REFINITIV

DELTA REPORT

10-Q

SHEN - SHENANDOAH TELECOMMUNICAT

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	680
CHANGES	169
DELETIONS	172
ADDITIONS	339

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2024 June 30, 2024

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

For the transition period from__________ to __________

Commission File No.: 000-09881

shentela06.jpg

SHENANDOAH TELECOMMUNICATIONS COMPANY

(Exact name of registrant as specified in its charter)

Virginia	**54-1162807**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

500 Shentel Way, Edinburg, Virginia 22824
(Address of principal executive offices) (Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Common Stock (No Par Value)	SHEN	NASDAQ Global Select Market	54,547,093 54,572,498
(Title of Class)	(Trading Symbol)	(Name of Exchange on which Registered)	(The number of shares of the registrant's common stock outstanding on April 26, 2024 July 31, 2024)

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, 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 ☒

SHENANDOAH TELECOMMUNICATIONS COMPANY
INDEX

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)	*(in thousands)*	**March 31, 2024**	**December 31, 2023**	*(in thousands)*	**June 30, 2024**	**December 31, 2023**
ASSETS						
Current assets:						
Current assets:						
Current assets:						

Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Accounts receivable, net of allowance for credit losses of $1,064 and $886, respectively
Accounts receivable, net of allowance for credit losses of $1,333 and $886, respectively
Income taxes receivable
Prepaid expenses and other
Current assets held for sale
Total current assets
Investments
Property, plant and equipment, net
Goodwill and intangible assets, net
Operating lease right-of-use assets
Deferred charges and other assets
Non-current assets held for sale
Total assets
LIABILITIES AND SHAREHOLDERS' EQUITY
LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY
Current liabilities:
Current liabilities:
Current liabilities:
Current maturities of long-term debt, net of unamortized loan fees
Current maturities of long-term debt, net of unamortized loan fees
Current maturities of long-term debt, net of unamortized loan fees
Accounts payable
Advanced billings and customer deposits
Accrued compensation
Current operating lease liabilities
Accrued liabilities and other
Current liabilities held for sale
Total current liabilities
Long-term debt, less current maturities, net of unamortized loan fees
Other long-term liabilities:
Deferred income taxes
Deferred income taxes
Deferred income taxes
Benefit plan obligations
Non-current operating lease liabilities
Other liabilities
Non-current liabilities held for sale
Total other long-term liabilities
Commitments and contingencies (Note 13)
Commitments and contingencies (Note 15)
Temporary equity:
Redeemable noncontrolling interest
Redeemable noncontrolling interest
Redeemable noncontrolling interest
Shareholders' equity:
Common stock, no par value, authorized 96,000; 50,447 and 50,272 issued and outstanding at March 31, 2024 and December 31, 2023, respectively
Common stock, no par value, authorized 96,000; 50,447 and 50,272 issued and outstanding at March 31, 2024 and December 31, 2023, respectively

Common stock, no par value, authorized 96,000; 50,447 and 50,272 issued and outstanding at March 31, 2024 and December 31, 2023, respectively
Common stock, no par value, authorized 96,000; 54,572 and 50,272 issued and outstanding at June 30, 2024 and December 31, 2023, respectively
Common stock, no par value, authorized 96,000; 54,572 and 50,272 issued and outstanding at June 30, 2024 and December 31, 2023, respectively
Common stock, no par value, authorized 96,000; 54,572 and 50,272 issued and outstanding at June 30, 2024 and December 31, 2023, respectively
Additional paid in capital
Retained earnings
Accumulated other comprehensive income, net of taxes
Total shareholders' equity
Total liabilities and shareholders' equity
Total liabilities, temporary equity and shareholders' equity

See accompanying notes to unaudited condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands, except per share amounts)	*(in thousands, except per share amounts)*	**Three Months Ended March 31,**	*(in thousands, except per share amounts)*	**Three Months Ended June 30,**		**Six Months Ended June 30,**		
	2024		**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Service revenue and other								
Operating expenses:								
Cost of services exclusive of depreciation and amortization								
Cost of services exclusive of depreciation and amortization								
Cost of services exclusive of depreciation and amortization								
Selling, general and administrative								
Integration and acquisition								
Impairment expense								
Depreciation and amortization								
Total operating expenses								
Operating (loss) income								
Other (expense) income:								
Interest expense								
Interest expense								
Interest expense								
Other income, net								
(Loss) income from continuing operations before income taxes								
Income tax (benefit) expense								
(Loss) income from continuing operations								
Loss from continuing operations								
Discontinued operations:								

Income from discontinued operations, net of tax
Income from discontinued operations, net of tax
Income from discontinued operations, net of tax
(Loss) income from discontinued operations, net of tax
(Loss) income from discontinued operations, net of tax
(Loss) income from discontinued operations, net of tax
Gain on the sale of discontinued operations, net of tax
Total income from discontinued operations, net of tax
Net income
Total (loss) income from discontinued operations, net of tax
Net (loss) income
Other comprehensive income:
Other comprehensive income:
Other comprehensive income:
Unrealized gain on interest rate hedge, net of tax
Unrealized gain on interest rate hedge, net of tax
Unrealized gain on interest rate hedge, net of tax
Comprehensive income
Gain on interest rate hedge, net of tax
Gain on interest rate hedge, net of tax
Gain on interest rate hedge, net of tax
Comprehensive (loss) income
Net income per share, basic and diluted:
Net income per share, basic and diluted:
Net income per share, basic and diluted:
Basic - (Loss) income from continuing operations
Basic - (Loss) income from continuing operations
Basic - (Loss) income from continuing operations
Basic - Income from discontinued operations, net of tax
Basic net income per share
Net (loss) income per share, basic and diluted:
Net (loss) income per share, basic and diluted:
Net (loss) income per share, basic and diluted:
Loss from continuing operations
Loss from continuing operations
Loss from continuing operations
(Loss) income from discontinued operations, net of tax
Net (loss) income per share
Diluted - (Loss) income from continuing operations

Diluted - (Loss) income from continuing operations
Diluted - (Loss) income from continuing operations
Diluted - Income from discontinued operations, net of tax
Diluted net income per share
Weighted average shares outstanding, basic and diluted
Weighted average shares outstanding, basic and diluted
Weighted average shares outstanding, basic and diluted
Weighted average shares outstanding, basic
Weighted average shares outstanding, basic
Weighted average shares outstanding, basic
Weighted average shares outstanding, diluted

See accompanying notes to unaudited condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES **UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY** **UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY** *(in thousands)*

	Shares of Common Stock (no par value)				
	Shares of Common Stock (no par value)				
	Shares of Common Stock (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total

	Redeemable Noncontrolling Interest		Shares of Common Stock (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Redeemable Noncontrolling Interest						
	Redeemable Noncontrolling Interest						
	Shares						
	Shares						
	Shares	Amount	Shares (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity

Balance, March 31, 2024
Net loss
Stock-based compensation
Common stock issued
Shares surrendered for settlement of employee taxes upon issuance of vested equity awards
Gain on interest rate hedge, net of tax
Issuance of redeemable noncontrolling interest
Balance, June 30, 2024

	Redeemable Noncontrolling Interest
	Redeemable Noncontrolling Interest
	Redeemable Noncontrolling Interest
	Shares
	Shares

	Shares	Amount	Shares (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2023							
Net income							
Stock-based compensation							
Common stock issued							
Shares surrendered for settlement of employee taxes upon issuance of vested equity awards							
Unrealized gain on interest rate hedge, net of tax							
Balance, March 31, 2024							
Gain on interest rate hedge, net of tax							
Issuance of redeemable noncontrolling interest							
Balance, June 30, 2024							

	Shares of Common Stock (no par value)

Shares of Common Stock (no par value)				
Shares of Common Stock (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total

Balance, December 31, 2022

Redeemable Noncontrolling Interest

Redeemable Noncontrolling Interest

Redeemable Noncontrolling Interest

Shares

Shares

Shares	Amount	Shares (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity

Balance, March 31, 2023

Net income

Stock-based compensation

Common stock issued

Shares surrendered for settlement of employee taxes upon issuance of vested equity awards

Balance, March 31, 2023

Gain on interest rate hedge, net of tax

Balance, June 30, 2023

	Redeemable Noncontrolling Interest		Common Stock				
	Shares	Amount	Shares of Common Stock (no par value)	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2022	—	$ —	50,110	$ 57,453	$ 580,554	$ —	$ 638,007
Net income	—	—	—	—	3,856	—	3,856
Stock-based compensation	—	—	220	6,730	—	—	6,730
Common stock issued	—	—	1	22	—	—	22
Shares surrendered for settlement of employee taxes upon issuance of vested equity awards	—	—	(67)	(1,317)	—	—	(1,317)
Gain on interest rate hedge, net of tax	—	—	—	—	—	2,127	2,127
Balance, June 30, 2023	—	$ —	50,264	$ 62,888	$ 584,410	$ 2,127	$ 649,425

See accompanying notes to unaudited condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(in thousands)

(in thousands)	Three Months Ended March 31,		Six Months Ended June 30,		
	2024	2024	2023	2024	2023
Cash flows from operating activities:					
Net income					
Net income					
Net income					
Income from discontinued operations, net of tax					
(Loss) income from continuing operations					
Adjustments to reconcile net income to net cash provided by operating activities:					
Loss from continuing operations					
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of business acquisition					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization					
Stock-based compensation expense, net of amount capitalized					
Impairment expense					
Deferred income taxes					
Provision for credit losses					
Other, net					
Changes in assets and liabilities:					
Accounts receivable					
Accounts receivable					
Accounts receivable					
Current income taxes					
Operating lease assets and liabilities, net					
Other assets					
Accounts payable					
Other deferrals and accruals					
Net cash provided by operating activities - continuing operations					
Net cash provided by operating activities - discontinued operations					
Net cash (used in) provided by operating activities - discontinued operations					
Net cash provided by operating activities					
Cash flows from investing activities:					
Cash flows from investing activities:					
Cash flows from investing activities:					
Capital expenditures					
Capital expenditures					
Capital expenditures					
Government grants received					
Cash disbursed for acquisition, net of cash acquired					
Proceeds from sale of assets and other					

Net cash used in investing activities - continuing operations

Net cash provided by (used in) investing activities - discontinued operations

Net cash provided by (used in) investing activities

Net cash used in investing activities

Cash flows from financing activities:

Cash flows from financing activities:

Cash flows from financing activities:

Principal payments on long-term debt

Principal payments on long-term debt

Principal payments on long-term debt

Proceeds from credit facility borrowings

Payments for debt amendment costs

Proceeds from the issuance of redeemable noncontrolling interest, net of financing fees paid

Taxes paid for equity award issuances

Payments for financing arrangements and other

Net cash (used in) provided by financing activities

Net cash provided by financing activities

Net cash (used in) provided by financing activities

Net cash provided by financing activities

Net cash (used in) provided by financing activities

Net increase in cash and cash equivalents

Net cash provided by financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents, beginning of period

Cash and cash equivalents, end of period

Supplemental Disclosures of Cash Flow Information

Supplemental Disclosures of Cash Flow Information

Supplemental Disclosures of Cash Flow Information

Interest paid

Interest paid

Interest paid

Income tax refunds received, net

Interest paid, net of amounts capitalized

Interest paid, net of amounts capitalized

Interest paid, net of amounts capitalized

Income tax (paid) refunds received, net

See accompanying notes to unaudited condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation and Other Information

Shenandoah Telecommunications Company and its subsidiaries (collectively, “Shentel”, “we”, “our”, “us”, or the “Company”) provide broadband data, video and voice services to residential and commercial customers in portions of Virginia, West Virginia, Maryland, Pennsylvania, Kentucky, Delaware, Ohio and Kentucky, Indiana, via fiber optic and hybrid fiber coaxial cable networks. We also lease dark fiber and provide Ethernet and Wavelength fiber optic services to enterprise and wholesale customers throughout the entirety of our service area. Shentel’s Broadband business also provides voice and DSL telephone services as a Rural Local Exchange Carrier (“RLEC”) to customers in Virginia’s Shenandoah County and portions of adjacent counties as a Rural Local Exchange Carrier (“RLEC”). in Virginia, and in Ross County and portions of adjacent counties in Ohio. These integrated networks are connected by a fiber network.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X for interim financial information. All normal recurring adjustments considered necessary for a fair presentation have been included. Certain disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. On an on-going basis we evaluate significant estimates and assumptions, including, but not limited to, revenue recognition, stock-based compensation, estimated useful lives of assets, impairment of goodwill and indefinite-lived intangible assets, intangible assets subject to amortization, the computation of income taxes and the fair value of interest rate swaps. Future events and their effects cannot be predicted with certainty; accordingly, the Company's accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the Company's operating environment changes. Management evaluates and updates assumptions and estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

Horizon Transaction

On April 1, 2024 (the "Closing Date"), Shentel completed its previously announced acquisition of Horizon Acquisition Parent LLC, a Delaware limited liability company ("Horizon"), pursuant to the terms of an Agreement and Plan of Merger, dated October 24, 2023, by and among Shentel, Horizon, the sellers set forth on the signature pages thereto (each, a "Seller" and collectively, the "Sellers") and the other parties thereto (as amended by the First Amendment to Agreement and Plan of Merger, dated April 1, 2024, the "Merger Agreement"). Subject to the terms and conditions of the Merger Agreement, on the Closing Date, Shentel acquired 100% of the outstanding equity interests of Horizon in exchange for (i) issuing 4,100,375 shares of Shentel's common stock, no par value ("Common Stock"), to an investment fund managed by affiliates of GCM Grosvenor, which is one of the Sellers (the "Selling Shareholder"); and (ii) paying $305 million in cash consideration to the other Sellers and certain third parties, including Horizon's existing lenders to discharge debt (collectively, the "Horizon Transaction"). Cash consideration paid also included purchase price adjustments for capital expenditure reimbursements and working capital subject to subsequent adjustments as defined in the merger agreement. The Selling Shareholder agreed to an investor rights agreement with the Company that includes among other provision, a one year lockup period for the shares of Common Stock received.

Horizon is a leading commercial fiber provider in Ohio and adjacent states serving national wireless providers, carriers, enterprises, and government, education and healthcare customers. The acquisition of Horizon will allow Shentel to advance its fiber expansion strategy by doubling the size of the Company's commercial fiber business and adding new expansion markets for its Glo Fiber business.

Refer to Note 2, *Acquisition of Horizon,* for more information regarding the Horizon Transaction and its impact on the Company's financial statements.

Series A Preferred Stock

Contemporaneously with the execution of the Merger Agreement, on October 24, 2023, Shentel and Shentel Broadband Holding Inc., a wholly-owned subsidiary of Shentel ("Shentel Broadband"), entered into an investment agreement (the "Investment Agreement") with ECP Fiber Holdings, LP, a Delaware limited partnership ("ECP Investor"), and, solely for the limited purposes set forth therein, Hill City Holdings, LP, a Delaware limited partnership affiliated with ECP Investor. Subject to the terms and conditions set forth in the Investment Agreement, on the Closing Date, Shentel Broadband issued to ECP Investor 81,000 shares of Shentel Broadband's 7% Series A Participating Exchangeable Perpetual Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock"), at a purchase price of $1,000 per share in exchange for $81 million in cash. The Series A Preferred Stock is exchangeable at the option of the Investor in certain circumstances for shares of Common Stock at an exchange price of $24.50 per share (as it may be adjusted pursuant to the terms of the Investment Agreement, the "Exchange Price").

As a condition to closing the transactions contemplated by the Investment Agreement and Amendment No. 3 to the Credit Agreement, Shentel completed a corporate reorganization of Shentel's subsidiaries (the "Reorganization"). As a result of the Reorganization effected on the Closing Date, Shentel Broadband Operations LLC, a wholly-owned subsidiary of Shentel Broadband, holds or has equity interest in substantially all of the operating assets of Shentel and was assigned and assumed the Credit Agreement.

On the Closing Date, Shentel Broadband filed a certificate of designations with the Secretary of State of the State of Delaware authorizing 100,000 shares of Series A Preferred Stock and setting forth the powers, designations, preferences, rights, qualifications, limitations and restrictions of the Series A Preferred Stock (the "Certificate of Designations"). The Series A Preferred Stock ranks senior to Shentel's Common Stock with respect to the payment of dividends and with respect to the distribution of assets upon Shentel Broadband's liquidation, dissolution or winding up. Dividends on the Series A Preferred Stock accrue at 7% per annum compounded and payable quarterly in arrears, and, at Shentel's option, may be paid in cash or in kind (such dividends paid in kind, "PIK Dividends"). The PIK Dividend rate is subject to increase to 8.5% and 10% after the fifth and seventh anniversaries of the Closing Date, respectively, to the extent any dividends accrued during the period from and including such anniversary dates are paid in the form of PIK Dividends.

Beginning two years after the Closing Date, Shentel may require the Investor to exchange the Series A Preferred Stock for shares of Common Stock if the price per share of the Common Stock exceeds 125% of the Exchange Price, subject to certain conditions. After five years, Shentel may redeem all of the Series A Preferred Stock for the greater of (i) $1,000 per share, plus (a) any accrued PIK Dividend amount and (b) accrued and unpaid dividends to, but excluding the redemption date (to the extent such accrued and unpaid dividends are not included in such PIK Dividend amount), and (ii) the value of the shares of Common Stock for which such Series A Preferred Stock are exchangeable.

Under the terms of the Investment Agreement, the Investor has the right to nominate a director to the Board so long as the Investor beneficially owns at least 7.5% of Shentel's outstanding Common Stock (including on an as exchanged basis with respect to the Series A Preferred Stock).

So long as the Investor beneficially owns at least 7.5% of Shentel's outstanding Common Stock (including on an as exchanged basis with respect to the Series A Preferred Stock), the Investor is subject to certain standstill provisions and voting covenants and has certain other rights with respect to the shares of Series A Preferred Stock, including, among others, pre-emptive, information and participation rights. The shares of Series A Preferred Stock are subject to a lock-up until the first anniversary of the Closing Date and are subject to certain other transfer restrictions.

Refer to Note 12, *Redeemable Noncontrolling Interest,* for more information regarding the Series A Preferred Stock and its impact on the Company's financial statements.

Amendment No. 3 to Credit Agreement

On April 1, 2024, Shentel entered into Amendment No. 3 to Credit Agreement, Incremental Term Loan Funding Agreement, Joinder and Assignment and Assumption (the "Third Amendment") to its existing Credit Agreement, dated as of July 1, 2021, with various financial institutions party thereto (the "Lenders") and CoBank, ACB, as administrative agent for the Lenders (as previously amended by Amendment No. 1 to Credit Agreement, dated as of May 17, 2023, and Consent and Amendment No. 2 to Credit Agreement, dated October 24, 2023, the "Credit Agreement").

The Third Amendment provides for, among other things, incremental delay draw term loan commitments under the Credit Agreement in an aggregate amount equal to $225 million and an increase in the revolving commitment under the Credit Agreement in an amount equal to $50 million. Refer to Note 9,*Debt,* for more information regarding the Credit Agreement.

Sale of Shentel's Tower Portfolio

On March 29, 2024, Shenandoah Mobile, LLC, a wholly-owned subsidiary of Shenandoah Telecommunications Company, completed the initial closing of its previously disclosed sale of substantially all of Shentel's tower portfolio and operations ("Tower Portfolio") to Vertical Bridge Holdco, LLC for $309.9 million (the "Tower Transaction"). The Company received $305.8 million, net of certain transaction costs at the time of the initial closing. At the initial close, the Company conveyed sites representing approximately 99.5% of the tower portfolio value. The Company expects to convey the remaining tower sites in the portfolio by the end of March 2025. The Tower Transaction was completed pursuant to the terms of a Purchase and Sale Agreement, dated February 29, 2024, as amended by Amendment No. 1 to the Purchase and Sale Agreement, dated March 29, 2024.

The Tower Portfolio represented substantially all of the assets and operations in Shentel's previously reported Tower Reporting Segment and the Tower Transaction represented a strategic shift in the Company's business. Consequently, the Tower Portfolio has been reclassified as a discontinued operation. For all periods presented, the assets and liabilities that transferred in the Tower Transaction (the "disposal group") are presented as held for sale in our unaudited condensed consolidated balance sheets, and operating results and cash flows related to the Tower Portfolio were reflected as a discontinued operations in our unaudited condensed consolidated statements of comprehensive (loss) income and unaudited condensed consolidated statements of cash flows. Refer to Note 14, 16, *Discontinued Operations,* for more information regarding the presentation of the disposal group in the Company's financial statements.

As a result of the sale of the Tower Portfolio, the Company has one reportable segment. Consequently, segment reporting previously disclosed is no longer applicable.

Adoption of New Accounting Standards

There have been no material developments related to recently issued accounting standards, including the expected dates of adoption and estimated effects on the Company's unaudited condensed consolidated financial statements and note disclosures from those disclosed in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2023, that would be expected to impact the Company.

Note 2. Acquisition of Horizon

The Company accounted for the Horizon Transaction under the acquisition method of accounting, in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") 805, "Business Combinations". Under the acquisition method of accounting, the total purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed in connection with the acquisition based on their estimated fair values. Fair values are determined using the income approach, market approach and/or cost approach depending on the nature of the asset or liability being valued and the reliability of available information. The income approach estimates fair value by discounting associated lifetime expected future cash flows to their present value and relies on significant assumptions regarding future revenues, expenses, working capital levels and discount rates. The market approach estimates fair value by analyzing recent actual market transactions for similar assets or liabilities. The cost approach estimates fair value based on the expected cost to replace or reproduce the asset or liability and relies on assumptions regarding the occurrence and extent of any physical, functional and/or economic obsolescence.

The total purchase price used to apply the acquisition method was $416.2 million, which consisted of $349.4 million of cash consideration paid and $71.8 million of common stock, representing the fair value of 4,100,375 shares of Shentel's common stock issued to a selling shareholder of Horizon. The fair value of Shentel's common stock issued was determined on the basis of the opening market price of the common stock on the acquisition date. The purchase price is subject to adjustment for certain working capital adjustments and post-closing indemnities. The cash consideration paid was primarily financed with proceeds from the sale of Shentel's Tower Portfolio and cash on-hand.

The allocation of the purchase price was based upon management's preliminary valuation of the fair values of tangible and intangible assets acquired and liabilities assumed in the Horizon Transaction, with the excess recorded as goodwill. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable, but no later than one year from the acquisition date. The fair value of acquired identifiable assets and liabilties, including but not limited to, property, plant and equipment, intangible assets, operating lease right-of-use assets, deferred tax liabilities, and non-current operating lease liabilities, and the resulting impact on goodwill recognized, are provisional pending receipt of the final valuations for these balances.

(in thousands)		Amount
Current and other assets	$	10,465
Property, plant and equipment		386,045
Goodwill		74,630
Intangible assets		14,249
Operating lease right-of-use assets		6,631
Other long-term assets		1,843
Total assets acquired		493,863
Current liabilities	$	15,187
Deferred tax liabilities		32,218
Non-current operating lease liabilities		3,778
Government grant liabilities		16,348
Other long-term liabilities		10,138
Total liabilities assumed		77,669
Net assets acquired	$	416,194

Finalization of the purchase price allocations is dependent on final review and acceptance of the independent appraiser's valuation report.

Current and other assets acquired include $6.1 million of accounts receivable, net of allowance for credit losses of $0.3 million. Intangible assets acquired primarily relate to customer relationships. The customer relationships are valued using the cost approach to determine the cost that would be incurred to replace these assets. These represent finite-lived intangibles which are being amortized over the assets' useful lives, which is estimated to be ten years.

The Company has included the results of the operations of Horizon for financial reporting purposes for the period subsequent to the date of acquisition.

In connection with the acquisition, Shentel incurred acquisition-related costs of $6.7 million and $7.1 million related to banking, legal, accounting, and other similar services for the three and six months ended June 30, 2024, respectively. Shentel also incurred severance costs for employees who will not be retained permanently. These costs are recorded as integration and acquisition expenses in the Company's unaudited condensed consolidated statements of comprehensive (loss) income.

Horizon's revenue of $16.7 million and loss before income taxes of $7.4 million for the three months ended June 30, 2024 are included in Shentel's unaudited condensed consolidated statements of comprehensive (loss) income for both the three and six months ended June 30, 2024. The unaudited pro forma results of the Company, as if the Horizon Transaction had occurred on January 1, 2023, are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,			
(in thousands)	2024		2023		2024		2023
Operating revenues	N/A	$	83,164	$	170,876	$	166,740
Loss before income taxes	N/A	$	(3,952)	$	(26,911)	$	(7,116)

The pro forma disclosures shown above are based upon estimated preliminary valuations of the assets acquired and liabilities assumed as well as preliminary estimates of depreciation and amortization charges thereon, that may differ from the final fair values of the acquired assets and assumed liabilities and the resulting depreciation and amortization charges thereon. Other pro forma adjustments include the following:

- historical depreciation expense was adjusted for the fair value adjustment increasing the basis of property, plant and equipment; this decrease was offset by a shorter estimated useful life to conform to the Company's standard policy and the acceleration of depreciation on certain equipment;
- incremental amortization due to the customer-based contract rights associated with acquired customers; and
- removal of Horizon's interest expense and amortization of deferred financing fees due to the repayment of the outstanding principal of Horizon's debt.

Note 2. 3. Revenue from Contracts with Customers

The Company's revenues by activity type are as follows:

	Three Months Ended March 31,

	(in thousands)	Three Months Ended June 30, 2024		2023	(in thousands)	Six Months Ended June 30, 2024	2023	2024	2023
(in thousands)									
Residential & SMB - Cable Markets									
Residential & SMB - Glo Fiber Markets									
Residential & SMB - Incumbent Broadband Markets[1]									
Residential & SMB - Glo Fiber Expansion Markets[2]									
Commercial Fiber									
RLEC & Other									
Service revenue and other									

1. Incumbent Broadband Markets consists of Shentel Incumbent Cable Markets and Horizon Incumbent Telephone Markets with Fiber-To-The-Home (“FTTH”) passings.
2. Glo Fiber Expansion Markets consists of FTTH passings in greenfield expansion markets in the Shentel and former Horizon markets.

Shentel updated the description for revenues previously reported as “Residential & SMB - Cable Markets” to “Residential & SMB - Incumbent Broadband Markets” and updated the description for revenues previously reported as “Residential & SMB - Glo Fiber Markets” to “Residential & SMB - Glo Fiber Expansion Markets.”

Contract Assets

The Company’s contract assets primarily include commissions incurred to acquire contracts with customers. The Company incurs commission expenses related to in-house and third-party vendors which are capitalized and amortized over the expected customer benefit period which is approximately six years. The Company’s current contract assets are included in prepaid expenses and other and the Company’s non-current contract assets are included in deferred charges and other assets in its unaudited condensed consolidated balance sheets. Amortization of capitalized commission expenses is recorded in selling, general and administrative expenses in the Company’s unaudited condensed consolidated statements of comprehensive (loss) income.

The following tables present the activity of current and non-current contract assets:

	(in thousands)	Three Months Ended March 31, / Three Months Ended June 30, 2024		2023	(in thousands)	Six Months Ended June 30, 2024	2023	2024	2023
(in thousands)									
Beginning Balance									
Commission payments									
Contract asset amortization									
Ending Balance									

Contract Liabilities

The Company’s contract liabilities include services that are billed in advance and recorded as deferred revenue, as well as installation fees that are charged upfront without transfer of commensurate goods or services to the customer. The Company’s current contract liabilities are included in advanced billings and customer deposits in its unaudited condensed consolidated balance sheets and the Company’s non-current contract liabilities are included in other liabilities in its unaudited condensed consolidated balance sheets.

Shentel’s current contract liability balances were $11.7 million and $10.0 million at both March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Shentel’s non-current contract liability balances were $0.9 $4.2 million and $1.0 million as of March 31, 2024 June 30, 2024 and December 31, 2023,

December 31, 2023, respectively. Shentel expects its current contract liability balances to be recognized as revenues during the twelve-month periods following the respective balance sheet dates and its non-current contract liability balances to be recognized as revenues after the twelve-month periods following the respective balance sheet dates.

Note 3. 4. Investments

Investments consist of the following:

(in thousands)	(in thousands)	March 31, 2024	December 31, 2023	(in thousands)	June 30, 2024	December 31, 2023
SERP investments at fair value						

Cost method investments	
Equity method investments	
Total investments	

SERP investments at fair value: The fair value of the SERP investments are based on unadjusted quoted prices in active markets and are classified as Level 1 of the fair value hierarchy.

Cost method investments: Shentel's investment in CoBank's Class A common stock, derived from the CoBank patronage program, represented substantially all of the Company's cost method investments with a balance of $11.8 million and $10.1 million at both March 31, 2024 June 30, 2024 and December 31, 2023. We , respectively. Shentel recognized approximately $0.3 $0.4 million and $0.1 $0.2 million of patronage income in other income for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and approximately $0.7 million and $0.3 million during the six months ended June 30, 2024 and 2023, respectively. The Company expects that approximately 88% of the patronage distributions will be collected in cash and 12% in equity in 2024.

Prior to the Horizon Transaction, Horizon held a $1.6 million investment in CoBank's Class A common stock. Consequently, the value of Shentel's investment in CoBank increased by a corresponding amount as a result of the Horizon Transaction.

Note 4. 5. Property, Plant and Equipment

Property, plant and equipment consist of the following:

($ in thousands)	*($ in thousands)*	Estimated Useful Lives	March 31, 2024	December 31, 2023	*($ in thousands)*	Estimated Useful Lives	June 30, 2024	December 31, 2023
Land								
Land improvements								
Buildings and structures								
Cable and fiber								
Equipment and software								
Plant in service								
Plant under construction								
Total property, plant and equipment								
Less: accumulated depreciation and amortization								
Property, plant and equipment, net								

Property, plant and equipment, net increased due primarily to capital expenditures driven by the Company's Glo Fiber market expansion. expansion and assets acquired as a result of the Horizon Transaction. The Company's accounts payable as of March 31, 2024 June 30, 2024 and December 31, 2023 included amounts associated with capital expenditures of approximately $48.4 $54.6 million and $51.1 million, respectively. Depreciation and amortization expense was $17.3 million $25.1 million and $15.1 $15.6 million during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and $42.4 million and $30.7 million during the six months ended June 30, 2024 and 2023, respectively.

Note 5. 6. Goodwill and Intangible Assets

Goodwill and intangible assets consist of the following:

	March 31, 2024				December 31, 2023			June 30, 2024				December 31, 2023					
(in thousands)	*(in thousands)*	Gross Carrying Amount	Accumulated Amortization and Other	Net	Gross Carrying Amount	Accumulated Amortization and Other	Net	*(in thousands)*	Gross Carrying Amount	Accumulated Amortization and Other	Net	Gross Carrying Amount	Accumulated Amortization and Other	Net
Goodwill														
Indefinite-lived intangibles:														
Cable franchise rights														
Cable franchise rights														
Cable franchise rights														

FCC Spectrum licenses	
Railroad crossing rights and other	
Total indefinite-lived intangibles	
Finite-lived intangibles:	
Finite-lived intangibles:	
Finite-lived intangibles:	
Subscriber relationships	
Subscriber relationships	
Subscriber relationships	
Other intangibles	
Total finite-lived intangibles	
Total goodwill and intangible assets	

Shentel recognized $74.6 million of goodwill, $14.0 million of subscriber relationships and $0.2 million of other intangible assets as a result of the Horizon Transaction. The goodwill recognized primarily consists of synergies expected from combining the operations of Horizon and Shentel and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes. Amortization expense was $0.5 million and $0.1 million during each of the three months ended March 31, 2024 June 30, 2024 and 2023. 2023, respectively, and $0.6 million and $0.2 million during the six months ended June 30, 2024 and 2023, respectively.

Note 6. 7. Other Assets and Accrued Liabilities

Prepaid expenses and other, classified as current assets, included the following:

(in thousands)	*(in thousands)*	**March 31, 2024**	**December 31, 2023**	*(in thousands)*	**June 30, 2024**	**December 31, 2023**
Prepaid maintenance expenses						
Broadband contract acquisition costs						
Interest rate swaps						
Other						
Prepaid expenses and other						

Deferred charges and other assets, classified as long-term assets, included the following:

(in thousands)	*(in thousands)*	**March 31, 2024**	**December 31, 2023**	*(in thousands)*	**June 30, 2024**	**December 31, 2023**
Broadband contract acquisition costs						
Interest rate swaps						
Prepaid expenses and other						
Deferred charges and other assets						

Accrued liabilities and other, classified as current liabilities, included the following:

(in thousands)	*(in thousands)*	**March 31, 2024**	**December 31, 2023**	*(in thousands)*	**June 30, 2024**	**December 31, 2023**
Accrued programming costs						
Other current liabilities						
Accrued liabilities and other						

Other liabilities, classified as long-term liabilities, included the following:

(in thousands)	*(in thousands)*	March 31, 2024	December 31, 2023	*(in thousands)*	June 30, 2024	December 31, 2023
Noncurrent portion of deferred lease revenue						
Noncurrent portion of financing leases						
Government grant liabilities						
Noncurrent portion of finance leases						
Other						
Other liabilities						

Note 7. 8. Leases

The Company leases various broadband network and telecommunications sites, fiber optic cable routes, warehouses, retail stores and office facilities for use in our business.

The components of lease costs were as follows:

(in thousands)	Classification	*(in thousands)* Classification	Three Months Ended March 31, 2024	2023	*(in thousands)* Classification	Three Months Ended June 30, 2024	2023	Six Months Ended June 30, 2024	2023
Finance lease cost									
Amortization of leased assets									
Amortization of leased assets									
Amortization of leased assets									
Interest on lease liabilities									
Operating lease cost									
Lease cost									

(1) Operating lease expense is presented in cost of services or selling, general and administrative expense based on the use of the relevant facility.

The following table summarizes the expected maturity of lease liabilities as of March 31, 2024 June 30, 2024:

(in thousands)	*(in thousands)*	Operating Leases	Finance Leases	Total	*(in thousands)*	Operating Leases	Finance Leases	Total
2024 (remainder of the year)								
2025								
2026								
2027								
2028								
2029 and thereafter								
Total lease payments								
Less: Interest								
Present value of lease liabilities								

Other information related to operating and finance leases was as follows:

		March 31, 2024	December 31, 2023		June 30, 2024	December 31, 2023
Operating leases						
Weighted average remaining lease term (years)						
Weighted average remaining lease term (years)						
Weighted average remaining lease term (years)		10.4	7.1		8.6	7.1
Weighted average discount rate	Weighted average discount rate	5.8 %	5.0 %	Weighted average discount rate	5.9 %	5.0 %
Finance leases						

Weighted average remaining lease term (years)						
Weighted average remaining lease term (years)						
Weighted average remaining lease term (years)		12.3	12.3		9.7	12.3
Weighted average discount rate	Weighted average discount rate	5.2 %	5.2 %	Weighted average discount rate	5.3 %	5.2 %

		Three Months Ended March 31,							
		Three Months Ended June 30,			Six Months Ended June 30,				
(in thousands)	(in thousands)	2024		2023	(in thousands)	2024	2023	2024	2023
Cash paid for operating lease liabilities									
Operating lease right-of-use assets obtained in exchange for new lease liabilities (includes new leases or modification of existing leases)									

The Company also has arrangements which generate lease revenue through operating lease agreements for the use of spare fiber capacity of its fiber network assets. Contract terms for these arrangements can range from 1 to 40 years and are billed monthly. Lease revenue from these arrangements was $1.7 million and $2.4 million for the three and six months ended June 30, 2024, respectively, and $0.6 million and $1.3 million for the three and six months ended June 30, 2023, respectively. These amounts are presented in service revenue and other in the Company's unaudited condensed consolidated statements of comprehensive (loss) income. Contractual minimum rental receipts expected under the lease agreements in place as of June 30, 2024 is as follows:

(in thousands)	Operating Leases
2024 (remainder of the year)	$ 2,721
2025	4,711
2026	3,945
2027	3,596
2028	3,418
2029 and thereafter	23,606
Total	$ 41,997

Note 8. 9. Debt

Shentel Broadband Operations LLC, an indirect wholly owned subsidiary of Shentel, has a credit agreement, dated as of July 1, 2021 (as amended by (i) Amendment No. 1 to Credit Agreement, dated as of May 17, 2023 and , (ii) Consent and Amendment No. 2 to Credit Agreement, dated as of October 24, 2023, and (iii) Amendment No. 3, dated as of April 1, 2024, the "Credit Agreement"), with various financial institutions party thereto (the "Lenders") and CoBank, ACB, as administrative agent for the Lenders, which contains (i) a $100 $150 million five-year available revolving credit facility due June 2026 (the "Revolver"), (ii) a $150 million five-year delayed draw amortizing term loan due June 2026 ("Term Loan A-1") and , (iii) a $150 million seven-year delayed draw amortizing term loan due June 2028 ("Term Loan A-2"), and (iv) a $225 million delayed draw amortizing term loan due June 2028 ("Term Loan A-3" and collectively with Term Loan A-1 and Term Loan A-2, the "Term Loans"). The following loans were outstanding under the Credit Agreement:

		March 31, 2024	December 31, 2023		June 30, 2024	December 31, 2023
(in thousands)	*(in thousands)*			*(in thousands)*		
Term loan A-1						
Term loan A-2						
Total debt						
Less: unamortized loan fees						
Total debt, net of unamortized loan fees						

Both Term Loan A-1 and Term Loan A-2 bore interest at one-month LIBOR plus a margin of 1.50% until May 2023 and now bear interest at one-month term SOFR plus a margin of 1.60%. margin. The margin of 1.60% is variable and determined by the Company's net leverage ratio. At June 30, 2024, Term Loan A-1 had a margin of 1.85% and Term Loan A-2 had a margin of 2.10%. Interest is paid monthly. The interest rate was 6.93% 7.19% for Term Loan A-1 at June 30, 2024 and 7.44% for Term Loan A-2 at June 30, 2024. The interest rate was 6.95% for both Term Loan A-1 and Term Loan A-2 at March 31, 2024 and December 31, 2023, respectively. .

Interest expense recorded in Shentel's unaudited condensed consolidated statements of comprehensive (loss) income consists of the following:

		Three Months Ended March 31,							
		Three Months Ended June 30,				Six Months Ended June 30,			
(in thousands)	*(in thousands)*	2024		2023	*(in thousands)*	2024	2023	2024	2023
Interest expense									
Less: capitalized interest									
Interest expense, net of capitalized interest									

The Credit Agreement includes various covenants, including total net leverage ratio and debt service coverage ratio financial covenants.

Shentel's Term Loans require quarterly payments based on a percentage of the outstanding balance. Based on the outstanding balance as of March 31, 2024 June 30, 2024, Term Loan A-1 requires required quarterly principal repayments of 0.63% from March 31, 2024 through June 30, 2024; then increasing to 1.25% quarterly from September 30, 2024 through March 31, 2026, with the remaining balance due June 30, 2026. Based on the outstanding balance as of March 31, 2024 June 30, 2024, Term Loan A-2 requires quarterly principal repayments of 0.25% from March 31, 2024 through March 31, 2028, with the remaining balance due June 30, 2028.

The following table summarizes the expected payments of Shentel's outstanding borrowings as of March 31, 2024:

(in thousands)	Amount	
2024	$	5,731
2025		8,568
2026		138,827
2027		1,450
2028		144,112
Total	$	298,688

Shentel has not made any borrowings under its Revolver or Term Loan A-3 as of March 31, 2024 June 30, 2024. In the event borrowings are made in the future, the entire outstanding principal amount borrowed against the Revolver is due June 30, 2026 and the entire outstanding principal amount borrowed against Term Loan A-3 is due July 1, 2028.

The following table summarizes the expected payments of Shentel's outstanding borrowings as of June 30, 2024:

(in thousands)	Amount	
2024 (remainder of the year)	$	4,425
2025		8,568
2026		138,827
2027		1,450
2028		144,112
Total	$	297,382

Although no borrowings have been executed under the Revolver, Shentel has executed letter of credit arrangements totaling $7.0 million that reduce the available balance of the Revolver. The letter of credit arrangements were executed primarily pursuant to the requirements of the National Telecommunications and Information ("NTIA") government grant program, discussed further in Note 14, *Government Grants*. These amounts are not considered borrowed, as no cash has been disbursed to Shentel or other parties.

The Credit Agreement is fully secured by a pledge and unconditional guarantee from the Company and all of its subsidiaries, except Shenandoah Telephone Company. This provides the lenders a security interest in substantially all of the assets of the Company.

Refer to Note 15, *Subsequent Events*,for events that occurred subsequent to March 31, 2024 which affect Shentel's Credit Agreement.

Note 9. 10. Derivatives and Hedging

During the second quarter of 2023, Shentel entered into pay fixed (2.90%), receive variable (one-month term SOFR) interest rate swaps totaling $150.0 million of notional principal (the "Swaps"). The Swaps contain monthly payment terms beginning that became effective in May 2024, which extend through their maturity dates in June 2026. The Swaps are designated as cash flow hedges, representing 50% of the Company's expected outstanding debt. debt under Term Loan A-1 and Term Loan A-2. The Company uses the Swaps to manage its exposure to interest rate risk for its long-term variable-rate Term Loans.

The Swaps were determined to be highly effective hedges and therefore all change in the fair value of the Swaps was recognized in other comprehensive income. Since the Company did not have outstanding interest rate swaps in the prior year period, there were no gains or losses recorded for the three months ended March 31, 2023. Shentel expects to begin reclassifying amounts related to the Swaps from accumulated other comprehensive income to interest expense in May 2024, when the payment periods of the Swaps begin.

The table below presents the fair value of the Swaps as well as their classification in the unaudited condensed consolidated balance sheets. The fair value of these instruments was estimated using an income approach and observable market inputs (Level 2):

(in thousands)	*(in thousands)*	March 31, 2024	December 31, 2023	*(in thousands)*	June 30, 2024	December 31, 2023
Balance sheet line item of derivative financial instruments:						
Prepaid expenses and other						
Prepaid expenses and other						
Prepaid expenses and other						
Deferred charges and other assets						
Total derivatives designated as hedging instruments						

The table below summarizes changes in accumulated other comprehensive income by component:

(in thousands)	Gain on Swaps	Income tax expense	Accumulated Other Comprehensive Income, net of taxes
Balance, December 31, 2023	$ 2,241	$ (573)	$ 1,668
Net change in unrealized gain	2,120	(526)	1,594
Balance, March 31, 2024	$ 4,361	$ (1,099)	$ 3,262

(in thousands)	Gain on Swaps	Income tax expense	Accumulated Other Comprehensive Income, net of taxes
Balance, March 31, 2024	$ 4,361	$ (1,099)	$ 3,262
Net change in unrealized gain	725	(154)	571
Amounts reclassified to interest expense	(536)	108	(428)
Net current period other comprehensive income (loss)	189	(46)	143
Balance, June 30, 2024	$ 4,550	$ (1,145)	$ 3,405

(in thousands)	Gain on Swaps	Income tax expense	Accumulated Other Comprehensive Income, net of taxes
Balance, December 31, 2023	$ 2,241	$ (573)	$ 1,668
Net change in unrealized gain	2,845	(680)	2,165
Amounts reclassified to interest expense	(536)	108	(428)
Net current period other comprehensive income (loss)	2,309	(572)	1,737
Balance, June 30, 2024	$ 4,550	$ (1,145)	$ 3,405

(in thousands)	Gain on Swaps	Income tax expense	Accumulated Other Comprehensive Income, net of taxes
Balance, March 31, 2023	$ —	$ —	$ —
Net change in unrealized gain	2,866	(739)	2,127
Balance, June 30, 2023	$ 2,866	$ (739)	$ 2,127

(in thousands)	Gain on Swaps		Income tax expense		Accumulated Other Comprehensive Income, net of taxes	
Balance, December 31, 2022	$	—	$	—	$	—
Net change in unrealized gain		2,866		(739)		2,127
Balance, June 30, 2023	$	2,866	$	(739)	$	2,127

Note 10. 11. Income Taxes

The Company files U.S. federal income tax returns and various state income tax returns. The Company is currently involved in one state income tax audit and no federal income tax audits as of March 31, 2024 June 30, 2024. The Company's income tax returns are generally open to examination from 2020 forward and the net operating losses acquired in the acquisition of nTelos are open to examination from 2004 forward.

The effective tax rates for the three and three six months ended March 31, 2024 June 30, 2024 and 2023, differ from the statutory U.S. federal income tax rate of 21% primarily due to the state income taxes, excess tax benefits and other discrete items.

	Three Months Ended March 31,			
(in thousands)	2024		2023	
Expected tax (benefit) expense at federal statutory	$	(1,074)	$	299
State income tax (benefit) expense, net of federal tax effect		(262)		77
Excess tax deficiency from share-based compensation and other expense, net		310		306
Income tax (benefit) expense	$	(1,026)	$	682

	Three Months Ended June 30,				Six Months Ended June 30,			
(in thousands)	2024		2023		2024		2023	
Expected tax (benefit) expense at federal statutory	$	(3,775)	$	12	$	(4,849)	$	311
State income tax (benefit) expense, net of federal tax effect		(974)		3		(1,236)		80
Excess tax deficiency from share-based compensation and other expense, net		(451)		1,444		(141)		1,750
Income tax (benefit) expense	$	(5,200)	$	1,459	$	(6,226)	$	2,141

The Company made no cash $7.3 million in payments and received no cash $0.2 million in refunds for income taxes for the three six months ended March 31, 2024 June 30, 2024. The Company received $25.0 $25.6 million in cash refunds for income taxes for the three six months ended March 31, 2023 June 30, 2023.

Note 11. 12. Redeemable Noncontrolling Interest

As discussed in Note 1, *Basis of Presentation and Other Information*, Shentel Broadband, a subsidiary of Shentel, issued 81,000 shares of Shentel Broadband's Series A Preferred Stock in exchange for $81 million in cash. The Series A Preferred Stock has a par value of $0.01 per share. As of June 30, 2024, 100,000 shares of the Series A Preferred Stock were authorized for issuance and 81,000 shares of the Series A Preferred Stock were outstanding.

Shentel has applied the guidance in ASC 480-10-S99-3A, "SEC Staff Announcement: Classification and Measurement of Redeemable Securities", and has therefore classified the Series A Preferred Stock outside of shareholders' equity on the Company's unaudited condensed consolidated balance sheets because the shares contain liquidation features that are not solely within the Company's control. The Series A Preferred Stock was recorded at its fair value on the date of issuance, net of $1.6 million of issuance costs. The Company does not adjust the carrying value of the Series A Preferred Stock to the liquidation preference of such shares because of the uncertainty of whether or when a liquidation event would occur. Subsequent adjustments to increase the carrying value to the liquidation preferences will be made only when it becomes probable that such a liquidation event will occur. Furthermore, the Company classifies the Series A Preferred Stock as redeemable noncontrolling interest due to the fact that the Series A Preferred Stock is issued by its subsidiary, Shentel Broadband.

As discussed in Note 1, *Basis of Presentation and Other Information*, the Company must pay either a cash or PIK Dividend related to the Series A Preferred Stock on a quarterly basis. The first dividend was issued as a PIK Dividend on July 15, 2024. The PIK Dividend resulted in a $1.4 million increase in the liquidation preference of the Series A Preferred Stock.

As described in Note 1, *Basis of Presentation and Other Information*, the Series A Preferred Stock is exchangeable at the option of the Investor or Shentel in certain circumstances for shares of Common Stock at an exchange price of $24.50 per share. As of June 30, 2024, the Series A Preferred Stock was exchangeable for 3,306,122 shares of Common Stock.

Note 13. Stock Compensation and Earnings (Loss) per Share

Activity related to the Company's restricted stock units ("RSUs"), which includes the Company's RSUs and performance stock units ("PSUs"), was as follows:

(in thousands, except weighted average grant price)	*(in thousands, except weighted average grant price)*	Number of Shares	Weighted Average Grant Price	*(in thousands, except weighted average grant price)*	Number of Shares	Weighted Average Grant Price
Outstanding awards, December 31, 2023						
Granted						
Vested						
Adjustments for PSU performance						
Forfeited						
Outstanding awards, March 31, 2024						
Outstanding awards, June 30, 2024						

The total fair value of RSUs vested was $4.9 $5.5 million during the three six months ended March 31, 2024 June 30, 2024.

Activity related to the Company's Relative Total Shareholder Return RSUs ("RTSRs") was as follows:

(in thousands, except weighted average grant price)	*(in thousands, except weighted average grant price)*	Number of Shares	Weighted Average Grant Price	*(in thousands, except weighted average grant price)*	Number of Shares	Weighted Average Grant Price
Outstanding awards, December 31, 2023						
Granted						
Vested						
Forfeited						
Outstanding awards, March 31, 2024						
Outstanding awards, June 30, 2024						

Stock-based compensation expense was as follows:

		Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	*(in thousands)*	2024	2023	*(in thousands)*	2024	2023	2024	2023
Stock compensation expense								
Capitalized stock compensation								
Stock compensation expense, net								

As of March 31, 2024 June 30, 2024, there was $13.8 $12.0 million of total unrecognized compensation cost related to non-vested RSUs and RTSRs which is expected to be recognized over weighted average period of 2.3 2.5 years.

We utilize the treasury stock method to calculate the impact on diluted earnings (loss) per share that potentially dilutive stock-based compensation awards have.

The following table indicates the computation of basic and diluted earnings (loss) per share:

	Three Months Ended March 31,	
(in thousands, except per share amounts)	2024	2023
Calculation of net income per share:		

(Loss) income from continuing operations	$ (4,090)	$ 741
Total income from discontinued operations, net of tax	218,786	1,325
Net income	$ 214,696	$ 2,066
Basic weighted average shares outstanding	50,520	50,291
Basic net (loss) income per share - continuing operations	$ (0.08)	$ 0.01
Basic net income per share - discontinued operations	4.33	0.03
Basic net income per share	$ 4.25	$ 0.04
Effect of stock-based compensation awards outstanding:		
Basic weighted average shares outstanding	50,520	50,291
Effect from dilutive shares and options outstanding	491	221
Diluted weighted average shares outstanding	51,011	50,512
Diluted net (loss) income per share - continuing operations	$ (0.08)	$ 0.01
Diluted net income per share - discontinued operations	4.29	0.03
Diluted net income per share	$ 4.21	$ 0.04

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	2024	2023	2024	2023
Calculation of net (loss) income per share:				
Loss from continuing operations	$ (12,773)	$ (1,400)	$ (16,863)	$ (658)
Total (loss) income from discontinued operations, net of tax	(99)	3,190	218,687	4,514
Net (loss) income	$ (12,872)	$ 1,790	$ 201,824	$ 3,856
Basic weighted average shares outstanding	54,730	50,366	52,620	50,330
Basic - Loss from continuing operations	$ (0.24)	$ (0.03)	$ (0.32)	$ (0.01)
Basic - (Loss) income from discontinued operations, net of tax	—	0.07	4.16	0.09
Basic net (loss) income per share	$ (0.24)	$ 0.04	$ 3.84	$ 0.08
Effect of dilutive instruments outstanding:				
Basic weighted average shares outstanding	54,730	50,366	52,620	50,330
Effect from dilutive shares and options outstanding	—	—	—	—
Diluted weighted average shares outstanding	54,730	50,366	52,620	50,330
Diluted - Loss from continuing operations	$ (0.24)	$ (0.03)	$ (0.32)	$ (0.01)
Diluted - (Loss) income from discontinued operations, net of tax	—	0.07	4.16	0.09
Diluted net (loss) income per share	$ (0.24)	$ 0.04	$ 3.84	$ 0.08

As discussed in Note 12, *Redeemable Noncontrolling Interest*, no PIK Dividends were declared or paid during the three and six months ended June 30, 2024 and 2023; therefore, no income has been attributed to redeemable noncontrolling interest for purposes of calculating basic net income per share.

The Company determines the dilutive impact of equity awards and the Series A Preferred Stock (on an as-converted basis) by applying the treasury stock method and the if-converted method, respectively. There were approximately 462,000 392,000 and 478,000 anti-dilutive 444,000 potentially dilutive equity awards outstanding during the three and six months ended March 31, 2024 June 30, 2024, respectively; however, these shares were excluded from the calculation of diluted weighted average shares outstanding due to the fact that they were anti-dilutive as a result of the Company's loss from continuing operations for the periods. There were also approximately 3,306,000 potentially dilutive shares related to the Series A Preferred Stock (on an as-converted basis) during both the three and 2023, respectively.

six months ended June 30, 2024; however, these shares were excluded from the calculation of diluted weighted average shares outstanding due to the fact that they were anti-dilutive as a result of the Company's loss from continuing operations for the periods. There were approximately 327,000 and 239,000 potentially dilutive equity awards during the three and six months ended June 30, 2023, respectively; however, these shares were excluded from the calculation of diluted weighted average shares outstanding due to the fact that they were anti-dilutive as a result of the Company's loss from continuing operations for the periods.

Note 12. 14. Government Grants

During the three six months ended March 31, 2024 June 30, 2024, Shentel was awarded an additional grant of $0.6 million to strategically expand the Company's broadband network in order to provide broadband services to unserved residences.

The Company recognizes grant receivables at the time it becomes probable that the Company will be eligible to receive the grant, which is estimated to correspond with the date when specified build-out milestones are achieved. As a result of these programs, the Company received $2.7 million $5.0 million and $7.7 million in cash reimbursements during the three and six months ended March 31, 2024 June 30, 2024 and had approximately $2.8 million and $1.9 million in accounts receivable as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. The Company did not recognize any material amounts under these programs during the six months ended June 30, 2023.

Prior to the Horizon Transaction, Horizon entered into agreements with the Department of Development in Ohio under the state's Ohio Residential Broadband Expansion program. As part of these agreements, Horizon committed to expand its broadband network resulting in total project costs of $57.4 million, with government matching grants totaling $30.1 million. Approximately $18.0 million of the grant was paid to Horizon up-front, while the remainder will be paid upon the achievement of specified milestones. Shentel assumed these agreements as a result of the Horizon Transaction and is therefore obligated under these programs to continue the build-out of this network. If Shentel fails to complete the build-out, Shentel may be required to repay a portion or all of the grant that Horizon received prior to the acquisition. Consequently, the portion of the up-front grant payment associated with unfulfilled obligations is recorded in other liabilities in the Company's unaudited condensed consolidated balance sheets. Consistent with Shentel's existing policy for accounting for government grants, the Company reclassifies amounts from other liabilities to reduce the related property, plant and equipment as the Company fulfills its obligations under this grant program. As of June 30, 2024, $14.8 million of this liability remained in other liabilities. Horizon was also granted $27.5 million by the NTIA under its Middle Mile Grant Program. This grant was awarded post-acquisition during the three months ended March 31, 2023 June 30, 2024.

Note 13. 15. Commitments and Contingencies

We are committed to make payments to satisfy our lease liabilities. The scheduled payments under those obligations are summarized in Note 7, 8, *Leases*. We also have outstanding unconditional purchase commitments to procure marketing services and IT software licenses through 2027.

From time to time the Company is involved in various litigation matters arising out of the normal course of business. The Company consults with legal counsel on those issues related to litigation and seeks input from other experts and advisors with respect to such matters. Estimating the probable losses or a range of probable losses resulting from litigation, government actions and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve discretionary amounts, present novel legal theories, are in the early stages of the proceedings, or are subject to appeal. Whether any losses, damages or remedies ultimately resulting from such matters could reasonably have a material effect on the Company's business, financial condition, results of operations, or cash flows will depend on a number of variables, including, for example, the timing and amount of such losses or damages (if any) and the structure and type of any such remedies. The Company's management does not presently expect any litigation matters to have a material adverse impact on the Company's financial position, results of operations and cash flows.

Note 14. 16. Discontinued Operations

As discussed in Note 1, *Basis of Presentation and Other Information* above, the Tower Transaction represented a strategic shift in the Company's business and the Tower Portfolio has been reclassified as a discontinued operation. As a result, for all periods presented, the assets and liabilities that transferred in the Tower Transaction disposal group are presented as held for sale in our the Company's unaudited condensed consolidated balance sheets, and operating results and cash flows related to the Tower Portfolio were reflected as a discontinued operations in our unaudited condensed consolidated statements of comprehensive (loss) income and unaudited condensed consolidated statements of cash flows.

The carrying amounts of the major classes of assets and liabilities, classified as held for sale in the unaudited condensed consolidated balance sheets, were as follows:

(in thousands)	December 31, 2023
ASSETS	
Property, plant and equipment, net	$ 29,162
Operating lease right-of-use assets	37,616
Deferred charges and other assets	2,137
Noncurrent assets held for sale	$ 68,915
LIABILITIES	
Accrued liabilities and other current liabilities	$ 3,602
Current liabilities held for sale	$ 3,602
Deferred income taxes	$ 2,483
Asset retirement obligations	9,516
Non-current operating lease liabilities	41,173
Other liabilities	3,524
Noncurrent liabilities held for sale	$ 56,696

Income (Loss) income from discontinued operations, net of tax in the unaudited condensed consolidated statements of comprehensive (loss) income consist of the following for the periods ended: periods:

(in thousands)	*(in thousands)*	**Three Months Ended March 31,**	*(in thousands)*	**Three Months Ended June 30,**		**Six Months Ended June 30,**		
	2024	2024		2023	2024	2023	2024	2023
Service revenue and other								
Operating expenses:								
Cost of services								
Cost of services								
Cost of services								
Selling, general and administrative								
Depreciation and amortization								
Total operating expenses								
Operating income								
Other income:								
Gain on sale of disposition of Tower Portfolio								
Gain on sale of disposition of Tower Portfolio								
Gain on sale of disposition of Tower Portfolio								
Income before income taxes								
Income tax expense								
Income from discontinued operations, net of tax								
Other expense								
(Loss) income before income taxes								
Income tax (benefit) expense								
(Loss) income from discontinued operations, net of tax								

Consummation of the sale triggered the recognition of approximately $4.4 million of incremental transaction costs during the three six months ended March 31, 2024 June 30, 2024, for contingent deal advisory fees and legal expenses, which are netted against the gain on sale of disposition of Tower Portfolio.

Note 15. Subsequent Events

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

The following management's discussion and analysis includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "may," "will," "should," "could" or "plan" and similar expressions as they relate to Shenandoah Telecommunications Company or its management are intended to identify these forward-looking statements. All statements regarding Shenandoah Telecommunications Company's expected future financial position, operating results and cash flows, business strategy, financing plans, forecasted trends relating to the markets in which Shenandoah Telecommunications Company operates and similar matters are forward-looking statements. We cannot assure you that the Company's expectations expressed or implied in these forward-looking statements will turn out to be correct. The Company's actual results could be materially different from its expectations because of various factors, including, but not limited to, those discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2023 ("2023 Form 10-K"). The forward-looking statements included in this Form 10-Q are made only as of the date of the statement. We undertake no obligation to revise or update such statements to reflect current events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events, except as required by law.

The following management's discussion and analysis should be read in conjunction with the Company's 2023 Form 10-K, including the consolidated financial statements and related notes included therein.

Overview

Shenandoah Telecommunications Company ("Shentel", "we", "our", "us", or the "Company") is a provider of a comprehensive range of broadband communication services in seven contiguous states in the eastern United States.

Recent Developments

Horizon Transaction

On April 1, 2024 (the "Closing Date"), Shentel completed its previously announced acquisition of Horizon Acquisition Parent LLC, a Delaware limited liability company ("Horizon"), pursuant to the terms of an Agreement and Plan of Merger, dated October 24, 2023, by and among Shentel, Horizon, the sellers set forth on the signature pages thereto (each, a "Seller" and collectively, the "Sellers") and the other parties thereto (as amended by the First Amendment to Agreement and Plan of Merger, dated April 1, 2024, the "Merger Agreement"). On Subject to the terms and conditions of the Merger Agreement, on the Closing Date, Shentel acquired 100% of the outstanding equity interests of Horizon in exchange for (i) issuing 4,100,375 shares of Shentel's common stock, no par value ("Common Stock"), to a selling shareholder an investment fund managed by affiliates of Horizon; GCM Grosvenor, which is one of the Sellers (the "Selling Shareholder"); and (ii) paying $305 million in cash consideration to the other sellers Sellers and certain third parties, including Horizon's existing lenders to discharge debt (collectively, the "Horizon Transaction"). Cash consideration paid also included purchase price adjustments for capital expenditure reimbursements and working capital subject to subsequent adjustments as defined in the merger agreement. Cash consideration paid remains subject to subsequent working capital and other adjustments. The Horizon selling shareholder has Selling Shareholder agreed to an investor rights agreement with the Company that includes among other provision, a one year lockup period for the shares of common shares Common Stock received.

In addition, Shentel paid certain sellers an additional amount Refer to Note 2, *Acquisition of approximately $39 million based Horizon,* for more information regarding the Horizon Transaction and its impact on Horizon's capital expenditures funded by capital contributions of such Sellers between July 1, 2023 and the Closing Date, plus interest in the amount of 6.00% per annum.

Shentel is in the process of finalizing its evaluation of the tangible and intangible assets acquired and liabilities assumed, as well as the initial purchase price allocation as of the acquisition date, including the determination of any resulting goodwill; therefore, this information cannot be provided at this time. Company's financial statements.

Series A Preferred Stock

Contemporaneously with the Horizon Transaction, execution of the Merger Agreement, on October 24, 2023,, Shentel and Shentel Broadband Holding Inc., a wholly-owned subsidiary of Shentel ("Shentel Broadband"), entered into an investment agreement (the "Investment Agreement") with ECP Fiber Holdings, LP, a third party (the "Investor" Delaware limited partnership ("ECP Investor"). , and, solely for the limited purposes set forth therein, Hill City Holdings, LP, a Delaware limited partnership affiliated with ECP Investor. Subject to the terms and conditions set forth in the Investment Agreement, on the Closing Date, Shentel Broadband issued to ECP Investor 81,000 shares of Shentel Broadband's 7% Series A Participating Exchangeable Perpetual Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock"), at a purchase price of $1,000 per share in exchange for $81 million in cash. The Series A Preferred Stock is exchangeable at the option of the Investor in certain circumstances for shares of Common Stock at an exchange price of $24.50 per share (as it may be adjusted pursuant to the terms of the Investment Agreement, the "Exchange Price").

As a condition to closing the transactions contemplated by the Investment Agreement and Amendment No. 3 to the Credit Agreement, Shentel completed a corporate reorganization of Shentel's subsidiaries (the "Reorganization"). As a result of the Reorganization effected on the Closing Date, Shentel Broadband both directly and through its subsidiaries, Operations LLC, a wholly-owned subsidiary of Shentel Broadband, holds or has equity interest in substantially all of the operating assets of Shentel. Shentel and was assigned and assumed the Credit Agreement.

On the Closing Date, Shentel Broadband filed a certificate of designations with the Secretary of State of the State of Delaware authorizing 100,000 shares of Series A Preferred Stock and setting forth the powers, designations, preferences, rights, qualifications, limitations and restrictions of the Series A Preferred Stock (the "Certificate of Designations"). The Series A Preferred Stock ranks senior to Shentel's Common Stock with respect to the payment of dividends and with respect to the distribution of assets upon Shentel Broadband's liquidation, dissolution or winding up. Dividends on the Series A Preferred Stock accrue at 7% per annum compounded and payable quarterly in arrears, and, at Shentel's option, may be paid in cash or in kind (such dividends paid in kind, "PIK Dividends"). The PIK Dividend rate is subject to increase to 8.5% and 10% after the fifth and seventh anniversaries of the Closing Date, respectively, to the extent any dividends accrued during the period from and including such anniversary dates are paid in the form of PIK Dividends.

Beginning two years after the Closing Date, Shentel may require the Investor to exchange the Series A Preferred Stock for shares of Common Stock if the price per share of the Common Stock exceeds 125% of the Exchange Price, subject to certain conditions. After five years, Shentel may redeem all of the Series A Preferred Stock for the greater of (i) $1,000 per share, plus (a) any accrued PIK Dividend amount and (b) accrued and unpaid dividends to, but excluding the redemption date (to the extent such accrued and unpaid dividends are not included in such PIK Dividend amount), and (ii) the value of the shares of Common Stock for which such Series A Preferred Stock are exchangeable.

Under the terms of the Investment Agreement, the Investor has the right to nominate a director to the Board so long as the Investor beneficially owns at least 7.5% of Shentel's outstanding Common Stock (including on an as exchanged basis with respect to the Series A Preferred Stock).

So long as the Investor beneficially owns at least 7.5% of Shentel's outstanding Common Stock (including on an as exchanged basis with respect to the Series A Preferred Stock), the Investor is subject to certain standstill provisions and voting covenants and has certain other rights with respect to the shares of Series A Preferred Stock, including, among others, pre-emptive, information and participation rights. The shares of Series A Preferred Stock are subject to a lock-up until the first anniversary of the Closing Date and are subject to certain other transfer restrictions.

Refer toNote 12, *Redeemable Noncontrolling Interest,* for more information regarding the Series A Preferred Stock and its impact on the Company's financial statements.

Amendment No. 3 to Credit Agreement

On April 1, 2024, Shentel entered into Amendment No. 3 to Credit Agreement, Incremental Term Loan Funding Agreement, Joinder and Assignment and Assumption (the "Third Amendment") to its existing Credit Agreement, dated as of July 1, 2021, with various financial institutions party thereto (the "Lenders") and CoBank, ACB, as administrative agent for the Lenders (as previously amended by Amendment No. 1 to Credit Agreement, dated as of May 17, 2023, and Consent and Amendment No. 2 to Credit Agreement, dated October 24, 2023, the "Credit Agreement").

The Third Amendment provides for, among other things, incremental delay draw term loan commitments under the Credit Agreement in an aggregate amount equal to $225 million and an increase in the revolving commitment under the Credit Agreement in an amount equal to $50 million.

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

The following management's discussion and analysis includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "may," "will," "should," "could" or "plan" and similar expressions as they relate to Shenandoah Telecommunications Company or its management are intended to identify these forward-looking statements. All statements regarding Shenandoah Telecommunications Company's expected future financial position, operating results and cash flows, business strategy, financing plans, forecasted trends relating to the markets in which Shenandoah Telecommunications Company operates and similar matters are forward-looking statements. We cannot assure you that the Company's expectations expressed or implied in these forward-looking statements will turn out to be correct. The Company's actual results could be materially different from its expectations because of various factors, including, but not limited to, those discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2023 ("2023 Form 10-K"). The forward-looking statements included in this Form 10-Q are made only as of the date of the statement. We undertake no obligation to revise or update such statements to reflect current events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events, except as required by law.
The following management's discussion and analysis should be read in conjunction with the Company's 2023 Form 10-K, including the consolidated financial statements and related notes included therein.

Overview

Shenandoah Telecommunications Company ("Shentel", "we", "our", "us", or the "Company") is a provider of a comprehensive range of broadband communication services in the Mid-Atlantic portion of the United States.

Recent Developments

Sale of Shentel's Tower Portfolio

On March 29, 2024, Shenandoah Mobile, LLC, a wholly-owned subsidiary of Shenandoah Telecommunications Company, completed the initial closing of its previously disclosed sale of substantially all of Shentel's tower portfolio and operations ("Tower Portfolio") to Vertical Bridge Holdco, LLC for $309.9 million (the "Tower Transaction"). The Company received $305.8 million, net of certain transaction costs at the time of the initial closing. At the initial close, the Company conveyed approximately 99.5% of the tower portfolio. The Company expects to convey the remaining tower sites in the portfolio by the end of March 2025. The Tower Transaction was completed pursuant to the terms of a Purchase and Sale Agreement, dated February 29, 2024, as amended by Amendment No. 1 to the Purchase and Sale Agreement, dated March 29, 2024.

The Tower Portfolio represented substantially all of the assets and operations in Shentel’s previously reported Tower Reporting Segment and the Tower Transaction represented a strategic shift in the Company’s business. Consequently, the Tower Portfolio has been reclassified as a discontinued operation. For all periods presented, the assets and liabilities that transferred in the Tower Transaction (the “disposal group”) are presented as held for sale in our unaudited condensed consolidated balance sheets, and operating results and cash flows related to the Tower Portfolio were reflected as a discontinued operations in our unaudited condensed consolidated statements of comprehensive income and unaudited condensed consolidated statements of cash flows. Refer to Note 14, 9,**Discontinued Operations**, *in Part I, Item 1 of this quarterly report on Form 10-Q* *Debt,* for more information regarding the presentation of the disposal group in the Company's financial statements. Credit Agreement.

The Tower Transaction also represents a sale of the Tower segment as the Tower Portfolio constituted substantially all of the assets and liabilities and the totality of operations reported in the Tower segment. Under the new organizational and reporting structure, the Company has one reportable segment. Consequently, segment reporting previously disclosed is no longer applicable.

As a result of the sale of the Tower Portfolio, the Company has one reportable segment. Consequently, segment reporting previously disclosed is no longer applicable.

Results of Operations

Three Months Ended March 31, 2024 June 30, 2024 Compared with the Three Months Ended March 31, 2023 June 30, 2023

The Company's consolidated results from operations are summarized as follows:

		Three Months Ended March 31,						**Change**					
		Three Months Ended June 30,						**Change**					
($ in thousands)	*($ in thousands)*	**2024**		**% of Revenue**	**2023**		**% of Revenue**	**$**		**%**	*($ in thousands)*	**2024**	**% of Reven**
External revenue													
Residential & SMB - Cable Markets													
Residential & SMB - Cable Markets													
Residential & SMB - Cable Markets		$ 44,370		64.1 %	$44,756		66.6 %	$ (386)		(0.9) %			
Residential & SMB - Glo Fiber Markets		12,118		17.5 %	7,003		10.4 %	5,115		73.0 %			
Residential & SMB - Incumbent Broadband Markets													
Residential & SMB - Incumbent Broadband Markets													
Residential & SMB - Incumbent Broadband Markets		$ 44,960		52.4 %	$44,403		66.6 %	$ 557		1.3 %			
Residential & SMB - Glo Fiber Expansion Markets		14,093		16.4 %	8,164		12.3 %	5,929		72.6 %			
Commercial Fiber	Commercial Fiber	9,377	13.5	13.5 %	11,698	17.4	17.4 %	(2,321)	(19.8)	(19.8) %	Commercial Fiber	19,921	23.2 2
RLEC & Other	RLEC & Other	3,383	4.9	4.9 %	3,708	5.5	5.5 %	(325)	(8.8)	(8.8) %	RLEC & Other	6,825	8.0
Total revenue	Total revenue	69,248	100.0	100.0 %	67,165	100.0	100.0 %	2,083	3.1	3.1 %	Total revenue	85,799	100.0 10
Operating expenses													
Cost of services													
Cost of services													
Cost of services		25,985	37.5	37.5 %	25,431	37.9	37.9 %	554	2.2	2.2 %	34,541	40.3	40.3 %

Selling, general and administrative	Selling, general and administrative	28,596	41.3	41.3 %	26,159	38.9	38.9 %	2,437	9.3	9.3 %	Selling, general and administrative	30,239	35.2	3
Integration and acquisition		11,325		13.2 %	301		0.5 %	11,024		NMF				
Impairment expense		—		— %	836		1.3 %	(836)		(100.0) %				
Depreciation and amortization	Depreciation and amortization	17,443	25.2	25.2 %	15,269	22.7	22.7 %	2,174	14.2	14.2 %	Depreciation and amortization	25,579	29.8	2
Total operating expenses	Total operating expenses	72,024	104.0	104.0 %	66,859	99.5	99.5 %	5,165	7.7	7.7 %	Total operating expenses	101,684	118.5	11
Operating (loss) income		$ (2,776)		(4.0)%	$ 306		0.5 %	$ (3,082)		NMF				
Operating loss		(15,885)		(18.5)%	(118)		(0.2)%	(15,767)		NMF				
Other income (expense):														
Other income (expense), net														
Other income (expense), net														
Other income (expense), net		(2,340)		(3.4)%	1,117		1.7 %	(3,457)		NMF				
Other (expense) income, net														
Other (expense) income, net														
Other (expense) income, net		(2,088)		(2.4)%	177		0.3 %	(2,265)		NMF				
(Loss) income from continuing operations before income taxes	(Loss) income from continuing operations before income taxes	(5,116)	(7.4)	(7.4)%	1,423	2.1	2.1 %	(6,539)	NMF	NMF	(Loss) income from continuing operations before income taxes	(17,973)		(2
Income tax (benefit) expense	Income tax (benefit) expense	(1,026)	(1.5)	(1.5)%	682	1.0	1.0 %	(1,708)	NMF	NMF	Income tax (benefit) expense	(5,200)		(
(Loss) income from continuing operations		(4,090)		(5.9)%	741		1.1 %	(4,831)		NMF				
Income from discontinued operations, net of tax		218,786		315.9 %	1,325		2.0 %	217,461		NMF				
Net income		$214,696		310.0 %	$ 2,066		3.1 %	$212,630		NMF				
Loss from continuing operations		(12,773)		(14.9)%	(1,400)		(2.1)%	(11,373)		NMF				
(Loss) income from discontinued operations, net of tax		(99)		(0.1)%	3,190		4.8 %	(3,289)		(103.1) %				
Net (loss) income		$ (12,872)		(15.0)%	$ 1,790		2.7 %	$ (14,662)		NMF				

Shentel updated the description for revenues previously reported as “Residential & SMB - Cable Markets” to “Residential & SMB - Incumbent Broadband Markets” and updated the description for revenues previously reported as “Residential & SMB - Glo Fiber Markets” to “Residential & SMB - Glo Fiber Expansion Markets.”

Residential & SMB - Cable Incumbent Broadband Markets revenue

Residential & SMB - Cable Incumbent Broadband Markets revenue for the three months ended March 31, 2024 decreased June 30, 2024 increased approximately $0.4 million $0.6 million, or 0.9% 1.3%, compared with the three months ended March 31, 2023 June 30, 2023, primarily driven by $1.8 million of revenue from Horizon, partially offset by a 15.1% 17.0% year-over-year decline in video RGUs, partially offset by a 2.4% increase in data ARPU driven by increased customer demand for higher speed data service. RGUs.

Residential & SMB - Glo Fiber Expansion Markets revenue

Residential & SMB - Glo Fiber Expansion Markets revenue for the three months ended March 31, 2024 June 30, 2024 increased approximately $5.1 million $5.9 million, or 73.0% 72.6%, compared with the three months ended March 31, 2023 June 30, 2023, primarily driven by 62.3% $0.5 million of revenue from Horizon and a 56.3% year-over-year growth in data RGUs driven by the Company’s expansion of Glo Fiber and a 9.7% 8.8% increase in data ARPU.

Commercial Fiber revenue

Commercial Fiber revenue for the three months ended March 31, 2024 decreased June 30, 2024 increased approximately $2.3 million $9.7 million, or 19.8% 94.3%, compared with the three months ended March 31, 2023 June 30, 2023, primarily driven by $10.9 million of revenue from Horizon, partially offset by the expected decline in T-Mobile revenue from prior period backhaul circuit disconnects as part of the previously disclosed decommissioning of the former Sprint network.

RLEC & Other revenue

RLEC & Other revenue for the three months ended June 30, 2024 increased approximately $3.0 million, or 78.5%, compared with the three months ended June 30, 2023, primarily driven by $3.6 million of revenue from Horizon, partially offset by a 28% year-over-year decline in RLEC data RGUs as customers migrate to cable and fiber based products.

Cost of services

Cost of services for the three months ended June 30, 2024, increased approximately $9.8 million, or 39.5%, compared with the three months ended June 30, 2023, primarily driven by $8.9 million of cost of services from Horizon and higher inventory and maintenance costs resulting as the Company continues to expand the Glo Fiber network and a non-recurring charge related to exiting a planned Glo Fiber expansion market due to further analysis of projected market economics.

Selling, general and administrative

Selling, general and administrative expense for the three months ended June 30, 2024, increased $5.2 million, or 20.8%, compared with the three months ended June 30, 2023, primarily driven by $4.1 million of recurring selling, general and administrative costs from Horizon, and $0.6 million primarily attributable to higher advertising and sales headcount to support the Glo Fiber expansion.

Integration and acquisition

Integration and amortization expense for the three months ended June 30, 2024, increased $11.0 million compared with the three months ended June 30, 2023, primarily driven by non-recurring acquisition-related costs related to the Horizon Transaction and integration of Horizon and Shentel's operating activities.

Depreciation and amortization

Depreciation and amortization increased $9.7 million, or 61.6%, compared with the three months ended June 30, 2023, primarily driven by $8.3 million of depreciation and amortization related to acquired tangible and intangible assets from Horizon and the Company's expansion of its Glo Fiber network.

Other income (expense), net

Other expense, net was $2.1 million for the three months ended June 30, 2024 compared with other income, net of $0.2 million for the three months ended June 30, 2023, primarily driven by an increase in interest expense due to a higher outstanding debt balance during the three months ended June 30, 2024 compared to the three months ended June 30, 2023, partially offset by patronage income recorded as a result of patronage distributions received during the three months ended June 30, 2024.

Income tax (benefit) expense

The Company recognized $5.2 million of income tax benefit for the three months ended June 30, 2024, compared with $1.5 million of income tax expense for the three months ended June 30, 2023. The $6.7 million increase in income tax benefit was driven by higher pre-tax loss from continuing operations during the three months ended June 30, 2024.

Six Months Ended June 30, 2024 Compared with the Six Months Ended June 30, 2023

The Company's consolidated results from operations are summarized as follows:

	Six Months Ended June 30,				Change	
($ in thousands)	**2024**	**% of Revenue**	**2023**	**% of Revenue**	**$**	**%**
External revenue						
Residential & SMB - Incumbent Broadband Markets	$ 89,330	57.6 %	$ 89,159	66.6 %	$ 171	0.2 %
Residential & SMB - Glo Fiber Expansion Markets	26,211	16.9 %	15,167	11.3 %	11,044	72.8 %
Commercial Fiber	29,298	18.9 %	21,951	16.4 %	7,347	33.5 %
RLEC & Other	10,208	6.6 %	7,532	5.6 %	2,676	35.5 %
Total revenue	155,047	100.0 %	133,809	100.0 %	21,238	15.9 %
Operating expenses						
Cost of services	60,526	39.0 %	50,183	37.5 %	10,343	20.6 %
Selling, general and administrative	58,217	37.5 %	51,069	38.2 %	7,148	14.0 %
Integration and acquisition	11,943	7.7 %	432	0.3 %	11,511	NMF
Impairment expense	—	— %	1,020	0.8 %	(1,020)	(100.0)%
Depreciation and amortization	43,022	27.7 %	30,916	23.1 %	12,106	39.2 %
Total operating expenses	173,708	112.0 %	133,620	99.9 %	40,088	30.0 %

Operating (loss) income	$	(18,661)	(12.0)%	$	189	0.1 %	$	(18,850)	NMF
Other income (expense):									
Other (expense) income, net		(4,428)	(2.9)%		1,294	1.0 %		(5,722)	NMF
(Loss) income from continuing operations before income taxes		(23,089)	(14.9)%		1,483	1.1 %		(24,572)	NMF
Income tax (benefit) expense		(6,226)	(4.0)%		2,141	1.6 %		(8,367)	NMF
Loss from continuing operations		(16,863)	(10.9)%		(658)	(0.5)%		(16,205)	NMF
Income from discontinued operations, net of tax		218,687	141.0 %		4,514	3.4 %		214,173	NMF
Net income	$	201,824	130.2 %	$	3,856	2.9 %	$	197,968	NMF

Residential & SMB - Incumbent Broadband Markets revenue

Residential & SMB - Incumbent Broadband Markets revenue for the six months ended June 30, 2024 increased approximately $0.2 million, or 0.2%, compared with the six months ended June 30, 2023, primarily driven by $1.8 million of revenue from Horizon, partially offset by a 15.4% year-over-year decline in video RGUs.

Residential & SMB - Glo Fiber Expansion Markets revenue

Residential & SMB - Glo Fiber Expansion Markets revenue for the six months ended June 30, 2024 increased approximately $11.0 million, or 72.8%, compared with the six months ended June 30, 2023, primarily driven by $0.5 million of revenue from Horizon and 56.3% year-over-year growth in data RGUs driven by the Company's expansion of Glo Fiber and a 9.2% increase in data ARPU.

Commercial Fiber revenue

Commercial Fiber revenue for the six months ended June 30, 2024 increased approximately $7.3 million, or 33.5%, compared with the six months ended June 30, 2023, primarily driven by $10.9 million of revenue from Horizon, partially offset by the expected decline in T-Mobile revenue from prior period backhaul circuit disconnects as part of the previously disclosed decommissioning of the former Sprint network.

RLEC & Other revenue

RLEC & Other revenue for the three six months ended March 31, 2024 decreased June 30, 2024 increased approximately $0.3 million $2.7 million, or 8.8% 35.5%, compared with the three six months ended March 31, 2023 June 30, 2023, primarily driven by $3.6 million of revenue from Horizon, partially offset by a 25.8% 28% year-over-year decline in RLEC data RGUs as customers migrate to cable and fiber based products.

Cost of services

Cost of services for the three six months ended March 31, 2024 June 30, 2024, increased approximately $0.6 million $10.3 million, or 2.2% 20.6%, compared with the three six months ended March 31, 2023 June 30, 2023, primarily driven by a 17% increase in average $8.9 million of cost per video RGU as a result of annual programming cost increases services from Horizon and higher line inventory and maintenance costs from expanding our resulting as the Company continues to expand the Glo Fiber network into new markets.

and a non-recurring charge related to exiting a planned Glo Fiber expansion market due to competitive broadband overbuild activity.

Selling, general and administrative

Selling, general and administrative expense for the three six months ended March 31, 2024 June 30, 2024, increased $2.4 million $7.1 million, or 9.3% 14.0%, compared with the three six months ended March 31, 2023 June 30, 2023, primarily driven by $4.1 million of recurring selling, general and administrative costs acquired from Horizon, higher advertising costs and sales headcount associated with the Company's expansion of Glo Fiber, higher bad debt charges due Fiber.

Integration and acquisition

Integration and amortization expense for the three months ended June 30, 2024, increased $11.5 million compared with the three months ended June 30, 2023, primarily driven by non-recurring Horizon acquisition-related costs related to macro-economic conditions banking, legal, accounting, and higher payroll other similar services and stock compensation expenses. severance costs for employees who will not be retained permanently.

Depreciation and amortization

Depreciation and amortization increased $2.2 million $12.1 million, or 14.2% 39.2%, compared with the three six months ended March 31, 2023 June 30, 2023, primarily driven by $8.3 million of depreciation and amortization related to acquired tangible and intangible assets from Horizon and the Company's expansion of its Glo Fiber network.

Other income (expense), net

Other expense, net was $2.3 million $4.4 million for the three six months ended March 31, 2024 June 30, 2024 compared with other income, net of $1.1 million $1.3 million for the three six months ended March 31, 2023 June 30, 2023, primarily driven by an increase in interest expense due to a higher outstanding debt balance during the three six months ended March 31, 2024 June 30, 2024 compared to the three six months ended March 31, 2023 June 30, 2023, partially offset by patronage income recorded as a result of patronage distributions received during the six months ended June 30, 2024.

Income tax (benefit) expense

The Company recognized $1.0 million $6.2 million of income tax benefit for the three six months ended March 31, 2024 June 30, 2024, compared with $0.7 million $2.1 million of income tax expense for the three six months ended March 31, 2023 June 30, 2023. The $1.7 million $8.4 million increase in income tax benefit was driven by higher pre-tax loss from continuing operations during the three six months ended March 31, 2024 June 30, 2024.

Additional Information

Shentel provides broadband internet, video and voice services to residential and commercial customers in portions of Virginia, West Virginia, Maryland, Pennsylvania, Kentucky, Delaware, Ohio and Kentucky, Indiana, via fiber optics under the brand name of Glo Fiber optic and hybrid fiber coaxial cable under the brand name of Shentel. The Company networks. We also leases lease dark fiber and provides provide Ethernet and Wavelength fiber optic services to enterprise and wholesale customers throughout the entirety of our service area. The Company Shentel's Broadband business also provides voice and DSL telephone services as a Rural Local Exchange Carrier ("RLEC") to customers in Virginia's Shenandoah County and portions of adjacent counties as a Rural Local Exchange Carrier ("RLEC"). in Virginia, and in Ross County and portions of adjacent counties in Ohio. These integrated networks are connected by over 10,100 16,000 route miles of fiber.

The following table indicates selected operating statistics:

		March 31, 2024		March 31, 2023			June 30, 2024		June 30, 2023	
Homes and businesses passed (1)										
Cable Markets										
Glo Fiber Markets										
Incumbent Broadband Markets (4)										
Glo Fiber Expansion Markets (5)										
Residential & Small and Medium Business ("SMB") Revenue Generating Units ("RGUs"):										
Residential & Small and Medium Business ("SMB") Revenue Generating Units ("RGUs"):										
Residential & Small and Medium Business ("SMB") Revenue Generating Units ("RGUs"):										
Broadband Data										
Broadband Data										
Broadband Data										
Cable Markets										
Glo Fiber Markets										
Incumbent Broadband Markets (4)										
Glo Fiber Expansion Markets (5)										
Video										
Voice										
Total Residential & SMB RGUs (excludes RLEC)										
Residential & SMB Penetration (2)										
Residential & SMB Penetration (2)										
Residential & SMB Penetration (2)										
Broadband Data										
Broadband Data										
Broadband Data		32.7	%	36.8	%		31.0	%	35.9	%
Cable Markets		50.3	%	51.8	%					
Glo Fiber Markets		18.0	%	17.4	%					
Incumbent Broadband Markets (4)		47.8	%	51.3	%					
Glo Fiber Expansion Markets (5)		17.9	%	18.0	%					
Video	Video	8.4	%	12.1	%	Video	7.9	%	11.3	%
Voice	Voice	8.9	%	11.2	%	Voice	8.7	%	10.7	%
Residential & SMB Average Revenue per User ("ARPU") (3) (6)										
Residential & SMB Average Revenue per User ("ARPU") (3) (6)										
Residential & SMB Average Revenue per User ("ARPU") (3) (6)										
Broadband Data										
Broadband Data										
Broadband Data										

Cable Markets
Glo Fiber Markets
Incumbent Broadband Markets (4)
Glo Fiber Expansion Markets (5)
Video
Voice
Fiber route miles
Fiber route miles
Fiber route miles
Total fiber miles (4) (3)

(1) Homes and businesses are considered passed ("passings") if we can connect them to our network without further extending the distribution system. Passings is an estimate based upon the best available information. Passings will vary among video, broadband data and voice services.

(2) Penetration is calculated by dividing the number of users by the number of passings or available homes, as appropriate.

(3) Average Revenue Per RGU calculation = (Residential & SMB Revenue) / average RGUs / 3 months.

(4) Total fiber miles are measured by taking the number of fiber strands in a cable and multiplying that number by the route distance. For example, a 10 mile route with 144 fiber strands would equal 1,440 fiber miles.

(4) Incumbent Broadband Markets consists of Shentel Incumbent Cable Markets and Horizon Incumbent Telephone Markets with Fiber-To-The-Home ("FTTH") passings.

(5) Glo Fiber Expansion Markets consists of FTTH passings in greenfield expansion markets in the Shentel and former Horizon markets.

(6) Average Revenue Per RGU calculation = (Residential & SMB Revenue) / average RGUs / 3 months.

Financial Condition, Liquidity and Capital Resources

Sources and Uses of Cash: Our The Company's principal sources of liquidity are our cash and cash equivalents, cash generated from operations, and borrowings under our Credit Agreement, dated July 1, 2021 (as amended by (i) Amendment No. 1 to Credit Agreement, dated as of May 17, 2023 and , (ii) Consent and Amendment No. 2 to Credit Agreement, dated as of October 24, 2023, and Amendment No. 3, dated as of April 1, 2024, the "Credit Agreement"). The Credit Agreement contains (i) a $100 million, five-year $150 million, available revolving credit facility due June 2026 (the "Revolver"), (ii) a $150 million five-year $150 million delayed draw amortizing term loan due June 2026 ("Term Loan A-1") and , (iii) a $150 million seven-year $150 million delayed draw amortizing term loan due June 2028 ("Term Loan A-2"), and (iv) a $225 million delayed draw amortizing term loan due June 2028 ("Term Loan A-3" and collectively with Term Loan A-1 and Term Loan A-2, the "Term Loans").

In 2021, Congress passed the American Rescue Plan Act to subsidize the deployment of high-speed broadband internet access in unserved areas. We have been awarded approximately $86.3 million in grants to serve approximately 25,000 unserved homes in the states of Virginia, West Virginia and Maryland. The grants will be paid to the Company as certain milestones are completed. The Company expects to fulfill its obligations under these programs by 2026.

Prior to the Horizon Transaction, Horizon entered into agreements with the Department of Development in Ohio under the state's Ohio Residential Broadband Expansion program. As part of these agreements, Horizon committed to expand its broadband network resulting in total project costs of $57.4 million, with government matching grants totaling $30.1 million. Approximately $18.0 million of the grant was paid to Horizon up-front, while the remainder will be paid upon the achievement of specified milestones. Shentel assumed these agreements as a result of the Horizon Transaction and is therefore obligated under these programs to continue the build-out of this network. If Shentel fails to complete the build-out, Shentel may be required to repay a portion or all of the grant that Horizon received prior to the acquisition. Horizon was also granted $27.5 million by the National Telecommunications and Information Administration under its Middle Mile Grant Program.

As of March 31, 2024 June 30, 2024, our cash and cash equivalents totaled $390 million $44 million and the availability under our Revolver and Term Loan A-3 was $100 million $368 million, for total available liquidity of $490 approximately $412 million. As discussed in Note 15, 1,*Subsequent Events Basis of Presentation and Other Information* in Part I, Item 1 of this quarterly report on Form 10-Q, Shentel entered into various agreements on April 1, 2024, which affected the Company's liquidity. The Company utilized $344 approximately $349 million to fund the acquisition of Horizon (the "Horizon Transaction"), Transaction, including payment of certain capital expenditures. expenditures and payments for various transaction costs. Furthermore, the Company received $81 million in exchange for the issuance of Series A Preferred Stock ("Preferred Stock"). Stock. Finally, the Company amended its Credit Agreement, resulting in incremental delay draw term loan commitments under the Credit Agreement in an aggregate amount equal to $225 million and an increase in the revolving commitment under the Credit Agreement of $50 million. On a pro forma basis for the Horizon Transaction, issuance of Preferred Stock and credit facility amendment and upsizing, total available liquidity was $484 million, including approximately $109 million in cash and cash equivalents, $225 million in delayed draw term loans and $150 million in revolving line of credit. On a pro forma basis for the above transactions, debt, net of the Company's cash balance, was approximately $190 million.

As discussed above, Shentel sold its Tower Portfolio for $309.9 million in cash during the three six months ended March 31, 2024 June 30, 2024. The majority of these cash proceeds was used to fund Shentel's purchase of Horizon Telcom on April 1, 2024.

Net cash provided by operating activities from continuing operations was approximately $12.9 million $23.2 million during the three six months ended March 31, 2024 June 30, 2024, representing a decrease of $32.8 $40.3 million compared with the prior year period, primarily driven by lower current tax refunds received during the three six months ended March 31, 2024 June 30, 2024 and changes in working capital.

Net cash used in investing activities from continuing operations was approximately $67.3 million $489.0 million during the three six months ended March 31, 2024 June 30, 2024, which was consistent representing an increase of $354.3 million compared with the prior year period, primarily driven by the payment of $349.4 million to acquire Horizon and to cover transaction costs related to the acquisition, a $2.6 million $15.7 million increase in capital expenditures was primarily driven by inventory timing and DOCSIS upgrades in Cable Markets and expansion of Glo Fiber and government-subsidized market expansion, markets, partially offset by $2.7 million $7.7 million of grants received related to government funded infrastructure expansion programs.

Net cash used in provided by financing activities from continuing operations was approximately $3.2 million $70.0 million during the three six months ended March 31, 2024 June 30, 2024, representing an increase of $21.9 million compared with net the prior year period, primarily driven by the issuance of $81 million in Shentel's Series A Preferred Stock, partially offset by $50 million in lower borrowings against Shentel's Credit Agreement, $4.1 million in higher cash provided by financing activities of $23.6 million outflows for the three months ended March 31, 2023. Shentel began making debt amendment costs, $2.6 million in cash outflows for principal payments on its long-term outstanding debt during the three months ended March 31, 2024, compared and $1.6 million in cash outflows for financing costs related to the three months ended March 31, 2023, during which issuance of the Company was continuing to borrow additional amounts against the Credit Agreement. Company's Series A Preferred Stock.

Indebtedness: To date, Shentel has borrowed $150 million under each of the Term Loans A-1 and A-2 available under the Credit Agreement for a total of $300 million. As of March 31, 2024 June 30, 2024, the Company's indebtedness totaled approximately $298.6 million $297.3 million, net of unamortized loan fees of $0.1 million. The borrowed amounts bear interest at a variable rate determined by one-month term SOFR, plus a margin based on net leverage. At June 30, 2024 Term Loan A-1 had a margin of 1.60% 1.85% and Term Loan A-2 had a margin of 2.10%. This The interest rate including the margin, was 6.93% as of March 31, 2024 7.19% for Term Loan A-1 at June 30, 2024 and 7.44% for Term Loan A-2 at June 30, 2024.

Shentel's Term Loans require quarterly principal repayments based on a percentage of the outstanding balance. Based on the outstanding balance as of March 31, 2024, Term Loan A-1 requires quarterly repayments of 0.63% from March 31, 2024 through June 30, 2024, then increasing to 1.25% quarterly from September 30, 2024 through March 31, 2026, with the remaining balance due June 30, 2026. Based on the outstanding balance as of March 31, 2024, Term Loan A-2 requires quarterly principal repayments of 0.25% from March 31, 2024 through March 31, 2028, with the remaining balance due June 30, 2028.

Refer to Note 8, 9, *Debt*, in the Company's unaudited condensed consolidated financial statements for more information about the Credit Agreement.

As of March 31, 2024 June 30, 2024, the Company was in compliance with the financial covenants in our Credit Agreement.

We expect our cash on hand, cash flows from continuing operations, and availability of funds from our Credit Agreement as well as government grants will be sufficient to meet our anticipated liquidity needs for business operations for the next twelve months. There can be no assurance that we will continue to generate cash flows at or above current levels.

During the three six months ended March 31, 2024 June 30, 2024, our capital expenditures of $70.1 million $150.9 million exceeded our net cash provided by operating activities of continuing operations by $57.1 $127.7 million, and we expect our capital expenditures to exceed the cash flows provided from continuing operations through 2026, as we expand our Glo Fiber broadband network.

The actual amount and timing of our future capital requirements may differ materially from our estimates depending on the demand for our products and services, new market developments and expansion opportunities.

Our cash flows from operations could be adversely affected by events outside our control, including, without limitation, changes in overall economic conditions including rising inflation, regulatory requirements, changes in technologies, changes in competition, demand for our products and services, availability of labor resources and capital, natural disasters, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as COVID-19, and other conditions. Our ability to attract and maintain a sufficient customer base is critical to our ability to maintain a positive cash flow flows from operations. The foregoing events individually or collectively could affect our results.

Critical Accounting Policies

There have been no material changes to the critical accounting policies previously disclosed in Part II, Item 8 of our 2023 Form 10-K for the year ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have borrowed a total of $300 million pursuant to the variable rate delayed draw Term Loans available under the Credit Agreement. As of December 31, 2023, Shentel has borrowed the full amount available under our Term Loans. Loans A-1 and A-2.

As of March 31, 2024 June 30, 2024, the Company had $298.7 $297.4 million of gross variable rate debt outstanding, bearing interest at 6.93%. 7.19% and 7.44% for Term Loan A-1 and Term Loan A-2, respectively. An increase in market interest rates of 1.00% would add approximately $3.0 $2.9 million to annual interest expense.

In May 2023, Shentel entered into pay fixed, receive variable interest rate swaps totaling $150.0 million of notional principal (the "Swaps"). The Swaps contain monthly payment terms beginning that became effective in May 2024 which extend through their maturity dates in June 2026. The Swaps are designated as cash flow hedges, representing 50% of the Company's expected outstanding debt. The Company uses the Swaps to manage its exposure to interest rate risk for a portion of its long-term variable-rate Term Loans through interest rate swaps. When the Swaps' payments term begins, began, Shentel will effectively pay pays a fixed weighted-average interest rate of 2.90%, prior to interest rate margin provided under our credit facility.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer (the certifying officers) have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of March 31, 2024 June 30, 2024. Our certifying officers concluded that our disclosure controls and procedures were effective as of March 31, 2024 June 30, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2024 June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

We are currently involved in, and may in the future become involved in, legal proceedings, claims and investigations in the ordinary course of our business. Although the results of these legal proceedings, claims and investigations cannot be predicted with certainty, we do not believe that the final outcome of any matters that we are currently involved in are reasonably likely to have a material adverse effect on our business, financial condition, results of operations or cash flows. Regardless of final outcomes, however, any such proceedings, claims, and investigations may nonetheless impose a significant burden on management and employees and be costly to defend, with unfavorable preliminary or interim rulings.

ITEM 1A. RISK FACTORS

We discuss in our Annual Report on Form 10-K various risks that may materially affect our business. We use this section to update this discussion to reflect material developments since our Form 10-K was filed. As of March 31, 2024 June 30, 2024, the Company has not identified any needed updates to the risk factors included in our most recent Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None. On April 1, 2024 (the “Closing Date”), Shentel completed its previously announced acquisition of Horizon Acquisition Parent LLC, a Delaware limited liability company (“Horizon”), pursuant to the terms of an Agreement and Plan of Merger, dated October 24, 2023, by and among Shentel, Horizon, the sellers set forth on the signature pages thereto (each, a “Seller” and collectively, the “Sellers”) and the other parties thereto (as amended by the First Amendment to Agreement and Plan of Merger, dated April 1, 2024, the “Merger Agreement”). Subject to the terms and conditions of the Merger Agreement, on the Closing Date, Shentel acquired 100% of the outstanding equity interests of Horizon in exchange for (i) issuing 4,100,375 shares of Shentel’s common stock, no par value (“Common Stock”), to an investment fund managed by affiliates of GCM Grosvenor, which is one of the Sellers (the “Selling Shareholder”); and (ii) paying $305 million in cash consideration to the other Sellers and certain third parties, including Horizon’s existing lenders to discharge debt. Cash consideration paid also included purchase price adjustments for capital expenditure reimbursements and working capital subject to subsequent adjustments as defined in the merger agreement. The Selling Shareholder agreed to an investor rights agreement with the Company that includes among other provision, a one year lockup period for the 4,100,375 shares of Common Stock received. The sale of these securities was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, based upon representations made to us by the Selling Shareholder.

Use of Proceeds from Registered Securities

None.

Purchases of Equity Securities by the Issuer or Affiliated Purchasers

In conjunction with the vesting of stock awards or exercise of stock options, the grantees may surrender awards necessary to cover the statutory tax withholding requirements and any amounts required to cover stock option strike prices associated with the transaction. The following table provides information about shares surrendered during the quarter ended March 31, 2024 June 30, 2024, to settle employee tax withholding obligations related to the vesting of stock awards.

(in thousands, except per share amounts)	**Number of Shares Surrendered**	**Average Price Paid per Share**
January 1 to January 31	—	$—
February 1 to February 29	73	$19.88

March 1 to March 31	—	$—
Total	73	

(in thousands, except per share amounts)	**Number of Shares Surrendered**	**Average Price Paid per Share**
April 1 to April 30	—	$—
May 1 to May 31	—	$—
June 1 to June 30	12	$18.37
Total	12	

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2024 June 30, 2024, none of our officers or directors adopted or terminated any “Rule 10b5-1 trading arrangement” or any “non-Rule 10b5-1 trading arrangement” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. Exhibits Index

Exhibit No.	Exhibit Description
2.1 2.1***	Purchase and Sale Agreement, dated February 29, 2024, by and among Shenandoah Mobile, LLC and Vertical Bridge Holdco, LLC (incorporated by reference to Exhibit 10.1 to Shentel's Current Report on Form 8-K filed March 1, 2024).
2.2 2.2***	Amendment No. 1 to Purchase and Sale Agreement, dated March 29, 2024, by and among Shenandoah Mobile, LLC and Vertical Bridge Holdco, LLC (incorporated by reference to Exhibit 2.2 to Shentel's Current Report on Form 8-K filed March 29, 2024).
2.3 2.3***	First Amendment to Agreement and Plan of Merger, dated April 1, 2024, by and among Shenandoah Telecommunications Company and Novacap TMT V, L.P., as Seller Representative (incorporated by reference to Exhibit 2.2 to Shentel's Current Report on Form 8-K filed April 1, 2024).
10.1***	Investor Rights Agreement, dated April 1, 2024, between Shenandoah Telecommunications Company and LIF Vista, LLC (incorporated by reference to Exhibit 10.2 to Shentel's Current Report on Form 8-K filed April 1, 2024).
10.2 10.2***	Registration Rights Agreement, dated April 1, 2024, by and among Shenandoah Telecommunications Company, ECP Fiber Holdings, LP and, solely for the limited purposes specified therein, Hill City Holdings, LP (incorporated by reference to Exhibit 10.3 to Shentel's Current Report on Form 8-K filed April 1, 2024).
10.3 10.3***	Amendment No. 3 to Credit Agreement, dated April 1, 2024, by and among Shenandoah Telecommunications Company, certain of its subsidiaries, CoBank ACB, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.4 to Shentel's Current Report on Form 8-K filed April 1, 2024).
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.3*	Certification of Principal Accounting Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32**	Certifications pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. § 1350.
(101)	Formatted in Inline XBRL (Extensible Business Reporting Language)

101.INS	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (Securities Act), or the Exchange Act.

*** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Shentel agrees to furnish supplementally to the SEC a copy of any omitted schedule upon request by the SEC.

SIGNATURES

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

SHENANDOAH TELECOMMUNICATIONS COMPANY

/s/ James J. Volk

James J. Volk

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2024 August 7, 2024

EXHIBIT 31.1

CERTIFICATION

I, Christopher E. French, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shenandoah Telecommunications Company;

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(s) 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:

(1) 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;

(2) 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;

(3) 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

(4) 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(s) 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):

(1) 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

(2) 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.

/S/ CHRISTOPHER E. FRENCH
Christopher E. French, President and Chief Executive Officer
(Principal Executive Officer)
Date: May 3, 2024 August 7, 2024

EXHIBIT 31.2

CERTIFICATION

I, James J. Volk, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shenandoah Telecommunications Company;

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(s) 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:

    (1) 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;

    (2) 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;

    (3) 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

    (4) 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(s) 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):

    (1) 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

    (2) 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.

/S/JAMES J. VOLK
James J. Volk, Senior Vice President – Chief Financial Officer
(Principal Financial Officer)
Date: May 3, 2024 August 7, 2024

:3pt solid #000000;padding:0 1pt">

EXHIBIT 31.3

CERTIFICATION

I, Dennis Romps, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shenandoah Telecommunications Company;

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(s) 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:

   (1) 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;

   (2) 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;

   (3) 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

   (4) 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(s) 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):

   (1) 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

   (2) 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.

/S/DENNIS ROMPS
Dennis Romps, Vice President - Chief Accounting Officer
(Principal Accounting Officer)
Date: May 3, 2024 August 7, 2024

EXHIBIT 32

Written Statement of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Each of the undersigned, the President and Chief Executive Officer and the Senior Vice President - Chief Financial Officer, of Shenandoah Telecommunications Company (the "Company"), hereby certifies that, on the date hereof:

(1) The quarterly report on Form 10-Q of the Company for the three and six months ended March 31, 2024 June 30, 2024 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/S/CHRISTOPHER E. FRENCH
Christopher E. French
President and Chief Executive Officer
(Principal Executive Officer)
May 3, August 7, 2024

/S/JAMES J. VOLK
James J. Volk
Senior Vice President – Chief Financial Officer
(Principal Financial Officer)
May 3, August 7, 2024

The foregoing certification is being furnished solely pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 (the "Exchange Act") and 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent this Exhibit 32 is expressly and specifically incorporated by reference in any such filing.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.