

Risk Factors Comparison 2025-03-17 to 2024-03-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

In addition to the other information contained in, or incorporated by reference into, this Report, you should carefully consider the risks described below that could materially affect our business, financial condition, or future results. These risks are not the only risks facing us. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial also may materially adversely affect our business, financial condition and / or results of operations. Operational Risks Cybersecurity breaches could have an adverse effect on our business. We are highly dependent on our information technology (“IT”) systems for the operation of our network, our facilities, delivery of services to our customers and the compilation of our financial results. ~~Failure of~~ **Telecommunications providers, including vendors to providers, are increasingly being targeted by cyber criminals. these** ~~These attacks do not always target data specific to our business but often seek access to the data from market participants in more lucrative industries. Disruptions in our networks and the unavailability of our services or our inability to efficiently and effectively complete necessary technology or systems upgrades, or conversions could lead to a loss of customers, damage to our reputation and violation of the terms of our licenses and contracts with customers. Additionally, breaches of security may lead to unauthorized access to our customer or employee information processed and stored in, and transmitted through, our IT systems ; through cyberattacks, breaches of,~~ **We may be required to expend significant resources to protect our IT and operational networks and may need to expend additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures arising from operational and security risks ; human error or otherwise, may cause disruptions to our operations-** There can be no assurance that we will be able to successfully prevent a material security breach stemming from future cyberattacks or avoid major outages caused by such an attack or breach. ~~Our inability to operate our network, facilities and back-office systems as a result of such events, even for a limited period of time, may result in significant expenses and impact the timely and accurate delivery of our services or other information. There has been an increase in ransomware attacks in recent years. Telecommunications providers, including vendors to providers, are increasingly being targeted by cyber criminals. These attacks are not always seeking data about their own business, but access to the data of market participants in potentially more lucrative industries. Disruptions in our networks and the unavailability of our services or our inability to efficiently and effectively complete necessary technology or systems upgrades, or conversions could lead to a loss of customers, damage to our reputation and violation of the terms of our licenses and contracts with customers. Additionally, breaches of security may lead to unauthorized access to our customer or employee information processed and stored in, and transmitted through, our IT systems. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures arising from operational and security risks, including notification under data privacy laws and regulations, and we may be subject to litigation, regulatory penalties and financial losses-~~ **These failures could also lead to significant negative publicity, and we may be subject to litigation, regulatory penalties and financial losses.** ~~Network outages~~ **and rising energy costs** could have an adverse effect on our business. ~~Network outages could have a material adverse effect on our business and can be caused by a myriad of incidents, including aging or faulty infrastructure, natural disasters, and third-party outages, such as power loss. Risk for or network~~ **subsea cable outages- outage** increases with increased reliance on cloud- storage providers, which may themselves be subject to cybersecurity breaches, capacity limitations, software defects and more. ~~In addition, much~~ **Much** of our underlying physical infrastructure (particularly in Guyana and Alaska), including buildings, fleet vehicles and related systems and equipment, has been in service for an extended period of time. **In addition, our aging network exposes us to increased energy consumption and costs may expose us to additional cybersecurity risks as we maintain out- of- date software to maintain these systems.** We may not be able to adequately fund the maintenance and replacement of this infrastructure on a basis timely enough to avoid material outages, ~~or accurately predict equipment failure rates, or be able to locate replacement parts or spares to repair existing equipment due to its age.~~ **Any** ~~Due to the rural and island locations of our networks, our energy costs tend to be high, and due to the nature of our~~ **network outage could negatively impact on average can be higher than those of our competitors** ~~operations- operating ; including the provision of service to our customers, and could result in adverse effects to our financial condition and reputation. These outages could also lead to significant negative publicity. We rely on a limited number of key suppliers and vendors for the same markets~~ **timely supply of handsets, accessories, equipment and services relating to-** We are reliant on **able to maintain will fully fund the replacement of assets and adequately compensate us for all damage and economic losses resulting from natural catastrophes. In addition, it may take significant time to return to pre- disaster levels following any such meteorological or geological event. If we are unable to restore service on a timely and cost- effective basis, it could harm our reputation and have a material adverse effect on our business, financial condition or results of operations through continued loss of revenue and customer attrition to** our competitors puts us at a disadvantage in terms of whether we will get access to the newest technologies at the same time as our competitors, as well as a financial disadvantage in terms of the ability to achieve economies of scale and receive commensurate discounts that may be available to our competitors. A large portion of our equipment is sourced, directly or indirectly, from outside the United States. Major changes in tax policy or trade relations, such as the disallowance of tax deductions for imported products or the imposition of higher tariffs or duties on imported products imposed or that may be imposed by the new US administration, could also adversely affect our business, results of operations, effective income tax rate, liquidity and net income. We continue to monitor other supply chain risks such as the increased cost and impact of tariffs, inflationary trends, availability of materials and services based on the subsidized dollars available for telecommunications companies in the US. Our inability to recruit and

retain experienced management and technical personnel could adversely affect our results of operations and our ability to maintain effective internal controls. The success of our business depends on the ability of our executive officers and **the officers of our** operating **unit units** leaders to develop and execute **on** our business plan, **and to** identify and pursue new opportunities and product innovations, **and as well as on our ability to** attract and retain these **officers and** leaders along with other highly qualified technical and management personnel. We believe that there is, and will continue to be, strong competition for qualified personnel in the communications industry and in our markets and we cannot be certain that we will be able to attract and retain the personnel necessary for the development of our business. **17** **We** **The shift to remote work, precipitated by the COVID-19 pandemic, seems to have exacerbated that competition and may continue to impact the labor pool and labor costs in many of our markets. We have found that remote work creates added challenges and costs with respect to employee engagement and productivity. Nonetheless, as labor demands in certain key markets exceed the supply of eligible workers, we may increasingly need to rely on remote workers to fill open positions. We** rely heavily on local management to run our operating units. Many of the markets in which we operate are small and remote, and in some cases are subject to government restrictions on granting work visas, which could make it difficult for us to attract and retain talented and qualified managers and staff in those markets. **While the Company has consolidated certain key management roles, particularly in our international segment, reducing the risk associated with filling and maintaining fewer positions, it also increases the need for effective change management and continuity planning.** The loss of key personnel or the **inability failure** to attract or retain individuals **personnel** with the expertise **sophistication** to operate complex **run complicated** communications equipment, networks and systems could have a material adverse effect on our ability to maintain effective internal controls, and on our business, financial condition and results of operations. **Given the current labor economy, it may become increasingly difficult to find the right people to fill management roles.** We do not currently maintain “key person” life insurance on any of our key employees and none of the executives at our parent company have executed employment agreements requiring a specified **time** period of service. **We** **18** **We** are **increasingly** government funding to execute on the FCC’s **Remove and Replace** and **Remove** program. The FCC’s governmental restrictions on the procurement of equipment from certain vendors has resulted in a costly network replacement build in our western United States operations that is funded in part by the FCC’s Replace and Remove Program. In July 2022, the FCC approved our eligible subsidiaries’ participation in the program but also announced that the total amount of approved costs for which reimbursement was sought by all applicants was far in excess of the amount appropriated by Congress. **Because demand** **In December 2024 this program was fully funded** for **reimbursement** program support exceeded available funding, the FCC was required by statute to implement a prioritization scheme and allocate funding on an equal but prorated basis. Accordingly, per its rules, the **Company** FCC developed a pro-rata allocation factor of **up to** approximately 40% **\$ 517 million**. See US Federal Regulation **Telecom Segment – FCC Mobility Services – Replace and Remove Program**. Congress is considering appropriating additional funding to meet the total demand for reimbursement, but we cannot predict whether or when such additional funding will be allocated, or how much, if any, will be allocated. Thus, we cannot predict whether there will be sufficient available funding to reimburse our subsidiaries for all of their approved costs in this context. Any shortfall in available funding could have an adverse impact on our ability to replace, remove, and dispose of covered equipment in satisfaction of our regulatory obligations, on our cash flows, or on our results of operations. Once funds are allocated, recipients can then draw down funds upon proof of actual expenses incurred by filing a request for the reimbursement of specific expenses. We cannot predict whether and to what extent the FCC or the administrator on which it relies to administer the reimbursement program will approve our subsidiaries’ requests for the specific reimbursement of costs. If we are not successful in receiving the amount of funds that is necessary to remove, replace, and dispose of equipment from restricted vendors or are unable to complete the removal, replacement, and disposal within the required timeframes, or have underestimated the cost of replacement, it could adversely impact our ability to operate, maintain or expand our domestic network infrastructure. Companies that were awarded funding must complete the removal, replacement, and disposal of Covered List equipment and services in their networks within a **specified year of their initial funding disbursements. All of our participating subsidiaries one-year project completion deadlines deadline** are in 2024. However, delays due to factors such as supply-chain issues, delayed approval of reimbursement requests, the underfunding of the program, and other external circumstances could prevent our subsidiaries from meeting these timelines. **Under the FCC’s rules, program participants can seek extensions of their deadlines, or the FCC can grant a blanket extension for all participants.** Because of the prevalence of Chinese vendor equipment in our US network, we believe meeting this time-based requirement will be difficult without additional time to complete, especially if the FCC is unable to lessen or eliminate the shortfall in **reimbursement funding.** We cannot predict whether and to what extent the fund administrator will approve our subsidiaries’ requests for the specific reimbursement of costs, whether we will obtain additional necessary extensions **of the completion deadlines**, or whether we can complete our participation in the program within the timelines set by the FCC. **17** **Finally** -- **Finally**, there is a risk that the FCC may continue to enumerate requirements or, **change stated rules**, **or delay or withhold funding, including as result of changes to governmental policies and programs, including loans, grants, guarantees and other subsidies**. For example, if the FCC were to add a new company to the Covered List of foreign companies whose telecommunications equipment **are is** subject to usage restrictions that has provided a significant amount of equipment to our subsidiaries, we cannot predict how our business will be impacted or what sort of adverse consequences may result. **Increment weather, changes in meteorological conditions..... of more intense weather events increase.** We cannot be sure that these types of events will not have an impact in the future or that we can procure insurance coverage against these types of severe weather and geological events under reasonable business terms and conditions, or that any insurance coverage we are **able to maintain** will fully fund the..... period of service. **18** **We** are increasingly **reliant** on government funding which brings compliance obligations and **a risk of that a** change in federal or state funding **, including as a** could materially and adversely impact the financial position and results **result** of **changes to** operations of certain of our subsidiaries. We are increasingly focused on

winning or obtaining government **governmental awards policies and funding programs**. In the western United States, we are using government awards to both enable our expanded carrier service initiative and grow the footprint of our network. We receive federal and state universal service revenues to support our wireline operations in high- cost areas in Alaska, the US Virgin Islands, and in the western United States. We receive US government funding and awards from numerous other sources, including ~~ACP, E- rate, EACAM, RHC program, Tribal Broadband Connectivity, CAF II, and RDOF~~, **and state funding**. Each government award or support imposes explicit conditions regarding operational requirements, timelines and deployment of service, and required reporting, each that require strict compliance. Administrative and operational expertise is required to meet the growing number of government award programs that we have been awarded. If we are unable to meet the terms of the awards, our funding may be subject to claw back in addition to other consequences. **For example, on May 8, 2024, we entered into a Consent Decree with the FCC Enforcement Bureau, regarding both the USAC and FCC Enforcement Bureau's investigation with respect to our compliance with Rural Healthcare Program Rules in the 2017 year and agreed to (i) pay a settlement amount of approximately \$ 6. 3 million, and (ii) enter into a three- year compliance agreement in connection with Alaska Communication's continued participation in the RHC Program. While we believe that we are in material compliance with 18th Consent Decree and our ongoing RHC Program obligations, any violation of the Consent Decree or other compliance failures may result in additional penalties. Further, ~~There~~ **there** can be no assurance that we will continue to meet our **various myriad of** government obligations in a capital- efficient manner. For example ~~, under the USF~~, if we fail to meet our buildout and service obligations, or if we require substantial additional capital expenditures ~~in order~~ to meet the obligations under the timeline required, or if the relevant government agencies reduce funding availability, our revenue, results of operations, and liquidity may be materially adversely impacted. Finally, there is uncertainty regarding any future levels of these revenues, as the ~~government~~ **new US administration** may choose to decrease or cease funding certain programs ~~. For example, and the ACP-constitutionality of the federal universal service program is currently under judicial review slated to end in the second quarter of 2024. ACP funding subsidizes the cost of our broadband services for low- income consumers, so some of our customers may be unable to afford services after the end of this program and we may lose subscribers in our US markets.~~ There can be no assurance that government support will continue at its current levels and decreases ~~or, loss- losses , or disruptions~~ in **the funding of** certain programs may have a materially adverse impact on our revenues. ~~Network outages could have an adverse effect..... from Europe or the Middle East.~~ Strategic Risks Increased competition may ~~adversely affect growth, require increased capital expenditures , or result in the loss of existing customers and decrease our revenues.~~ Over the ~~last past~~ decade, an increase in competition in many areas of the telecommunications industry has contributed to a decline in prices for communication services, including mobile wireless services, local and long- distance telephone ~~service services~~ and data services. ~~Competition- This is exacerbated by declining or stagnant population trends and changes in the local business environment in certain island markets where in which we operate , notably Bermuda has increased in recent years due to a number of governmental and economic factors. Thus, the growth of our retail businesses relies on our ability to upsell our existing customer base with new For- or higher quality products while decreasing operating expenses~~ instance, several of our competitors are launching 5G services, which is causing us to undertake an analysis as to how much capital is needed to stay competitive. Increased competition, whether from new **market** entrants or **increased heightened** capital investment by our competitors in their existing networks, will make it more difficult for us to attract and retain customers in our small markets, which could result in lower revenue and cash flow from operating activities. We may not be able to **realize** timely and effectively execute on several key initiatives across multiple jurisdictions. Major business initiatives are underway with respect to improvement in mobile and other ~~the retail sales benefits of our investments~~ in all **our operating** markets ~~, digitization of internal processes to allow for quicker response time to customer requirements, modernization of existing internal processes in select markets and revising the strategy of some of our US Telecom businesses to develop additional revenue streams, including the substantial construction and support undertakings of the FirstNet project and the Replace and Remove program. Each of these requires significant oversight from senior management to aid in- market teams, and many of these projects are underway simultaneously in different locations. Execution on multiple simultaneous and transformational initiatives will require in- depth management attention in multiple jurisdictions to capitalize on growth in the US Virgin Islands, economic growth in Guyana, and the ongoing shift in business focus in US Telecom. Rapid and significant technological changes in the telecommunications industry may adversely affect us. Our industry faces rapid and significant changes in technology that may directly impact our business, including the introduction of new telecom delivery platforms. For example, Starlink has started offering direct- to- consumer products which in some locations in our markets is a direct competitive alternative to our new fiber offerings in certain locations, such as in Alaska and Guyana. Given the high capital investments we have already made in the new fiber offerings, this competition may adversely impact our anticipated return on investment. For us to keep pace with these technological changes and remain competitive, at a minimum we must continue to make capital expenditures to add to our networks' capacity, coverage and technical capability. We cannot predict the effect of technological changes on our business. Alternative or new technologies may be developed that provide communications services superior to those available from us, which may adversely affect our business. Failure to provide these services or to upgrade to new technologies on a timely basis and at an acceptable cost, or to secure any necessary regulatory approvals 20to roll out such new technologies on a timely basis all could have a material adverse effect on our ability to compete with carriers in our markets. We may have difficulty funding multiple opportunities across our businesses.~~ Historically, we have funded our capital expenditures and transactional matters from a combination of cash on hand, cash from operations, and ~~limited incurrence of debt.~~ With ~~our strategy of increased and focused capital expenditures across our business, and the acquisitions of Alaska Communications and Sacred Wind~~ **and our investment in our " First- to- Fiber " and " Glass & Steel TM " strategies**, over the ~~last three years~~ we have substantially decreased our cash reserves and increased our leverage on a consolidated basis. Beginning in 2022, we invested in higher- than- average capital expenditures to support our strategies of " First- to- Fiber " and**

“Glass & Steel™” in all our businesses. **In** We have made a strategic decision to reduce capital investments in 2024-2025 and, **we intend to** return to more normalized **investment** levels beginning in the 2025 year. Our **However, our** ability to support multiple organic and inorganic growth opportunities **across our businesses** may be limited by our liquidity resources. **How** and **when** we deploy **require significant oversight from** our balance sheet capacity will figure prominently **senior management**. **Major business initiatives are underway, focusing on improving mobile and other enterprise sales across all markets, digitizing internal processes to enhance response times to customer requirements, modernizing and centralizing existing processes in our longer select markets, and improving operational execution of certain US Telecom businesses. Execution on multiple simultaneous and transformational initiatives requires in - term depth management attention in multiple jurisdictions to capitalize on economic growth prospects in Guyana, capture additional operational efficiencies, and stockholder returns - develop and grow enterprise revenue streams in our US Telecom segment**. To support multiple simultaneous growth opportunities, we may need to raise additional capital or incur additional debt to fund our future operations or investment opportunities. We cannot provide any assurances that we will be able to secure additional funding from public or private offerings on terms acceptable to us, if at all. **If** **As** we are **exit our planned period of capital investments in various infrastructure projects, particularly upgrading and expanding our fiber network in Guyana, the success of those investments is largely dependent on the business being unable -- able to obtain maintain and expand its customer base. We also face execution risk with respect to our planned margin expansion, which relies on reducing operating expenses without compromising service quality or losing revenues. Whether due to increased competition, ineffective sales activity or the other market forces requisite amount of financing, we may fail to achieve our sales targets and cost reduction goals on our upgraded networks.** **19** **Rapid and significant technological changes and advancements in the telecommunications industry may adversely affect us. Our industry faces rapid and significant changes in technology that may directly impact our business, including the introduction of new telecom delivery platforms. For example, Starlink began offering direct- to- consumer products which in some locations in our markets is a direct competitive alternative to our new fiber offerings in certain locations, such as in Alaska and Guyana. Given the high capital investments that we have already made in the new fiber offerings, this competition may have an adverse impact on our anticipated return on investment. For us to forgo opportunities keep pace with these technological changes and advancements and remain competitive, at a minimum we must continue to strategically grow - make capital expenditures to add to our networks’ capacity, coverage and technical capability. We cannot predict the effect of technological changes and advancements on our business.** **Alternative or new technologies, including artificial intelligence technologies, may be developed that provide communications services superior to those available from us, which may adversely affect our business. Failure to provide these services or to upgrade to new technologies on a timely basis and at an acceptable cost, or to secure any necessary regulatory approvals to roll out such new technologies on a timely basis, all could have a material adverse effect on our ability to compete with carriers in our markets and may expose us to additional risks. For example, failure to implement the right artificial intelligence technologies could lead to poor customer experience or brand damage. Any problems with our implementation or use of artificial intelligence or other technological advancements could also negatively impact our business or results of our operations**. **Regulatory Risks** **Regulatory changes may impose restrictions that adversely affect us or cause us to incur significant unplanned costs in modifying our business plans or operations. We are subject to US federal, state, and local regulations and foreign government regulations, all of which are subject to change, including as a result of the new administration in the US**. As new laws and regulations are issued or discontinued, we may be required to materially modify our business plans or operations. We cannot be certain that we can do so in a cost- effective or timely manner. The interpretation and implementation of the various provisions of the Communications Act and the FCC rules implementing the Communications Act continue to be heavily debated and may have a material adverse effect on our business. FCC regulatory activity has increased **in - since** 2023 and 2024, particularly in connection with broadband. We cannot predict how increased regulatory activity at the FCC will impact our businesses. Our international operations are subject to similar regulations, the interpretation and implementation of which are also often debated, and which may have a material adverse effect on our business. For instance, in 2020, the Government of Guyana formally implemented telecommunications legislation that introduces material changes to many features of Guyana’ s existing telecommunications regulatory regime that impact our operations, administrative reporting and services. There can be no assurance that these regulations will be effectively or uniformly administered, and Guyana remains a high- risk environment due to economic, political, and judicial uncertainty. Our interpretations of our obligations in the United States and our international jurisdictions may differ from those of regulatory authorities. Both federal and state regulators, as well as international regulators, require us to pay various fees and assessments, file periodic reports and comply with various rules regarding our consumer marketing practices and the contents of our bills, on an on- going basis. If we fail to comply with these requirements, we may be subject to fines or potentially be asked to show cause as to why our licenses to provide service should not be revoked. **The 20** **The Rural Health Care program in Alaska is being audited by USAC, and we may be subject to forfeiture or fine. Alaska Communications participates in the Universal Service Administrative Company’ s (“USAC”) Rural Health Care universal service fund (“USF”) program and received inquiries and requests for information from USAC, which 21 administers the program, in connection with both current funding requests and, beginning with a letter dated June 2, 2017 from USAC’ s auditors, prior period support payments. After Alaska Communications responded to the initial request for information about support payments prior to 2017, USAC’ s auditors asked Alaska Communications to comment on some preliminary audit findings, and it responded with a letter dated December 21, 2018. On February 24, 2020, Alaska Communications received a draft audit report from USAC that alleges violations of the FCC’ s rules for establishing rural rates and urban rates, the provisioning and billing of ineligible services and products, and violations of the FCC’ s competitive bidding rules. Alaska Communications also received a Letter of Inquiry on March 18, 2018, from the FCC Enforcement Bureau requesting historical information regarding its participation in the FCC’ s Rural**

Health Care program. In response, Alaska Communications produced voluminous records throughout 2018 and into the first quarter of 2019. On November 5, 2019 and January 22, 2021 Alaska Communications received additional letters from the FCC Enforcement Bureau requesting additional information, to which it responded. To date, Alaska Communications has been working with the FCC Enforcement Bureau to provide it the information it is seeking, and has engaged in discussions with respect to the investigation. Similar audits and investigations of other companies have resulted in the FCC recouping certain previously awarded support funds, which could have a material adverse effect on our business, financial position, results of operations, and liquidity. Any adverse outcome with respect to the FCC Enforcement Bureau's inquiry may have an adverse impact on our business, financial condition, results of operations, or liquidity. The loss of certain licenses could adversely affect our ability to provide wireless and broadband services. In the United States, wireless licenses generally are valid for 10 years from the effective date of the license, and generally may be renewed for additional 10- year periods by filing renewal applications with the FCC. While to date we have successfully renewed our licenses in the ordinary course of operations, failure to file for renewal of these licenses or failure to meet any licensing requirements could lead to a denial of the renewal application and thus adversely affect our ability to continue to provide service in that license area. In our international markets, telecommunications licenses are typically issued and regulated by the applicable telecommunications ministry. The application and renewal process for these licenses may be lengthy, require us to expend substantial renewal fees, and / or be subject to regulatory or legislative uncertainty, such as we are experiencing in Guyana, as described above. Failure to comply with these regulatory requirements may have an adverse effect on our licenses or operations and could result in sanctions, fines or other penalties.

Economic Risks Availability and cost of capital. The tightening of access to capital markets (both debt and equity) and increasing costs of capital combined with a squeeze on operating cashflow generation capability due to inflationary pressures could decrease our capital funding below a desirable level. This could impact needed future capital projects, or the speed that we are able to complete them, and / or limit our ability to grow through inorganic acquisition opportunities, which could have an adverse impact on our business. General economic factors, such as inflation and a potential economic downturn, domestically and internationally, may adversely affect our business, financial condition and results of operations. Our operations and performance depend on worldwide economic conditions. These conditions have been adversely impacted by continued global economic concerns over inflation, supply chain disruptions, a potential recession, outbreak of war and other monetary and financial uncertainties. Continued inflation may adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure. The existence of inflation ~~22 in in~~ the economy has resulted in, and may continue to result in, higher interest rates and capital costs, supply shortages, increased costs of labor, components, manufacturing and shipping, as well as weakening exchange rates and other similar effects. Increased interest rates and additional debt have resulted in increased interest expenses. Slower economic activity, increased unemployment, concerns about inflation, decreased consumer confidence and other adverse business conditions could have an impact on our businesses. For example, among other things:

- the **new US administration's threats to impose, or imposition of, new or increased tariffs may impact our ability to timely or cost effectively procure materials (such as steel, aluminum, or copper) that we use to construct our networks;**
- the economies of Alaska and Guyana depend heavily on the strength of the natural resource industries, particularly oil production and prices of crude oil. The supply and price of crude oil can be volatile and influenced by a myriad of factors beyond our control, including foreign actors (like OPEC), worldwide supply and demand, war, economic sanctions, natural disasters, the move by many governments, businesses, and institutions towards " de- carbonization " and other political conditions. Overall economic impacts from a sustained lower price of crude oil, on Alaska on the one hand, and from projected revenue from sales of oil, for Guyana on the other hand, if maintained over time, will impact our growth in the future;
- a decrease in tourism could negatively affect revenues and growth opportunities from operations in the islands and in a number of areas covered by US rural and wholesale wireless operations that serve tourist destinations; ~~and~~ **21 • the lack of foreign exchange, specifically US dollars, available in Guyana is impacting our ability to pay for goods and services because many of our key vendors in Guyana, including the vendor that we use to construct our fiber assets, will not accept payment in Guyana dollars. This affects the liquidity available in the market to fund key capital projects, as well as cash requirements in other areas of the local operating company. With a shortage of foreign currency in the jurisdiction, we are relying on foreign currency from intercompany sources, including debt, which is impacting both our liquidity and leverage. • if we are unable to collect subscription fees from our subscribers, we may have** an increase in credit losses on trade receivables, or the amounts that we have to write off of our accounts receivable, ~~could result from our inability to collect subscription fees from our subscribers.~~

The long- term impact, if any, that these events might have on us and our business is uncertain. Our debt instruments include restrictive and financial covenants that limit our operating flexibility. The credit facilities that we and our subsidiaries maintain include certain financial and other covenants that, among other things, restrict our ability to take specific actions, even if we believe such actions are in our best interest. These include restrictions on our ability to do the following:

- incur additional debt;
- **sell**, create liens or negative pledges with respect to our assets;
- pay dividends or distributions on, or redeem or repurchase, our capital stock;
- make investments, loans or advances or other forms of payments;
- issue, sell or allow distributions on capital stock of specified subsidiaries;
- enter into transactions with affiliates; or
- merge, consolidate or sell our assets.

Failure to comply with the restrictions of the credit facilities or any subsequent financing agreements may result in an event of default. Such default may allow our creditors to accelerate the repayment of the related debt and may result in the acceleration of the repayment of any other debt to which a cross- acceleration or cross- default provision applies. In addition, these creditors may be able to terminate any commitments they ~~had~~ **have** made to provide us with ~~further funds~~ **additional funding**. As ~~we~~ **our debt levels** have **increased over** ~~taken on more debt in~~ the last three years to fund our ~~planned~~ **higher- than- normal capital expenditures, the additional- higher debt levels** coupled with higher interest rates has increased our interest ~~rate~~ **expense** burden **and negatively impacted our earnings, cash flow and financial condition**. Labor costs and the terms of collective bargaining agreements can negatively impact our ability

to remain competitive, which could cause our financial performance to suffer. Our four largest markets all have some unionized labor pools. Alaska Communications presents a particular operating challenge that differs from those that we have in other markets given the remote location of operations and the extent of the unionized workforce. Labor costs are a significant component of Alaska Communications' expenses and, as of December 31, 2023, nearly 60% of its workforce is represented by the International Brotherhood of Electrical Workers ("IBEW"). The collective bargaining agreement ("CBA") between Alaska Communications and the IBEW, which was extended through mid-2025, governs the terms and conditions of employment for all IBEW represented employees working for Alaska Communications and has significant economic impacts on it as the CBA relates to wage and benefit costs and work rules. We believe Alaska Communications' labor costs are higher than our competitors who employ a non-unionized workforce because Alaska Communications is required by the CBA to contribute to the IBEW Health and Welfare Trust and the Alaska Electrical Pension Fund ("AEPF") for benefit programs, including defined benefit pension plans and health benefit plans, that are not reflective of the competitive marketplace. Furthermore, work rules under the existing agreement limit Alaska Communications' ability to efficiently manage its workforce and make the incremental cost of work performed outside normal work hours high. In addition, Alaska Communications may make strategic and operational decisions that require the consent of the IBEW. In all of our markets, the local union may not provide consent when needed to execute upon strategic new initiatives or cost saving measures, it may require additional wages, benefits or that other consideration be paid in return for its consent, or it may call for a work stoppage against our operating companies. Any deterioration in the relationship with our local unions could have a negative impact on our operations and on our ability to achieve our plans for growth. Alaska Communications may incur substantial and unexpected liabilities arising out of its pension plans. Alaska Communications is required by the CBA to contribute to the AEPF for benefit programs, including defined benefit pension plans and health benefit plans. Alaska Communications also maintains pension benefits for substantially all of its Alaska-based employees. The AEPF is a multi-employer pension plan to which Alaska Communications makes fixed, per employee, contributions through the CBA, which covers the IBEW represented workforce, and a special agreement, which covers most of its non-represented workforce. Because contribution requirements are fixed, Alaska Communications cannot easily adjust annual plan contributions to address its own financial circumstances. Currently, this plan is not fully funded, which means Alaska Communications may be subject to increased contribution obligations, penalties, and ultimately, it could incur a contingent withdrawal liability should it choose to withdraw from the AEPF for economic reasons. Alaska Communications' contingent withdrawal liability is an amount based on its pro-rata share among AEPF participants of the value of the funding shortfall. This contingent liability becomes due and payable if Alaska Communications terminates its participation in the AEPF. Moreover, if another participant in the AEPF goes bankrupt, Alaska Communications would become liable for a pro-rata share of the bankrupt participant's vested, but unpaid, liability for accrued benefits for that participant's employees. This could result in a substantial unexpected contribution requirement and making such a contribution could have a material adverse effect on Alaska Communications' cash position and other financial results. These sources of potential liability are difficult to predict. These plans and activities have generated and will likely continue to generate substantial cash requirements for Alaska Communications, and these requirements may increase beyond our expectations in future years based on changing market conditions, which could result in substantial liabilities on our balance sheet. The difference between projected plan obligations and assets, or the funded status of the plans, is a significant factor in determining the net periodic benefit costs of these pension plans and the ongoing funding requirements of those plans. Changes in interest rates, mortality rates, health care costs, early retirement rates, returns on investment and the market value of plan assets can affect the funded status of our defined benefit pension plans and cause volatility in the net periodic benefit cost and future funding requirements of the plans. In the future, we may be required to make additional contributions to our defined benefit plans. Plan liabilities may impair our liquidity, have an unfavorable impact on our ability to obtain financing and place us at a competitive disadvantage compared to some of our competitors who do not have such liabilities and cash requirements. Although we believe that we are in compliance with the requirements of the AEPF, given the complexity of pension-related matters described above we may not, in every instance, be in full compliance with applicable requirements.

24 Other Risks Our founder is our largest stockholder and could exert significant influence over us. Cornelius B. Prior, Jr., our founder and the father of our Executive Chairman, together with related entities, affiliates and family members (including our Executive Chairman), beneficially owns approximately 33% of our outstanding Common Stock. As a result, he has the ability to exert significant influence over all matters presented to our stockholders for approval, including the election and removal of our directors and change of control transactions. His interests may not always coincide with the interests of other holders of our Common Stock. Low trading volume of our stock may limit our stockholders' ability to sell shares and / or result in lower sale prices. For the three months prior to March 17, 2025, the average daily trading volume of our Common Stock was approximately 83,000 shares. As a result, our stockholders may have difficulty selling a large number of shares of our Common Stock in the manner or at a price that might be attainable if our Common Stock were more actively traded. In addition, the market price of our Common Stock may not be reflective of its underlying value. 23