith.

SIGNATURES

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

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.
(Registrant)

May 7, 2024

By: /s/ C. Robert Udell Jr.
C. Robert Udell Jr.,
Chief Executive Officer
(Principal Executive Officer)

May 7, 2024

By: /s/ Fred A. Graffam III
Fred A. Graffam III,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, C. Robert Udell Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Communications Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024

/s/ C. Robert Udell Jr.

C. Robert Udell Jr.
President and Chief Executive Officer
(Principal Executive Officer)

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Fred A. Graffam III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consolidated Communications Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024

/s/ Fred A. Graffam III

Fred A. Graffam III
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), C. Robert Udell Jr. and Fred A. Graffam III, President and Chief Executive Officer and Chief Financial Officer, respectively, of Consolidated Communications Holdings, Inc., each certify that to his knowledge (i) the Quarterly Report on Form 10-Q for the period ended March 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Consolidated Communications Holdings, Inc.

/s/ C. Robert Udell Jr.

C. Robert Udell Jr.
President and Chief Executive Officer
(Principal Executive Officer)
May 7, 2024

/s/ Fred A. Graffam III

Fred A. Graffam III
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
May 7, 2024

The foregoing certifications shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended or the Exchange Act, except as expressly set forth by reference in such a filing.
