Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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Our business and operations are subject to a number of risks and uncertainties. The risks set forth under “ Part I Item 1. Business ” and the following risk factors should be read carefully in connection with evaluating our business. The following risks (or additional risks and uncertainties not presently known to us) could materially affect our financial condition, liquidity, or operating results, as well as the price of our common stock. Risks Related to Our Business Intensifying competition may limit our ability to continue to grow our revenue. The increasing demand for faster residential internet bandwidth driven by working and learning from home since the outbreak of COVID- 19 has increased the availability of capital to fund FTTH **and cable** overbuilds **, and approximately 17 % of the passings** in **our** ~~areas historically served by~~ incumbent cable ~~and incumbent local telephone providers~~ **business currently have a FTTH or cable competitor** . If **competitive** ~~new FTTH competitors overbuild~~ **overbuilds increase in** our incumbent cable service areas, ~~some~~ **more** of our subscribers may select other providers’ offerings based on price, bandwidth speeds, capabilities or personal preference. Further, if new competitors ~~offers~~ - **offer** lower prices, we may need to offer more value to retain our customers driving lower revenue per subscriber. Some of our competitors possess greater resources, have greater brand recognition, have more extensive coverage areas, have access to spectrum or technologies not available to us, are able to offer bundled service offerings that we are not able to duplicate and offer more services than we do. If significant numbers of our subscribers elect to move to competing providers, or if market saturation limits the rate of new subscriber additions, we may not be able to continue to grow our revenue. Prospective competitors of our Broadband segment may receive grants from federal or state universal service funds or other subsidies. Some of those potential competitors may receive support under the Connect America Fund, Rural Development Opportunity Fund, American Rescue Plant Act or Infrastructure Investment and Jobs Act to build broadband facilities to unserved homes that do not meet the minimum broadband speeds in some areas already served by our DSL networks and adjacent to our cable and FTTH footprint. As a result, new competitors may invest in cable and FTTH markets, increasing the number of competitors we face in our network area and in the areas we hope to expand our broadband network in the future. New competitors in our FTTH markets may lead to lower market share than anticipated and lead to lower returns on investments than originally planned. Consumers are increasingly accessing video content from **direct broadcast satellite providers and** alternative sources, such as Internet- based “ over the top ” providers such as Netflix, YouTube TV, ~~Amazon~~ **Hulu** , Disney , **Amazon** ~~Hulu,~~ and related platforms. The influx of competitors in this area, together with the development of new technologies to support them, are resulting in significant changes in the video business models and regulatory provisions that have applied to the provision of video and other services. These developments have led to a loss of video subscribers due to “ cord cutting ” as customers adopt alternative sources ~~and~~ **of accessing video content. We expect these trends to continue, which** may lead to a decline in the demand, price and profitability of our video services. **The Company’ s** ~~Incumbent~~ **incumbent** cable **business** ~~companies like us also face~~ **faces** competition from **telephone** ~~direct broadcast satellite~~ providers ~~, and from large providers of wireline telecommunications services~~ (such as **Frontier** ~~Verizon, Lumen~~ and **Lumos** ~~AT & T~~), which have upgraded their networks in certain markets ~~outside~~ **inside** of our cable footprint **,** ~~to provide video services in addition to voice~~ and **FTTH** ~~broadband services~~ and ~~may offer bundled service offerings that we are not able~~ **cable** ~~to duplicate~~ **overbuilder providers** . Wireless providers are also entering the market for broadband ~~and video services~~ . In some areas, ~~direct~~ wireless providers have partnered with **broadband** ~~large incumbent cable and other telecommunications service~~ providers to offer ~~triple- play services and even~~ quad- play bundles which include **broadband, voice, video and** wireless ~~plans~~ **. Additionally, our hybrid fiber coaxial cable network will require upgrades in the future in order to meet expected demand from customers and to maintain network parity with potential FTTH competitors. These upgrades will require significant capital and management oversight over the next five years** . If **we** ~~wireless providers or direct broadcast satellite providers collaborate with large~~ -- **are** ~~wireline telecommunications~~ **unable to complete these upgrades or more broadband competition evolves from quad play** service **offerings** ~~providers to expand their upgraded networks into our~~ - **or overbuilding activity** ~~cable and FTTH footprint, then Shentel would face increased competition within our existing footprint and potential decreases~~ in **our markets, our broadband** ~~revenue~~ **revenues** ~~from existing sources~~ **could be adversely affected in the future** . The Company’ s Commercial Fiber business faces intense competition from several local and national providers. Most of our competitors possess greater resources, have greater brand recognition, have more extensive coverage areas, have access to technologies not available to us, are able to offer bundled service offerings that we are not able to duplicate and offer more services than we do. If a significant numbers of our customers elect to move to competing providers, our Commercial Fiber revenues could be adversely affected. Nationwide, incumbent local exchange carriers have experienced a decrease in access lines and DSL subscribers due to the effect of broadband and wireless competition. We have experienced reductions in the number of access lines and DSL subscriptions to date, and based on industry experience we anticipate that the long- term trend toward declining subscriber counts ~~will~~ **may** continue. There is a risk that this downward trend will have an adverse effect on the Company’ s landline telephone operations in the future. Our future growth is primarily dependent upon our expansion strategy, which may or may not be successful. We are strategically focused on driving growth by expanding our broadband network in order to provide service in communities that are near or adjacent to our network. This expansion strategy includes our FTTH broadband service, which we offer under the Glo Fiber brand. This brand is relatively new in the marketplace and the success of our strategy will depend on the degree to which we are able to successfully establish and continue to enhance this brand, which is not assured. This strategy requires considerable management resources and capital investment and it is uncertain whether and when it will contribute to positive free cash flow and the degree to which we will otherwise achieve our strategic objectives, on a timely basis or at all. As a result, we expect our capital expenditures to exceed the cash flow provided from continuing operations through ~~2025~~ **2026** . Additionally, we must obtain pole attachment agreements, ~~franchises~~ - **franchise agreements** , construction permits and other regulatory approvals to commence operations in these communities **. Furthermore, our business growth strategy requires us to leverage third party partners to assist with our planned construction and development of our FTTH networks in new markets. These third party contractors are currently in high demand** . Delays in entering into pole attachment agreements, **obtaining** ~~receiving the necessary franchises~~ - **franchise** ~~and~~ **agreements, obtaining** construction permits, procuring needed contractors, materials or supplies **at a reasonable cost** , and conducting the construction itself could adversely impact our scheduled construction plans and, ultimately, our **expansion strategy. Furthermore, attaching the Company' s cables to utility poles governed by the pole attachment agreements requires significant coordination with the owners of the utility poles which may result in delays if the owners of the utility poles cannot dedicate sufficient resources to assist in the attachment process. Similarly, Shentel must coordinate with local utility service providers when installing cables underground to ensure all current infrastructure, such as existing cabling or gas lines, is properly located. Delays related to locate services may result in delays in Shentel' s overall** expansion strategy. Difficulty in obtaining necessary resources may also adversely affect our ability to expand into new markets as could our ability to adequately market a new brand to customers unfamiliar to us as we expand to markets where we do not currently operate. We may face resistance from competitors who are already in markets we wish to enter. If our expectations regarding our ability to attract customers in these communities are not met, or if the capital requirements to complete the network investment or the time required to attract our expected level of customers are incorrect, our financial performance and returns on investment may be negatively impacted. We may be materially adversely affected by regulatory, legal and economic changes relating to our physical plant. Our systems depend on physical facilities, including transmission equipment and miles of fiber and cable. Significant portions of those physical facilities occupy **land in the** public rights- of- way and are subject to local ordinances and governmental regulations. Other portions occupy private property under express or implied easements, and many miles of the cable are attached to utility poles governed by pole attachment agreements. No assurances can be given that we will be able to maintain and use our facilities in their current locations and at their current costs. Changes in governmental regulations or changes in these relationships could have a material adverse effect on our business and our results of operations. We may incur more churn than estimated from our largest customer. We lease space on our towers and provide backhaul and transport services to T- Mobile to support their wireless network in our markets. T- Mobile has **begun** ~~announced plans~~ to decommission parts of their recently acquired Sprint network **and disconnect backhaul circuits with us** . Shentel estimates **the remaining** revenue churn from T- Mobile ~~is expected~~ to be approximately $ ~~9~~ **1** million **for the Broadband segment and $ 2 million for the Tower segment** . The churn from T- Mobile may be more than we estimated. Further, we may not be able to replace the churn with new revenue from other carriers where our towers and fiber are located in a timely basis or at all leading to lower revenue and earnings. Some of our competitors are larger than we are and possess greater resources than we do. In some instances, we compete against companies with greater financial and personnel resources, greater brand name recognition, and long- established relationships with regulatory authorities and customers. We may not be able to successfully compete with these larger competitors to attract new customers and key personnel and retain existing customers and key personnel. As a result, we could experience lower revenues, higher sales and marketing expenses and lower earnings **, which could have an adverse effect on our business and our results of operations** . Alternative technologies, changes in the regulatory environment and current uncertainties in the marketplace may reduce future demand for existing telecommunication services and materially increase our capital expenditures. The telecommunications industry is experiencing significant technological change, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and enhancements and changes in end- user requirements and preferences. Technological advances, industry changes and changes in the regulatory environment could cause the technology we use to become obsolete. We may not be able to respond to such changes and implement new technology on a timely basis or at an acceptable cost. Additionally, we may be required to select one developing or new technology over another and may not choose the technology that is ultimately determined to be the most economic, efficient or attractive to customers. We may also encounter difficulties in implementing new technologies, products and services and may encounter disruptions in service as a result. As a result, our financial performance may be negatively impacted. Climate change could disrupt our operations and...... adversely affect our business and reputation. Our programming costs **continue** ~~are subject~~ to ~~demands for increased~~ - **increase** ~~payments~~ **and our relative size limits our ability to negotiate more favorable terms, which may have an adverse effect on our business and our results of operations** . The cable television industry has continued to experience an increase in the cost of programming, especially sports programming and retransmission fees. In addition, as we add programming to our video services for existing customers or distribute existing programming to more customers, we incur increased programming expenses. Broadcasters affiliated with major over- the- air network services have been increasing their demands for cash payments and other concessions for the right to carry local network television signals on our cable systems. As compared to large national providers, our smaller base of subscribers limits our ability to negotiate lower programming costs **. While we pass programming rate increases on to our video customers, we may experience higher churn and lower revenues** . If we are unable to raise our customers' rates, these increased programming costs could have an adverse impact on our results of operations. Moreover, as our programming contracts and retransmission agreements with programming providers expire, there can be no assurance that they will be renewed on acceptable terms **,** which could lead to a loss of video customers **and could have an adverse effect on our business and our results of operations** . We may not benefit from our acquisition strategy. As part of our business strategy, we regularly evaluate opportunities to enhance the value of the Company by pursuing acquisitions of other businesses. Although we remain subject to financial and other covenants in our credit agreement that may limit our ability to pursue certain strategic opportunities, we intend to continue to evaluate and, when appropriate, pursue strategic acquisition opportunities as they arise. We cannot provide any assurance, however, with respect to the timing, likelihood, size or financial effect of any potential transaction involving the Company, as we may not be successful in identifying and consummating any acquisition or in integrating any newly acquired business into our operations. The evaluation of business acquisition opportunities and the integration of any acquired businesses pose a number of significant risks, including the following: • acquisitions may place significant strain on our management and financial and other resources by requiring us to expend a substantial amount of time and resources in the pursuit of acquisitions that we may not complete, or to devote significant attention to the various integration efforts of any newly acquired businesses, all of which will require the allocation of limited resources; • acquisitions may not have a positive impact on our cash flows or financial performance; • even if acquired businesses eventually contribute to an increase in our cash flows or financial performance, such acquisitions may adversely affect our operating results in the short term as a result of transaction- related expenses we will have to pay or the higher operating and administrative expenses we may incur in the periods immediately following an acquisition as we seek to integrate the acquired business into our operations; • we may not be able to realize anticipated synergies, achieve the desired level of integration of the acquired business or eliminate as many redundant costs; • we may not be able to maintain relationships with customers, suppliers and other business partners of the acquired business; • our operating and financial systems and controls and information services may not be compatible with those of the businesses we may acquire and may not be adequate to support our integration efforts, and any steps we take to improve these systems and controls may not be sufficient; • our business plans and projections used to justify the acquisitions and expansion investments may be based on assumptions of revenues per subscriber, penetration rates in specific markets where we operate and expected operating costs and these assumptions may not develop as projected, which may negatively impact our profitability or the value of our intangible assets; • growth through acquisitions will increase our need for qualified personnel, who may not be available to us or, if they were employed by a business we acquire, remain with us after the acquisition; and • acquired businesses may have unexpected liabilities and contingencies, which could be significant. The **future outbreak of another significant pandemic, like the** COVID- 19 pandemic ~~has disrupted~~ , ~~and the future outbreak of other highly infectious or contagious diseases~~ could disrupt ~~,~~ the operation of our business resulting in adverse impacts to our financial condition, results of operations ~~,~~ and cash flow and could create significant volatility in the trading and value of the Company' s common stock. ~~Since being reported in December 2019, various strains of coronavirus (" COVID- 19 ") have spread globally, including to every state in the United States. In March 2020, the World Health Organization declared COVID- 19 a pandemic and the United States declared a national emergency.~~ The COVID- 19 pandemic ~~has~~ negatively impacted the global economy, disrupted global supply chains ~~,~~ and created significant volatility and disruption of financial markets, and another pandemic in the future could have similar effects. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict how further outbreaks of COVID- 19 or other future pandemics will impact the Company, and there is no guarantee that efforts by Shentel, designed to address adverse impacts of COVID- 19 or other pandemics, will be effective. Although the Company has instituted a distributed- first work environment, ~~further evolution of~~ the ~~current~~ COVID- 19 pandemic **did** , ~~or~~ **and** a future pandemic ~~,~~ could **,** have material and adverse effects on our ability to successfully operate and on our financial condition, results of operations and cash flows due to, among other factors: • additional disruptions or delays in our operations or network performance, as well as network maintenance and construction, testing, supervisory and customer support activities, and inventory and supply procurement; • increases in operating costs, inventory shortages and / or a decrease in productivity related to travel bans, employee illness or quarantine and social distancing efforts, which could include delays in our ability to install broadband services at customer locations or require our vendors and contractors to incur additional costs that may be passed on to us; • a deterioration in our ability to operate in affected areas or delays in the supply of products or services to us from vendors that are needed for our efficient operations or growth objectives; • increases in health insurance and labor- related costs arising from illness, quarantine and the implementation of social distancing and work- from- home measures; • inability to obtain needed contract labor due to illness, quarantine or increased hospitalizations; • increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about us, our customers or other third parties as a result of employees or third- party vendors ~~'~~ **'** employees working remotely; • a decrease in the ability of our counterparties to meet their obligations to us in full, or at all; • a general reduction in business and economic activity may severely impact our customers and may cause them to be unable to pay for services provided; and • the potential negative impact on the health of our personnel, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during a disruption and / or impact the ability for us to manage and implement the planned build out and expansion of our network. Shentel has implemented policies and procedures designed to mitigate the risk of adverse impacts of ~~the COVID- 19 pandemic, or~~ a future pandemic ~~,~~ on the Company' s operations, but **we** may **still** incur additional costs to ensure continuity of business operations caused by ~~progression of the COVID- 19 pandemic, or other~~ future pandemics, which could adversely affect its financial condition and results of operations. ~~However, the extent of such impacts will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID- 19 and actions taken to contain COVID- 19 or its impact. Additionally, to the extent the COVID- 19 pandemic adversely affects our business, financial condition or results of operations, it may heighten other risks described in this " Risk Factors " section.~~ Disruptions of our information technology infrastructure or operations could harm our business. A disruption of our information technology infrastructure or **overall** operations, or the infrastructure or operations of certain vendors who provide information technology **or overall operations** services to us or our customers, could be caused by a natural disaster, energy or manufacturing failure, telecommunications system failure, ransomware attack, cybersecurity ~~or~~ **attack,** terrorist attack, intrusion or incident ~~,~~ or defective or improperly installed new or upgraded business management systems. Although we make significant efforts to maintain the security and integrity of the Company ~~'~~ **'** s **operations and** information technology infrastructure, there can be no assurance that our security efforts **,**

business impact planning and disaster recovery measures will be effective or that attempted security breaches or catastrophic disruptions would not be successful or damaging, especially in light of the growing sophistication of cyber- attacks and intrusions sponsored by state or other interests. Portions of our information technology infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. In the event of any such disruption, we may be unable to conduct our business in the normal course. Moreover, our business involves the processing, storage and transmission of data, which would also be negatively affected by such an event. A disruption of our information technology infrastructure or operations could also cause us to lose customers and revenue, particularly during a period of heavy demand for our services. We also could incur significant expense in repairing system damage and taking other remedial measures. Our earnings, margins and stock price may be adversely impacted by our current cost structure **as a result of our relative size** . Our sales, general and administrative **(“ SG & A ”)** costs, including corporate overhead, are a higher percentage of revenue than larger broadband companies due to a lack of relative scale. **Although** ~~We have begun to realign~~ our ~~expenses and to~~ **SG & A as a percentage of revenues has declined since the** ~~scale~~ - **sale** ~~for our planned construction and development~~ of our ~~FTTH networks in new markets. We~~ **wireless segment partially enabled by certain of our information technology initiatives, we** anticipate **it** ~~that this initiative~~ will take multiple years **of organic growth, merger** and ~~will~~ **acquisitions to reduce our SG & A as a percentage of revenue to** be **comparable to** ~~enabled by certain of~~ our **broadband peers** ~~information technology initiatives~~ . If we cannot further ~~reduce~~ **grow our revenues at a faster pace than** our expenses, our earnings and margins may be lower than our peers which may affect the value of our stock price. Our success depends on consistent supply of physical goods and services to build and sustain services to customers. Significant disruptions to the supply chain could adversely impact our growth and revenue projections. The supply of critical physical supplies, such as modems, consumer Wi- Fi equipment, optical equipment and fiber is important to our business operations. These materials form the core components needed to deliver both video and data services to our customers. We work to ensure we have a forward- looking supply of these items and redundancy of supply types and suppliers. However, global impacts to supply chains across all suppliers and manufacturers could result in significant supply issues. If supplies to these items became severely impacted, our plans to build out new networks could be adversely impacted. Additionally, the lack of certain equipment could limit our ability to service existing customers. Significant impact to physical equipment supply chains could materially and adversely affect our business, including reduced revenues, loss of customers and limitations on future growth. Additionally, at times we choose to leverage third- party suppliers to help us deliver services to customers because of efficiency reasons or because third- parties provide a service we cannot replicate easily. Should those third- party suppliers be impacted by ~~either~~ **a shortage of** materials, equipment or resources, their inability to provide services to us could also negatively impact our ability to deliver network services or build out future network ~~. Finally, our business growth strategy requires us to leverage third party partners to assist with our planned construction and development of our FTTH networks in new markets. These third party contractors are currently in high demand. Should the Company be unable to secure sufficient third party labor contracts or acquire at a reasonable cost, our growth strategy may be impacted~~ . Our success largely depends on our ability to retain and recruit key personnel, and any failure to do so could adversely affect our ability to manage our business. Our historical operational and financial results have depended, and our future results will depend, upon the retention and continued performance of our management team, as well as the attraction and retention of relevant key roles across our organization. The market for talent for key roles in our industry, including executive officers and key personnel to support our engineering, sales, service delivery, information technology, finance and accounting functions, is highly competitive and could adversely impact our ability to retain and hire new key employees and contractors. The loss of the services of key members of executive management or other employees or contractors in critical roles, and the inability or delay in hiring new key employees and contractors could materially and adversely affect our ability to manage and expand our business and our future operational and financial results. Moreover, an inability to retain sufficient qualified personnel throughout our organization or to attract new personnel as we grow our business could adversely affect our ability to achieve our operational, sales and financial goals impacting our financial results, financial condition and our stock price. We could suffer a loss of revenue and increased costs, exposure to significant liability, reputational harm and other serious negative consequences if we sustain cyber- attacks or other data security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us or our customers or other third parties. We utilize our information technology infrastructure to manage and store various proprietary information and sensitive or confidential data relating to our operations. We routinely process, store and transmit large amounts of data for our customers, including sensitive and personally identifiable information. We depend on our information technology infrastructure to conduct business operations and provide customer services. We may be subject to data breaches and disruptions of the information technology systems we use for these purposes. Our industry has witnessed an increase in the frequency, intensity and sophistication of cybersecurity incidents caused by threat actors such as foreign governments, criminals, hacktivists, terrorists and insider threats. Threat actors may be able to penetrate our network security and misappropriate or compromise our confidential, sensitive, personal or proprietary information, or that of third parties, and engage in the unauthorized use or dissemination of such information. They may be able to create system disruptions, or cause shutdowns. Threat actors may be able to develop and deploy viruses, worms, ransomware and other malicious software programs that attack our products or otherwise exploit ~~any~~ security vulnerabilities of our systems causing operational damage that could impact our ability to serve customers and result in financial losses. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including “ bugs, ” cybersecurity vulnerabilities and other problems that could unexpectedly interfere with the operation or security of our systems. Like many other companies, we increasingly leverage third- party SaaS solutions and external service providers to help us deliver services to our customers. In the delivery of these services, we are dependent on the security infrastructure of those third- party providers. These providers are also vulnerable to the myriad of cyber- attacks possible in today’ s environment. In the case where a third- party provider becomes victim to an attack it could have an impact on our operations or ability to service customers. To date, interruptions of our information technology infrastructure and third party suppliers have been infrequent and have not had a material impact on our operations. However, because technology is increasingly complex and cyber- attacks are increasingly sophisticated and more frequent, there can be no assurance that such incidents will not have a material adverse effect on us in the future. The consequences of a breach of our security measures or those of a third- party provider, a cyber-related service or operational disruption, or a breach of personal, confidential, proprietary or sensitive data caused by a hacker or other malicious actor could be significant for us, our customers and other affected third parties. For example, the consequences could include damage to infrastructure and property, impairment of business operations, disruptions to customer service, financial costs and harm to our liquidity, costs associated with remediation, loss of revenues, loss of customers, competitive disadvantage, legal expenses associated with litigation, regulatory action, fines or penalties or damage to our brand and reputation. In addition, the costs to us to eliminate or address the foregoing security challenges and vulnerabilities before or after a cyber- incident could be significant. In addition, our remediation efforts may not be successful and could result in interruptions, delays or cessation of service. We could also lose existing or potential customers for our services in connection with any actual or perceived security vulnerabilities in the services. We are subject to laws, rules and regulations relating to the collection, use and security of user data. Our operations are also subject to federal and state laws governing information security. In the event of a data breach or operational disruption caused by an information security incident, such rules may require consumer and government agency notification and may result in regulatory enforcement actions with the potential of monetary forfeitures as well as civil litigation. We have incurred, and will continue to incur, expenses to comply with privacy and security standards and protocols imposed by law, regulation, industry standards and contractual obligations. Notification to customers could also result in reputational damage which could result in loss of customers or future customers due to a lack of confidence in our ability to secure their data. Climate change could disrupt our operations and our distribution networks,cause us to incur increased costs related to such events,or otherwise negatively affect our business.Our distribution networks may be subject to weather- related events that could damage our networks and impact service delivery,such as downed transmission lines,flooded facilities,power outages,fuel shortages,network congestion,delay or failure,damaged or destroyed property and equipment,and work interruptions.It is predicted that warming global temperatures will increase the frequency and severity of such weather- related events.If there are more weather- related events,and should such events impact the **East Coast** region covered by our networks more frequently or more severely than in the past,our revenues and expenses could be materially adversely impacted.Concern over climate change or other environmental,social and governance (ESG) matters may result in new or increased legal and regulatory requirements to reduce or mitigate the effects of climate change.Further,climate change regulations may require us to alter our proposed business plans or increase our operating costs due to increased regulation or environmental considerations,and could adversely affect our business and reputation. ~~Risks Relating~~ Risks Related to Regulation and Legislation Regulation by government agencies may increase our costs of providing service or require changes in services, either of which could impair our financial performance. Our operations are subject to varying degrees of regulation by the FCC, the **FTC** ~~Federal Trade Commission~~ , the Federal Aviation Administration, the Environmental Protection Agency and the Occupational Safety and Health Administration, as well as by state and local regulatory agencies and franchising authorities. Action by these regulatory bodies could negatively affect our operations and our costs of doing business. Changes to the FCC ~~'~~**’** s Universal Service Fund framework may adversely **impact** our Broadband revenue **, which may have a material adverse effect on our financial performance and our results of operations** . The FCC ~~'~~**’** s USF provides regulatory support to rural local exchange carriers to promote universal service and to eligible schools and libraries through the e- rate program to obtain subsidized internet access and telecommunication services. Recent lawsuits have asked the courts to declare the universal service framework illegal. Any reduction in the USF from these lawsuits, or other means, could negatively impact the regulatory support revenue received by the Company ~~'~~**’** s RLEC business and the ability for schools and libraries to pay the Company for internet access and telecommunication services **. The discontinuation of the FCC’ s ACP may adversely impact our Broadband revenue, which may have an adverse effect on our financial performance and our results of operations. The FCC’ s ACP provides a $ 30 subsidy toward internet service for eligible households. ACP is expected to end in April 2024 unless Congress passes legislation to increase the funding to support this program. If ACP ends, the Company’ s eligible subscribers may not be able to afford broadband service, which could reduce our revenues in our Broadband segment if we are not able to retain subscribers that are currently dependent on the ACP subsidy. A decrease in subscribers and lower revenue in our Broadband segment may have an adverse effect on our financial performance and our results of operations** . Changes to key regulatory requirements can affect our ability to compete. Our industry is subject to ~~extensive~~ governmental regulation, which impacts many aspects of our operations. Legislators and regulators at all levels of government frequently consider changing, and sometimes do change, existing statutes, regulations, and interpretations thereof. Future legislative, judicial, or administrative actions may increase our costs or impose additional challenges and restrictions on our business. Federal law strictly limits the scope of permissible cable rate regulation, and none of our local franchising authorities currently regulate our rates for video services. Our rates for broadband services have historically not been subject to rate regulation. However, as broadband service is increasingly viewed as an essential service, governments could adopt new laws or regulations related to the prices we charge for our services that could adversely impact our existing business model, revenues, earnings and the value of our and cable industry stock prices. The Company operates data services and cable television systems in largely rural areas of Virginia, West Virginia, Maryland, Pennsylvania and Kentucky pursuant to local franchise agreements. These franchises are not exclusive, and other entities may secure franchise authorizations in the future, thereby increasing direct competition to the Company. Many franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non- compliance. In many cases, franchises are terminable if the franchisee fails to comply with significant provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. If our local franchises are not renewed at expiration we would have to cease operations or, operate under either temporary operating agreements or without a franchise while negotiating renewal terms with the local franchising authorities. Although we have historically renewed our franchises without incurring significant costs, we cannot offer assurance that we will be able to renew, or to renew as favorably, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more key markets or obtaining such franchise on unfavorable terms could adversely affect our business in the affected geographic area. Pole attachments are wires and cables that are attached to utility poles. Cable system attachments to investor- owned public utility poles historically have been regulated at the federal or state level, generally resulting in reasonable pole attachment rates for attachments used to provide cable service. In contrast, utility poles owned by municipalities or cooperatives are not subject to federal regulation and are, with exceptions, generally exempt from state regulation and their attachment rates tend to be higher. Future regulatory changes in this area could impact the pole attachment rates we pay utility companies. The timing of receipt of government grant payments may adversely affect our liquidity and ability to complete our performance obligations. Although the Company has executed contracts with several municipalities to reimburse a portion of the costs to construct broadband networks to unserved homes, delays in receipt of the grant payments may adversely affect the Company ~~'~~**’** s liquidity and our ability to complete our performance obligations **. If we do not receive such grant payments on the expected timeline or at all, we may default on certain financial obligations, which would have an adverse effect on our business and results of operations** . The Company may fail to complete its performance obligations in regard to government grant awards and incur liquidated damages and / or create an event of default that could allow the municipality to cancel the grant. ~~In~~ **Throughout 2021,** 2022 **and 2023, in partnership with counties in the respective states, Shentel has been awarded grants under the VATI and the Rural Digital Opportunity Fund in Virginia, the Connect Maryland Network Infrastructure Grant Program in Maryland, and the Major Broadband Projects Strategies and Line Extension Advancement and Development programs in West Virginia. As of December 31, 2023** , the Company ~~was~~ **has been** awarded grants totaling approximately $ ~~71~~ **85. 8** million ~~and entered into contracts with the Virginia Department of Housing and Community Development (DHCD) Virginia Telecommunication Initiative (VATI), Department of Housing and Community Development Office of Statewide Broadband Maryland Infrastructure grant and West Virginia Department of Economic Development Office of Broadband grant~~ . Most of the grants ~~administered by~~ **awarded under** the above **programs** ~~state agencies~~ are funded through the American Rescue Plan Act. As the recipient of these grants, the Company has committed to expand its broadband network and improve broadband services to approximately ~~23~~ **25** , ~~600~~ **000** unserved homes in the states of Virginia, Maryland and West Virginia within a specified period, as agreed to by the Company and each municipality. In the event the Company does not fulfill its commitment to extend its existing broadband network within the time frame allotted, the performance of the broadband network is inadequate, the Company is considered insolvent or the Company fails to meets its funding requirements of the grant projects, the Company may be declared in default of the grant contract. If the default is not cured in a timely manner, the grant contract could be terminated, grant reimbursements maybe withheld by the municipalities and the Company may be required to repay grant monies previously received, as well as additional penalties and liquidated damages. Furthermore, the Company may be liable to pay interest, administrative charges, collection costs, attorneys’ fees, expert fees, consultant fees, and other applicable fees, and interest on any outstanding repayment, all of which could lead to higher Company capital requirements which may not be available, lower homes passed and unfavorable financial results for the Company. Regulatory constraints could impact our ability to adequately address increases in broadband usage and may cause network capacity limitations, resulting in service disruptions, reduced capacity or slower transmission speeds for our customers. Video streaming services, gaming and peer- to- peer file sharing applications use significantly more bandwidth than other Internet activity such as web browsing and email. As use of these services continues to grow, our broadband customers will likely use much more bandwidth than in the past. If this occurs, we could be required to make significant capital expenditures to increase network capacity in order to avoid service disruptions, service degradation or slower transmission speeds for our customers. Alternatively, we could choose to implement network management practices to reduce the network capacity available to bandwidth- intensive activities during certain times in market areas experiencing congestion, which could negatively affect our ability to retain and attract customers in affected markets. Competitive or regulatory constraints may preclude us from recovering costs of network investments designed to address these issues, which could adversely impact our operating margins, results of operations, financial condition and cash flows. Our services may be adversely impacted by legislative or regulatory changes that affect our ability to develop and offer services or that could expose us to liability from customers or others. The Company provides broadband Internet access services to its fiber, cable ~~,~~ and telephone customers. As the Internet has matured, it has become the subject of increasing regulatory interest. Congress and Federal regulators have adopted a wide range of measures directly or potentially affecting Internet use. The adoption of new Internet regulations or policies could adversely affect our business. In 2015, the FCC determined that broadband Internet access services, such as those we offer, were a form of “ telecommunications service ” under the Communications Act and, on that basis, imposed rules banning service providers from blocking access to lawful content, restricting data rates for downloading lawful content, prohibiting the attachment of non- harmful devices, giving special transmission priority to affiliates, and offering third parties the ability to pay for priority routing. The 2015 rules also imposed a “ transparency ” requirement, i. e., an obligation to disclose all material terms and conditions of our service to consumers. In December 2017, the FCC adopted an order repudiating its prior (2015) treatment of broadband as a “ telecommunications service, ” reclassifying broadband as an “ information service, ” and eliminating the rules it had imposed at that time (other than a transparency / disclosure- requirement, which it eased in significant ways). The FCC also ruled that state regulators may not impose obligations similar to federal obligations that the FCC removed. Various parties have challenged this ruling in court, and, we cannot predict how any such court challenges will be resolved. Moreover, it is possible that the FCC might further revise its approach to broadband Internet access, or that Congress might enact legislation affecting the rules applicable to the service. In 2019, the U. S. Court of Appeals for the District of Columbia upheld the information service reclassification, but vacated the FCC' s blanket prohibition of state utility regulation of broadband services. The court left open the possibility that individual state laws could still be deemed preempted on a case- by- case basis if it is shown that they conflict with federal law. In October 2020 the FCC, responding to the court' s remand order, issued a further decision clarifying certain aspects of its earlier order. In this decision the FCC re- classified broadband internet access service as an unregulated information service, thus eliminating all federal regulatory " network neutrality " obligations beyond requiring broadband providers to accurately disclose network management practices, performance, and commercial terms of service. These issues may be revisited by the FCC in the current or future administrations. The FCC imposes obligations on telecommunications service providers, including broadband Internet access service providers, and multichannel video program distributors, like our cable company. We cannot predict the nature and pace these requirements and other developments, or the impact they may have on our operations. Risks Related to our Indebtedness We may not have sufficient capital to fund our expansion plans and may not be able to repay future indebtedness. As discussed in the Risks Related to our Business section above, we expect our capital expenditures to exceed the cash flow provided from continuing operations through ~~2025~~ **2026** as we invest in our network and subscriber growth and expansion initiatives. As of December 31, ~~2022~~ **2023** , we had borrowed $ ~~75~~ **300** million in delayed draw term loans under our **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 amended by Amendment No. 1 to the** ~~credit~~ **Credit** ~~agreement~~ **Agreement , dated as of May 17, 2023 (collectively, the " Credit Agreement "),** which contains: (i) a $ 100 million, five- year undrawn revolving credit facility, (ii) a **fully drawn** $ 150 million five- year delayed draw amortizing term loan, and (iii) a **fully drawn** $ 150 million seven- year delayed draw amortizing term loan. If our costs to expand our networks are greater than we anticipate, we may not have sufficient capital nor be able to secure additional capital on terms acceptable to us and may have to curtail our expansion plans. **We** ~~Upon drawing on available debt under our credit agreement, we~~ may not be able to generate sufficient cash flows from operations ~~in 2026 and beyond or~~ to raise additional capital in amounts necessary for us to repay ~~the future~~ **our outstanding** indebtedness when such indebtedness becomes due and to meet our other cash needs. Our level of indebtedness could adversely affect our financial health and ability to compete. As of December 31, ~~2022~~ **2023** , we had $ ~~75~~ **300** million of total indebtedness ~~. We expect to borrow the remaining $ 225 million available under our delayed draw term loans by June 2023 to fund planned capital expenditures aimed at our network and subscriber growth and expansion initiatives~~ . Our level of indebtedness could have important adverse consequences. For example, it may: • increase our vulnerability to general adverse economic and industry conditions, including rising interest rates ~~, because as of December 31, 2022, all of our borrowings were, and may continue to be, subject to variable rates of interest~~ ; • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, dividends and other general corporate purposes; and • place us at a competitive disadvantage relative to companies that have less indebtedness. Failure to comply with financial and operating covenants or make scheduled payments under our ~~credit~~ **Credit** ~~agreement~~ **Agreement** may restrict our ability to borrow and could accelerate repayment of outstanding debt. Under the ~~credit~~ **Credit** ~~agreement~~ **Agreement** for our delayed draw term loans, we are required to comply with specified financial and operating covenants in addition to making scheduled payments, which may limit our ability to borrow additional funds to alleviate liquidity constraints and limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and otherwise limit our ability to operate our business as we otherwise might operate it. Our failure to comply with any of these covenants or to meet any payment obligations under the credit agreement could result in an event of default which, if not cured or waived, would result in any amounts outstanding, including any accrued interest and unpaid fees, becoming immediately due and payable. We might not have sufficient working capital or liquidity to satisfy any repayment obligations in the event of an acceleration of those obligations. In addition, if we are not in compliance with the financial and operating covenants at the time we wish to borrow funds, we will be unable to borrow funds. General Risk Factors Adverse economic conditions in the United States and in our market area involving significantly reduced consumer spending or high inflation could have a negative impact on our results of operations. Unfavorable general economic conditions could negatively affect our business. Although it is difficult to predict the impact of general economic conditions on our business, these conditions could adversely affect the affordability of, and customer demand for our services, and could cause customers to delay or forgo purchases of our services **or could negatively impact customer payment for already contracted services** . Any national economic weakness, restricted credit markets, high interest rates, high inflation or high unemployment rates could depress consumer spending, increase our expenses and harm our operating performance. In addition, any ~~material~~ adverse economic conditions that affect our geographic markets in particular could have a disproportionately negative impact on our results. Negative outcomes of legal proceedings may adversely affect our business and financial condition **, results of operations and cash flows** . We become involved in legal proceedings from time to time. While we are not currently involved in any material legal proceedings, potential future proceedings may be complicated, costly and disruptive to our business operations. We might also incur significant expenses in defending these matters or may be required to pay significant fines, awards and settlements. Any of these potential outcomes, such as judgments, awards, settlements or orders could have a material adverse effect on our business, financial condition, operating results or our ability to do business. Our business may be impacted by new or changing tax laws or regulations and actions by federal, state and / or local agencies, or how judicial authorities apply tax laws. In connection with the products and services we sell, we calculate, collect and remit various federal, state and local taxes, surcharges and regulatory fees to numerous federal, state and local governmental authorities, including federal USF contributions and regulatory fees. In addition, we incur and pay state and local taxes and fees on purchases of goods and services used in our business. Tax laws are subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of tax laws is uncertain and subject to differing interpretations, especially when evaluated against new technologies and telecommunications services, such as broadband internet access and cloud related services. In the event that we have incorrectly calculated, assessed or remitted amounts that were due to governmental authorities, we could be subject to additional taxes, fines, penalties or other adverse actions, which could materially impact our business, financial condition and operating results. In the event that federal, state and / or local municipalities were to significantly increase taxes on our network, operations or services, or seek to impose new taxes, it could have a material adverse effect on our business, financial condition, operating results or ability to do business.