

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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

For the transition period from _____ to

Commission File Number 1-8519

CINCINNATI BELL INC.

Ohio
(State of Incorporation)

31-1056105
(I.R.S. Employer Identification No.)

221 East Fourth Street, Cincinnati, Ohio 45202

(Address of principal executive offices) (Zip Code)

(513) 397-9900

(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

Yes No

The Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

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This report contains trademarks, service marks and registered marks of Cincinnati Bell Inc., as indicated.

Part I

Item 1. Business

Overview and Strategy

Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell," "we," "our," "us" or the "Company") provide integrated communications and IT solutions that keep consumer and business customers connected with each other and with the world. The Company operates its businesses through the following segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware. The Network segment serves customers in the Greater Cincinnati region through our altafiber brand and services customers in Hawaii through our Hawaiian Telcom brand. The IT Services and Hardware segment services customers in the U.S. and Europe through our CBTS brand and in Canada through our OnX brand.

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent.

Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive \$15.50 per share in cash, without interest. Trading of the Company's Common Shares was suspended on the New York Stock Exchange ("NYSE") and the Common Shares were subsequently delisted from the NYSE. Additionally, the Company redeemed Depositary Shares simultaneously with the redemption of the 6 3/4% Preferred Shares, at a redemption price of \$50 per Depositary Share (equivalent to \$1,000 per 6 3/4% Preferred Share), and the Depositary Shares were then delisted from the NYSE. As a result of the Merger Agreement, the Company has ceased to be a registrant (see Note 12 to the consolidated financial statements); however, due to contractual provisions in certain indentures, the Company is required to voluntarily file with the U.S. Securities and Exchange Commission ("SEC").

This Annual Report on Form 10-K provides an overview of Cincinnati Bell Inc.'s financial condition as of December 31, 2022 and our results of operations for the year ended December 31, 2022, the periods January 1, 2021 through September 7, 2021 and September 8, 2021 through December 31, 2021, and the year ended December 31, 2020. References in this Annual Report to "Successor" refer to the Company on or after September 8, 2021 and references to "Predecessor" refer to the results prior to September 8, 2021. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and accompanying notes.

Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although GAAP requires that we report on our results for the period from January 1, 2021 through September 7, 2021 and the period from September 8, 2021 through December 31, 2021 separately, management views the Company's operating results for the year ended December 31, 2021 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison of our results to current and prior periods.

To enhance the analysis of our operating results for the periods presented, we have included a discussion of selected financial and operating data of the Predecessor and Successor on a combined basis for the year ended December 31, 2021. This presentation consists of the mathematical addition of selected financial and operating data of the Predecessor for the period from January 1, 2021 to September 7, 2021 plus the comparable financial and operating data of the Successor for the period from September 8, 2021 to December 31, 2021. There are no other adjustments made in the combined presentation. The mathematical combination of selected financial and operating data is included below under the heading "Combined Year Ended December 31, 2021" and this data is a non-GAAP presentation. Management believes that this selected financial and operating data provides investors with useful information upon which to assess our operating performance because the results of operations for a twelve-month period correspond to how we have reported our results in the past and how we will report our results in the future.

Through its Network segment, the Company provides high-speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network. During 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom"), the largest full service provider of communication services on all of Hawaii's major islands. This acquisition added operational scale to our business by adding access to both Honolulu, a well-developed, fiber-rich city on Oahu, as well as the growing neighbor islands. As a result of the acquisition, the Company's combined fiber networks are approximately 20,400 fiber route miles. On May 2, 2022, the Company acquired Agile IWG Holdings, LLC ("Agile") for total cash consideration of \$65.5 million. Agile delivers customers, primarily located in Ohio and Pennsylvania, with middle mile, last mile and campus connectivity services through hybrid fiber wireless networks that are designed, built and managed by Agile.

Through its IT Services and Hardware segment, business customers across the U.S., Canada and Europe rely on the Company for the sale and service of efficient, end-to-end communications and IT systems and solutions.

Our goal is to continue the transformation of Cincinnati Bell from a legacy copper-based telecommunications company into a technology company with state-of-the-art fiber assets servicing customers with data, video, voice and IT solutions to meet their evolving needs.

In an effort to achieve our objectives, we continue to focus on the following key initiatives:

- expand our fiber network; and
- grow our IT Services and Hardware segment.

Expand our fiber network

During 2022, we invested \$306.6 million of capital in the Network segment in products that can be categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati. Revenue from these high demand products totaled \$527.9 million for 2022, up \$54.3 million compared to the combined Predecessor and Successor periods included within 2021 partially mitigating the decline in legacy products. The primary focus of these investments is the expansion of high-speed internet products which are designed to compete directly with the cable Multiple System Operators, such as Charter Communications, serving the Company's operating territories. Year-over-year revenue and subscribers for these products are outlined in the table below:

	Successor		Predecessor	Non-GAAP Combined	Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2021	Year Ended December 31, 2020
Cincinnati Operating Territory					
Fioptics Revenue (in millions):	\$ 429.3	\$ 124.5	\$ 260.5	\$ 385.0	\$ 360.4
Subscribers (in thousands):					
Internet FTTP	299.3	261.3	n/a	261.3	239.9
Video	123.1	123.3	n/a	123.3	128.0
Voice	100.7	101.2	n/a	101.2	103.8
Hawaii Operating Territory					
Fioptics Revenue (in millions):	\$ 98.6	\$ 27.7	\$ 60.9	\$ 88.6	\$ 86.0
Subscribers (in thousands):					
Internet FTTP	70.6	65.7	n/a	65.7	59.8
Video	36.0	37.5	n/a	37.5	40.6
Voice	29.2	28.0	n/a	28.0	29.5

During the year, we passed an additional 73,900 addresses in the Greater Cincinnati area with Fioptics, which included a focus on Fiber to the Premise ("FTTP") addresses as FTTP has become a more relevant solution for our customers. As of December 31, 2022, the Fioptics products are now available to approximately 733,000 customer locations or more than 85% of the Greater Cincinnati operating territory. During 2022, we passed an additional 48,500 addresses in Hawaii. The Fioptics products are now available to approximately 327,800 addresses, or more than 50% of the operating territory in Hawaii, including Oahu and the neighbor islands.

In 2022, the Company also invested \$40.4 million in Enterprise Fiber products, which includes fiber and IP-based core network technology as well as expenditures for Agile. These investments position the Company to meet increased business and carrier demand within Greater Cincinnati and in the Midwest region. In Hawaii, expenditures are for high-bandwidth data transport products, such as metro-ethernet, including the Southeast Asia to United States ("SEA-US") cable. We continue to evolve and optimize network assets to support the migration of legacy products to new technology, and as of December 31, 2022, the Company has:

- increased the total number of commercial addresses with fiber-based services (referred to as a lit address) to 36,200 in Greater Cincinnati and 27,300 in Hawaii by connecting approximately 4,700 additional lit addresses in Greater Cincinnati and 4,900 additional lit addresses in Hawaii during 2022;
- expanded the fiber network to span more than 14,600 route miles in Greater Cincinnati and 5,800 route miles in Hawaii; and
- provided cell site back-haul services to approximately 90% of the 1,075 cell sites in the Greater Cincinnati market, all of which are lit with fiber, and approximately 90% of the 1,120 cell sites in Hawaii, nearly all of which are lit with fiber.

In the fourth quarter of 2020, the Company entered into a definitive purchase agreement to acquire inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii owned by the bankruptcy estate of the Paniolo Cable Company, LLC. The transaction closed in August 2021 for an amount of \$52.3 million, inclusive of transaction costs. The Company's expanding fiber assets allow us to support the ever-increasing demand for data, video and internet devices with speed, agility and security. We believe our fiber investments are a long-term solution for our customers' bandwidth needs.

Grow our IT Services and Hardware Segment

Cincinnati Bell continues to grow the IT Services and Hardware segment by developing new products as well as expanding its reach to new customers. As a result of both organic and inorganic growth, our geographic footprint now extends across the U.S., Canada, Europe and India. We continue to diversify our customer base and expand our product portfolio. The Company continues to develop high-demand products for business customers through our investments in unified communications and cloud services. Our ability to be innovative and to react to the changing technology demands of our customers is important to the growth of our IT Services and Hardware segment. Our offerings under the Infrastructure Solutions practice provide a platform for buyer engagement and an opportunity for connecting the customer to higher value professional and managed services.

As a company with a long history of managing customers' network and technology needs, we combine the management of the network, whether owned or leased from other carriers out of territory, with integrated voice and IT offerings. We supply the architecture and integration intelligence, labor and hardware as well as any combination of these services. These projects can be established based on hourly billing rates, service-level driven agreements or utility-based managed service models. Customers are attracted to our ability to combine our historic knowledge, unique assets and talented workforce in order to help them improve their operational efficiency, mitigate risk and reduce costs.

Operations

As of December 31, 2022, the Company operated two segments: Network and IT Services and Hardware.

The Network segment provides products and services that can be categorized as either Fioptics, Enterprise Fiber or Legacy. The table below demonstrates how our products and services are categorized:

Network			
	Fioptics	Enterprise Fiber	Legacy
Data	Fiber to the Premise (“FTTP”) Fiber to the Node (“FTTN”) DSL (> 10 Mb) (1)	Ethernet (>10Mb) Dedicated Internet Access Wavelength IRU Small Cell SONET (2) Direct Colocation Managed Towers Data Connectivity	DSL (< 10 Mb) DS0 (3), DS1, DS3 TDM (4) Ethernet (<10 Mb)
Voice	Voice (Fiber)		Traditional Voice Consumer Long Distance Switched Access Digital Trunking
Video	Television Service		
Other	Connect America Fund support Rural Digital Opportunity Fund support Subsidized Fiber Build Projects		Maintenance Information Services Directory Assistance Advertising Wiring projects

- (1) Digital Subscriber Line
- (2) Synchronous Optical Network
- (3) Digital Signal
- (4) Time Division Multiplexing

We classify the products and services of our IT Services and Hardware segment into four distinct practices: Consulting, Cloud, Communications and Infrastructure Solutions. The table below demonstrates how our products and services are categorized:

IT Services and Hardware	
Consulting	IT Staffing Application Services
Cloud	Virtual Data Centers Storage Backup Network Management/Monitoring Security Data Center Cloud Consulting Public Cloud
Communications	Unified Communications as a Services (“UCaaS”) Contact Center Software Defined Wide Area Networking (“SD-WAN”) Networking Solutions Multi-Protocol Label Switching (“MPLS”) Network as a Service (“NaaS”)

Network

The Network segment provides products and services such as high-speed internet, data transport, local voice, video and other services. Cincinnati Bell Telephone Company LLC ("CBT"), a subsidiary of the Company, is the incumbent local exchange carrier ("ILEC") for a geography that covers a radius of approximately 25 miles around Cincinnati, Ohio, and includes parts of northern Kentucky and southeastern Indiana. CBT has operated in this territory for approximately 150 years. In 2022, the Company started their network expansion outside of this territory to provide fiber services to Dayton, Ohio. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. Hawaiian Telcom, a subsidiary of the Company, is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in that state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of nearly 140 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu. On May 2, 2022, the Company acquired Agile, based in Canton, Ohio. Agile leases wireless infrastructure assets to third parties and provides connectivity through hybrid fiber wireless data networks primarily to customers in Ohio and Pennsylvania. The key products and services provided by the Network segment include the following:

Data

The Company's data products include high-speed internet access, data transport and interconnection services. Consumer demand for increased internet speeds is accelerating, and more customers are opting for higher bandwidth solutions. To address this demand, the Company is focused on building out new FTTP addresses as well as overlaying FTTN addresses, enabling these addresses to receive speeds up to one gigabit per second ("Gbps"). FTTP addresses now cover nearly 80% of the market in Greater Cincinnati and more than 40% of the market in Hawaii, of which approximately 657,200 and 268,000 addresses are capable of receiving speeds up to one Gbps in Greater Cincinnati and Hawaii, respectively.

As business customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the access method of choice due to its ability to support multiple applications on a single physical connection. We are also expanding our metro-ethernet platform to deliver services across a wider geography to target business customers beyond our ILEC footprint. The Company's regional network connects Greater Cincinnati, Columbus, and Dayton, Ohio, as well as Indianapolis, Indiana, Chicago, Illinois, and Louisville, Kentucky.

As a result of the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US trans-Pacific submarine cable system connecting Indonesia, the Philippines, Guam, Hawaii and the mainland United States. The system provides an initial 20 Terabytes per second ("Tbps") of capacity using state-of-the-art 100 Gbps technology to accommodate the increase in data consumption.

Voice

Voice represents local service over both copper and fiber. It also includes consumer long distance, digital trunking, switched access and other value-added services such as caller identification, voicemail, call waiting and call return.

The Company's voice access lines over copper continue to decrease as its customers have increasingly employed wireless technologies in lieu of wireline voice services ("wireless substitution"), migrated to competitors, or migrated to VoIP services provided by the Company and others.

Customers purchasing traditional long distance service can choose from a variety of long distance plans, which include unlimited long distance for a flat fee, purchase of minutes at a per-minute-of-use rate, or a fixed number of minutes for a flat fee. The Company's long distance lines and related minutes of use have continued to decline as a result of wireless substitution.

Video

In the Greater Cincinnati territory, the Company launched Fioptics in 2009 and initially focused our fiber network investment on densely populated areas, such as apartments and condominiums. Since that time, Fioptics has been deployed over a much broader base and is now available to more than 85% of Greater Cincinnati. As of December 31, 2022, we have 123,100 video subscribers in Greater Cincinnati. Our Fioptics customers enjoy access to over 400 entertainment channels, including digital music, local, movie and sports programming with over 150 high-definition channels, parental controls, HD DVR and video On-Demand.

In Hawaii, the Company launched its next-generation television service on the island of Oahu in July 2011. The TV service is 100% digital with hundreds of local, national, international and music channels, including high-definition, premium, pay-per-view channels and video on-demand service. TV service has been deployed to 36,000 subscribers in Hawaii as of the end of 2022.

Other

Other revenue consists of revenue generated from wiring projects for business customers, support from the Connect America Fund and Rural Digital Opportunity Fund (see "Regulatory Matters and Competitive Trends" for further discussion of universal service), advertising, directory assistance, maintenance and information services. Beginning in 2021, Other revenue also includes subsidized fiber build project revenue related to extending the Company's fiber network in the Greater Cincinnati territory subsidized through our UniCity program. Subsidized fiber build project revenue related to extending the Company's fiber network in Hawaii is included in Other revenue beginning in 2022.

IT Services and Hardware

The IT Services and Hardware segment provides a full range of managed IT solutions, telephony and IT equipment sales, and professional IT staffing services. These services and products are provided through the Company's subsidiaries in various geographic areas throughout the U.S., Canada, Europe and India. By offering a full range of Infrastructure Solutions in addition to Cloud, Communications and Consulting services, the IT Services and Hardware segment provides end-to-end IT solutions designed to reduce cost and mitigate risk while optimizing performance for its customers.

The key products and services provided by the IT Services and Hardware segment include the following:

Consulting

The Company's consulting services offerings consist of IT staffing and project-based engagements, including engineering and installation of voice, connectivity and IT technologies, development of digital application solutions and staff augmentation by highly skilled and industry-certified technical resources. Engagements can be short-term IT implementation and project-based work as well as longer term staffing and permanent placement assignments. The Company utilizes a team of experienced recruiting and hiring personnel to provide its customers with a wide range of skilled IT professionals. These professionals are comprised of employees and contractors located in the U.S., Canada, Europe and India.

Communications

The Company offers a complete portfolio of hosted solutions that include converged IP communications platforms of data, voice, video and mobility applications. We offer our customers expert management for all hardware and software components, including maintenance contracts and service level agreement ("SLA") based services. Fully hosted and managed, these voice platforms and applications can also be delivered as a service for a monthly utility fee allowing our customers to scale without a large capital investment.

The solutions offered in the Communications practice include UCaaS, SD-WAN, NaaS, Contact Center and other Networking Solutions. UCaaS provides a portfolio of solutions that includes VoIP, room-based video, mobile solutions, chat/presence, messaging, web conferencing, audio conferencing, social media, contact center solutions, and more in order to serve a customer's collaboration needs. Cloud delivered SD-WAN is a revolutionary, agile platform to deploy, manage and monitor hybrid public, private, wireline and wireless networks. NaaS is a fully managed networking solution with cloud integration, security, switching, Wi-Fi, management, monitoring and SD-WAN. Our Contact Center offering features speech-enabled Interactive Voice Response ("IVR"), call-back services, call analytics and surveys, speech analytics, alerts and notification, and improved customer satisfaction and productivity. Additionally, we manage the maintenance of a large base of customers with traditional voice systems as well as converged VoIP systems under Networking Solutions.

Cloud

Virtual data center ("VDC") is a robust and scalable virtual infrastructure consisting of equipment, security, people and processes. This offering is provided in three different models - private cloud, dedicated cloud or public cloud - and provides customers with either a long-term or a short-term flexible solution that is fully managed by the Company and monitored around the clock from its Enterprise Network Operations Center ("ENOC").

Storage is a flexible, on-demand solution that enables businesses to eliminate capital expenditures and ongoing asset management with SLA-based services. The Company offers Tier I, Tier II and Tier III storage to meet its customers' availability, accessibility, protection, performance and capacity needs.

Backup is a scalable solution that allows businesses to eliminate capital outlay and ongoing equipment management with SLA-based services and includes virtual data center, hardware, software, monitoring and support.

The Company provides SLA-based monitoring and management services utilizing its ENOC. The ENOC includes highly certified engineers and operation experts that proactively monitor and manage our customers' technology environments and applications. Standalone monitoring services provide customers with scheduled and automatic checks of customers' servers, routers, switches, load balancers and firewalls. We also provide customers with advance trouble shooting, repair and changes of customers' servers, routers, switches, load balancers and other network devices from our ENOC. These services can be provided to customers with equipment provided by the Company or customer-owned equipment and do not have geographical constraints. Services can be purchased individually or bundled by combining multiple products, services, and assets into a utility or service model.

Infrastructure Solutions

The Company maintains premium resale relationships and certifications with a variety of branded technology vendors which allows it to competitively sell, architect and install a wide array of telecommunications and IT infrastructure equipment to meet the needs of its customers.

Sales and Distribution Channels

The Company's Network segment utilizes a number of distribution channels to acquire customers. As of December 31, 2022, the Company operated seven retail stores in the Greater Cincinnati area and one retail store in Dayton, Ohio to market and distribute our Fioptics suite of products. The Company works to locate retail stores in high traffic but affordable areas, with a distance between each store that considers optimal returns per store and customer convenience. The Company also offers fully-automated, end-to-end web-based sales of various other Company services and accessories for both the Cincinnati operating territory and the Hawaii operating territory. In addition, the Company utilizes a call center, as well as a door-to-door sales force, to target the sale of our consumer products to residents.

For both operating segments, we utilize a business-to-business sales force and a call center organization to reach business customers in our operating territories. Larger business customers are supported by sales account representatives and solution architects located in our branch offices across the U.S., Canada and Europe that understand the customer's technology needs and recommend Company-offered solutions. Smaller business customers are supported through a telemarketing sales force, customer representatives and store locations.

The IT Services and Hardware segment utilizes an indirect distribution channel to sell services, primarily focused on Communications. Compensation to the distributor is success-based and typically involves a residual payment based on revenue from customers.

Suppliers and Product Supply Chain

The Company generally subjects purchases to competitive bids and selects its vendors based on price, service level, delivery terms, quality of product and terms and conditions.

The Network segment's primary purchases are for video content, network equipment, software, fiber cable and contractors to maintain and support the growth of the fiber network. The Company maintains facilities and operations for storing cable and other equipment, product distribution and customer fulfillment.

The Company purchases some of its programming directly from the program networks by entering into affiliation agreements with the programming suppliers. The Company also benefits from membership with the National Cable Television Cooperative (“NCTC”), which enables us to take advantage of volume discounts. As of December 31, 2022, approximately 70% of Cincinnati’s programming was sourced from the NCTC and approximately 50% of Hawaiian Telcom’s programming was sourced from the NCTC.

The IT Services and Hardware segment primarily purchases IT and telephony equipment that is either sold to a customer or used to provide service to the customer. The Company is a certified distributor of leading technology and software solutions including, but not limited to, Cisco, Hewlett-Packard, Dell and IBM. Most of this equipment is shipped directly to the customer from vendor locations, but the Company does maintain warehouse facilities for replacement parts and equipment testing and staging.

In addition, we have long-term commitments to outsource various services, such as certain information technology functions, cash remittance and accounts payable functions, call center operations and maintenance services.

Competition

The telecommunications industry is competitive, and the Company competes against larger, well-capitalized national providers.

The Network segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, as well as cable, broadband, internet and fixed wireless service providers. The Company has lost, and will likely continue to lose, access lines as a portion of the customer base migrates to competitive wireline or wireless providers in lieu of the Company’s services. Wireless providers, particularly those that provide unlimited wireless service plans with no additional fees for long distance, offer customers a substitution service for the Company’s local voice and long-distance services. The Company believes wireless substitution and competition is the reason for the largest portion of the Company’s access line and long-distance line losses.

Our Fioptics and Enterprise Fiber products also face intense competition from cable operators, other telecom companies and niche fiber companies. Many of our competitors have lower operating costs and access to resources that provide economies of scale that allow them to more aggressively price products, as well as provide products on a much broader scale given their expanded geographic operations. Our competitors continuously upgrade their service quality and offerings which could substantially erode the competitive advantage we currently have with our fiber-based products. These competitive factors could limit the Company’s ability to grow revenue and cash flows despite the strategic initiatives implemented.

The Company’s video product also faces competition from a number of different sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content.

Furthermore, due to consumer electronics innovations, consumers are able to watch such Internet-delivered content on television sets and mobile devices. Increased customer migration to these non-traditional entertainment products could result in increased churn and decreased penetration for video; however, this trend could also drive increased demand for our high-speed internet product.

The IT Services and Hardware segment competes against numerous information technology consulting, web-hosting, and computer system integration companies, many of which are larger in scope and well-financed. The Company believes that participants in this market must grow rapidly and achieve significant scale to compete effectively. Other competitors may consolidate with larger companies or acquire software application vendors or technology providers, enabling them to more effectively compete. This consolidation could affect prices and other competitive factors in ways that could impede the ability of these businesses to compete successfully in the market. In addition, as more customers migrate to the public cloud, we expect to see declines in the demand for Infrastructure Solutions. However, this trend could provide an opportunity in Consulting, Communications and Cloud Services as the Company has IT professionals that can assist customers through this migration to the public cloud.

Customers

The Company had no customers whose revenue comprised greater than 10% of total revenue for the year ended December 31, 2022, the combined Predecessor and Successor periods included within 2021 and the year ended December 31, 2020. As of December 31, 2022 and 2021, Verizon Communications Inc. (“Verizon”) comprised 21% and 26% of consolidated accounts receivable, respectively. The accounts receivable with Verizon are significant to the Company, but the associated revenue does not exceed 10% of total revenue as a result of the application of ASC 606 and management’s conclusion that for hardware transactions we act as the agent and, as a result, record revenue net of the cost of product.

Employees and Human Capital Resources

At December 31, 2022, the Company had approximately 5,800 employees. Approximately 22% of its employees are covered by collective bargaining agreements. Approximately 12% of total employees are covered by a collective bargaining agreement with the Communications Workers of America (“CWA”), which is affiliated with the AFL-CIO, and approximately 10% of total employees are covered by a collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW) Local 1357. The collective bargaining agreements with the CWA and IBEW are effective until the second quarter of 2026 and third quarter of 2028, respectively.

The Company knows that our people are our most valuable assets and is committed to investing in them and their success. We have developed various programs and practices to support, develop and care for our employees throughout their careers with the Company.

Diversity, Equity and Inclusion – The Company believes in the transformative power of connectivity, and we believe connections are made stronger when we embrace the diversity in our employees. It is our mission to create an environment that celebrates the unique qualities of those around us and empowering all employees to reach their full potential. We are committed to employing diversity and inclusion efforts that align with our values, such as talent development and progressive hiring practices which will help drive increased representation of underrepresented groups across the organization. In addition, we are committed to developing fair systems, procedures and resource distribution to ensure that we create equitable opportunities for all employees. The Company has dedicated staff focused on diversity, equity and inclusion efforts throughout the organization.

Professional Development – Investing in the development of our people is a core value of the Company. As a result, the Company continually seeks to offer new and innovative ways to provide development opportunities to our employees throughout their careers including, but not limited to, on-demand training for both professional and industry-specific skills through our intranet site, certification programs to encourage employees to develop and enhance skills, technical talent programs to provide technical leadership and define job enrichment opportunities across the organization and leadership development programs to enable employees to grow and progress on the leadership path.

Employee Engagement – The Company seeks to create and communicate engagement opportunities for all employees for increased development and retention through surveys, periodic town hall meetings with leadership and other forms of direct employee feedback. In addition, the Company sponsors several resource groups which we believe are the cornerstone for personal and professional enrichment and are also integral to the exploration of diversity and inclusion in our workplace. Employees are encouraged to partner with the Company to pursue areas of passion including community outreach activities and volunteer programs.

Safety – The Company is focused on establishing safety as a core value among employees with the primary goal that every employee returns home safely at the end of the day. This applies not only to our field technicians and warehouse personnel but also to our employees working in an office environment. As a result, the Company has hired additional staff to increase safety training, observations and assist in building our overall safety culture.

Compensation and Benefits – The Company is committed to rewarding and supporting our employees, and therefore, we offer a comprehensive compensation program that includes market-competitive pay, healthcare benefits, a retirement savings plan, tuition reimbursement programs, and paid time off and family leave.

In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees as well as the communities in which we operate. These include having the vast majority of our employees work from home starting in March 2020 and continuing to offer employees the option of a hybrid work environment.

Website Access and Other Information

The Company was incorporated under the laws of Ohio in 1983 with its headquarters at 221 East Fourth Street, Cincinnati, Ohio 45202 (telephone number (513) 397-9900 and website address <http://www.altafiber.com>). The Company has ceased to be a registrant but continues to voluntarily file annual, quarterly and certain other information with the SEC due to contractual provisions included in certain indentures. The SEC maintains an internet site that contains reports, proxy statements, and other information about issuers which file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating us. Our business, financial condition, liquidity or results of operations could be materially affected by any of these risks.

Risks Related to Our Business, Operations and Industry

Volatile geopolitical turmoil, including popular uprisings, regional conflicts, terrorism and war could result in market instability, which could negatively impact our business results.

The Company primarily provides our services in the United States of America and Canada, but certain outsourced operations are located in Taiwan and India as well as to a lesser extent in other countries located in Europe and Asia. Additionally, vendors that the Company sources from are global in nature. Recent escalation in regional conflicts, including the Russian invasion of Ukraine, which resulted in economic sanctions, and the risk of increased tensions between China and Taiwan, could limit the Company's ability to source goods and services and could result in closure of our vendors' facilities in sanctioned countries. In addition, international conflict has resulted in: increased pressure on the supply chain, which has led to increased energy costs, and could result in further increased energy costs, which could continue to increase utility expense and transportation costs; inflation, which could result in increases in the cost to provide services, increased capital spend for the continued expansion of the network, decreased customer purchasing power, and increased price pressure; increased risk of cybersecurity attacks; and market instability, which could adversely impact financial results.

Global health crises, such as the COVID-19 pandemic, have had an impact on the Company's supply chain and could have a material impact on our customers and our vendors, which could adversely impact our business results and financial condition.

The continued evolution of COVID-19 and its variants, as well as periodic spikes in infection rates, local outbreaks in the geographies in which the Company operates or third-party providers or vendor sites are located, even with safety measures and vaccination requirements in place, could cause additional disruptions to Company operations or those of our providers or vendors. In 2020 and 2021, the Company experienced disruptions with certain of our third-party vendors, including those who provide many of our information technology, call center functions, and certain accounting functions. In 2022, disruptions experienced by Company were limited in nature and considered to have a nominal impact on operations. The COVID-19 pandemic has led to global supply chain challenges, which have adversely impacted our ability to procure certain inventory and, if such inventory procurement challenges continue, could impact our ability to execute the capital build plan for our fiber network and thereby cause delays in delivery of our services and solutions to our customers in both of our operating segments. The Company has also experienced increased labor and material costs with certain third-party providers that are contracted to support and perform activities associated with the build-out of our fiber network resulting in a negative impact to business results and operations. As new variants of the virus appear, especially variants that are more easily spread, cause more serious outcomes, or are resistant to existing vaccines, new health orders and safety protocols could further impact operations. These factors could materially increase our costs, negatively impact our consumer and business sales and damage the Company's financial condition, results of operations, cash flows and liquidity position, possibly to a significant degree.

Our commitment to Net Zero emissions in company operations by 2040 will be subject to significant costs and regulations which could impact our business operations, processes, and reputation.

In October 2022, the Company disclosed its commitment to achieving net zero Scope 1 and Scope 2 emissions by December 31, 2040 with an interim target by December 31, 2030. The Company plans to meet this commitment by reducing energy consumption through network, facility and fleet efficiency and conservation measures; investments in renewable energy; and adoption of electric vehicles in our fleet. In addition, the Company will inventory and screen its Scope 3 emissions to determine reduction and engagement targets across the most relevant, impactful categories beginning in 2023.

Our work on a comprehensive climate action plan to achieve a 40% emission reduction by 2030 is ongoing, and overall cost and operation implications are unknown at this time. The achievement of our targets may require significant operational expense and capital improvements. Additionally, the achievement of our climate action plan involves requiring customers to migrate to our fiber optic network and away from our legacy copper network, which runs a risk of customer dissatisfaction and potentially adversely impacting our revenue and profitability.

If we are unable to sufficiently reduce Scope 1 and Scope 2 emissions through energy reduction measures and investments in renewable energy, we may fail to achieve our net zero emission commitments by December 31, 2030 and December 31, 2040. Failing to achieve the Company's net zero or science-based targets commitments could result in investor, customer or public dissatisfaction and damage to our reputation.

The Company operates in highly competitive industries, and customers may not continue to purchase products or services, which would result in reduced revenue and loss of market share.

The telecommunications industry is very competitive, and the Company competes against larger, well-capitalized national providers. Competitors may reduce pricing, create new bundled offerings, or develop new technologies, products or services that they can offer in expanded geographic regions. Our competitors are expected to continuously upgrade their service quality and offerings. If the Company cannot continue to offer reliable, competitively priced, value-added services, or if the Company does not keep pace with technological advances and upgrades, competitive forces could adversely affect it through a loss of market share or a decrease in revenue and profit margins.

The Network segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, cable, broadband and internet service providers, other telecom companies, niche fiber companies and companies that deliver movies, television shows and other video programming over broadband Internet connections. Wireless providers, particularly those that provide unlimited wireless voice and data plans with no additional fees for long distance, offer customers a substitution for the Company's services. The Company believes wireless substitution accounts for the largest portion of its access line losses. Also, cable competitors that have existing service relationships with the Company's customers in the Network segment offer substitution services, such as VoIP and long distance voice services in the Company's operating areas. As a result of wireless substitution and increased competition, legacy voice lines decreased by 13% and 11% in Cincinnati and Hawaii, respectively, in 2022 compared to 2021.

In addition, our strategic products, particularly our fiber-based products, face competition from a number of different sources including cable operators, other telecom companies, niche fiber companies, and companies that deliver movies, television shows and other video programming over broadband Internet connections. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content. Furthermore, due to consumer electronics innovations, consumers are able to watch such Internet-delivered content on television sets and mobile devices. Increased customer migration to these non-traditional entertainment products could result in increased churn and decreased penetration in our Consumer/SMB Fiber products. If the Company is unable to effectively implement strategies to attract and retain video and high-speed internet subscribers, retain access lines and long distance subscribers, or replace such customers with other sources of revenue, the Company's Network segment will be adversely affected.

The IT Services and Hardware segment competes against numerous other information technology consulting, web-hosting, and computer system integration companies, many of which are large in scope and well-financed. Other competitors may consolidate with larger companies or acquire software application vendors or technology providers, which may provide competitive advantages. The Company believes that many of the participants in this market must grow rapidly and achieve significant scale to compete effectively. This consolidation could affect prices and other competitive factors in ways that could impede our ability to compete successfully in the market. The competitive forces described above could adversely affect the Company's IT Services and Hardware segment and have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

The Company may be unable to grow its revenues and cash flows despite the initiatives it has implemented.

We must produce adequate revenues and cash flows that, when combined with cash on hand and funds available under our revolving credit facilities, will be sufficient to service our debt, fund our capital expenditures, and fund our pension and other employee benefit obligations. We have identified some potential areas of opportunity and implemented several growth initiatives. We cannot be assured that these opportunities will be successful or that these initiatives will improve our financial position or our results of operations. The outbreak of COVID-19 has, and may continue to, negatively impact these opportunities and require us to incur additional related costs such as overtime wages for employees that are working additional hours to offset employees that are following quarantine protocol for field technicians and customer facing employees.

If the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings.

The Company has a substantial amount of goodwill, intangible assets and long-lived assets on its balance sheet. The Company reviews goodwill, indefinite-lived intangible assets and long-lived assets for impairment annually or whenever events or circumstances indicate impairment may have occurred. The impairment evaluation requires significant judgment and estimates by management, and unfavorable changes in these assumptions or other factors could result in future impairment charges and have a significant adverse impact on the Company's reported earnings. Such factors include operating performance of the business, the execution of the Company's network build plan, growth of consumer and business activations, higher than anticipated churn, changes in customer behavior post-pandemic, ability of the infrastructure practice to obtain product on a timely basis, changes in discount rates, or other key business initiatives. Additionally, the value of comparable companies may also impact the fair value of our reporting units, which could result in a write-down of goodwill and reduction to net income.

For further information on Cincinnati Bell's evaluation of impairment for goodwill, indefinite-lived intangible assets and long-lived assets, see "Critical Accounting Policies and Estimates" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Failure to anticipate the need to introduce new products and services or to compete with new technologies may compromise the Company's success in our industries.

The Company's success depends, in part, on being able to anticipate the needs of current and future business, carrier and consumer customers. The Company seeks to meet these needs through new product introductions, service quality and technological improvements. New products and services are important to the Company's success because our industry is technologically driven, such that new technologies can offer alternatives to the Company's existing services. If our new products and services fail to gain acceptance in the marketplace, or if costs associated with the implementation and introduction of these new products and services materially increase, it could have a material adverse effect on the Company's revenue, results of operations, financial condition and cash flows.

The Company's access lines, which generate a significant portion of its cash flows and profits, are decreasing in number. If the Company continues to experience access line losses similar to the past several years, its revenues, earnings and cash flows from operations may be adversely impacted.

The Company generates a substantial portion of its revenues by delivering voice and data services over access lines. The Company's local telecommunications subsidiaries have experienced substantial access line losses over the past several years due to a number of factors, including wireless and broadband substitution and increased competition. The Company expects access line losses to continue into the foreseeable future. Failure to retain access lines without replacing such losses with an alternative source of revenue would adversely impact the Company's revenues, earnings and cash flow from operations.

The Company has provided alternative sources of revenue by way of its strategic products; however, these products may generate lower profit margins than its traditional services. In addition, as a larger portion of our customer base has already migrated to these new product offerings, a decreased growth rate of strategic products can be expected. Moreover, we cannot provide assurance that the revenues generated from our new offerings will mitigate revenue losses from the reduced sales of our legacy products or that our new strategic offerings will be as successful as anticipated.

Negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content resulting in increased costs.

We must negotiate with the content owners of the programming that we carry. These content owners are the exclusive provider of the channels they offer. If we are unable to reach a mutually-agreed upon contract with a content owner, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in our loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one, and carry and pay for content with which customers do not associate much value, in order to have access to other content with which customers do associate value. Some of our competitors have materially larger scale than we do and may, as a result, be better positioned than we are in such negotiations. As a result of these factors, the expense of content may continue to increase and have a material adverse impact on the Company's results of operations and cash flows.

Maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's market share and ability to generate revenue.

Over the past several years, the Company has improved its wireline network through increased capital expenditures for fiber optic cable in areas of its operating network. The Company intends to continue its capital expenditures for fiber optic cable.

In order to provide appropriate levels of service to the Company's customers, the network infrastructure must be protected against damage from human error, natural disasters, unexpected equipment failure, power loss or telecommunications failures, terrorism, sabotage or other intentional acts of vandalism. The Company's networks may not address all of the problems that may be encountered in the event of a disaster or other unanticipated problems, which may result in disruption of service to customers.

The Company may also incur significant additional capital expenditures as a result of unanticipated developments, regulatory changes and other events that impact the business.

The Company's failure to meet performance standards under its agreements could result in customers terminating their relationships with the Company or customers being entitled to receive financial compensation, leading to reduced revenues and/or increased costs.

The Company's agreements with its customers contain various requirements regarding performance and levels of service. If the Company fails to provide the levels of service or performance required by its agreements, customers may be able to receive financial compensation or may be able to terminate their relationship with the Company. In order to provide these levels of service, the Company is required to protect against human error, natural disasters, equipment failure, power failure, sabotage and vandalism, and have disaster recovery plans available in the event of disruption of service. The failure to address these or other events may result in a disruption of service. In addition, any inability to meet service level commitments or other performance standards could reduce the confidence of customers. Decreased customer confidence could impair the Company's ability to attract and retain customers, which could adversely affect the Company's ability to generate revenues and operating results.

The Company generates a substantial portion of revenue by serving a limited geographic area.

The Company generates a substantial portion of revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in any of these limited operating territories would have a disproportionate effect on the Company's business, financial condition, results of operations and cash flows compared to similar companies of a national scope and similar companies operating in different geographic areas. Furthermore, because of Hawaii's geographic isolation, the successful operation and growth of the business in Hawaii is dependent on favorable economic and regulatory conditions in the state.

The customer base for telecommunications services in Hawaii is small and geographically concentrated. The population of Hawaii is approximately 1.4 million, approximately 70% of whom live on the island of Oahu. Any adverse economic conditions affecting Oahu, or Hawaii generally, could materially impair our ability to operate our business. Labor shortages or increased labor costs in Hawaii could also have an adverse effect on our business. In addition, we may be subject to increased costs for goods and services that we are unable to control or defray as a result of operating in this limited territory. Increased expenses including, but not limited to, energy and health care have adversely impacted operations due to rising costs and could continue to have an adverse effect on our business and results of operations if these costs continue to rise.

One large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows.

As of December 31, 2022 and 2021, Verizon Communications Inc. ("Verizon") comprised 21% and 26% of consolidated accounts receivable, respectively. As a result of these concentrations, the Company's results of operations and financial condition could be materially affected if the Company lost this customer or if products and services purchased were significantly reduced. In addition, if Verizon were to default on its accounts receivable obligations, the Company would be exposed to potentially significant losses in excess of the provisions established. This would also negatively impact the available borrowing capacity under the Company's accounts receivable securitization facility ("Receivables Facility").

Increases in broadband usage may cause network capacity limitations resulting in service disruptions or reduced capacity for customers.

Video streaming services and peer-to-peer file sharing applications use significantly more bandwidth than traditional internet activity, such as web browsing and email. As utilization rates and availability of these services continue to grow, our high-speed internet customers may use much more bandwidth than in the past. If this continues to occur and our existing network capacity becomes unable to handle the increased demand, we could be required to make significant capital expenditures to increase network capacity in order to avoid service disruptions or reduced capacity for customers. We may not be able to recover the costs of the necessary network investments. This could result in an adverse impact to our results of operations and financial condition.

An IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business.

Cyber-attacks and other breaches of network or information technology security could have an adverse effect on our business. Our business relies on the integrity and availability of our technology infrastructure and systems and the processes that deliver services to our customers and business partners. The security of data we create or collect is also important to our customers, business partners and stakeholders.

We have a comprehensive security program in place designed to mitigate risks to our business from:

- Physical and personnel security threats;
- Data breaches involving customer, employee and other confidential data;
- Malware, including ransomware;
- Denial of service threats;
- Unauthorized changes to technology systems and data;
- Fraud;
- Hacking, including nation-state sponsored attacks on critical infrastructure;
- Unauthorized or unintentional actions by third parties;
- Compliance failures;
- Disasters and business continuity events; and
- Misuse of our systems, products and services.

Although we take proactive and reasonable steps to address these risks, including the use of insurance, we understand that physical and cyber security incidents are possible and could have a material effect to our businesses. Costs associated with a major security incident could include material retention incentives offered to existing customers or business partners, lost revenues from business interruption, litigation and damage to our reputation, fines from regulatory authorities, and increased expenditures for technology, security measures, and incident response. These costs or any prolonged disruption to our business operations could result in a material adverse effect on our results and financial condition. To date, we have not experienced any material security incident and continue to evaluate security risks to our businesses. We proactively review our security posture and adopt new control measures that address current and future physical and cyber security threats.

Cyber-attacks or security breaches at third parties providing critical services or with access to or possession of sensitive data could also adversely impact business operations or result in regulatory actions, loss of customers, legal fees or increased costs, associated with incident response beyond current insurance limits. Cyber-attacks of technology that is used in the organization's supply-chain to provide network and IT services or that are resold to customers could also have the same adverse impacts.

Weather conditions, natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations.

Our business operations are subject to interruption by natural disasters, power outages, terrorist attacks, and other political instability, such as the current conflict between Russia and Ukraine and events beyond our control. Such events could cause significant damage to our infrastructure resulting in degradation or disruption of service to our customers. The potential liabilities associated with these events could exceed the insurance coverage we maintain. Our system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. These events could also damage the infrastructure of suppliers that provide us with the equipment and services we need to operate our business and provide products to our customers. A natural disaster or other event causing significant physical damage could cause us to experience substantial losses resulting in significant recovery time and expenditures to resume operations as well as lost revenues from business interruption as well as damage to our reputation.

In particular, from time to time, the islands of Hawaii experience severe weather conditions such as high winds and heavy rainfall and natural disasters such as earthquakes, volcanic eruptions and tsunamis, which can overwhelm our employees, disrupt our services and severely damage our property. Such disruptions in service and damage to property could materially harm our business, financial condition, results of operations or liquidity. Moreover, it is impossible to predict the extent to which climate change could cause extreme weather conditions to become more frequent or more extreme.

The Company depends on a number of third-party providers and the loss of or problems with one or more of these providers may impede the Company's growth, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations.

The Company depends on third-party providers to supply products and services. For example, many of the Company's information technology, call center functions and certain accounting functions are performed by third-party providers, and network equipment is purchased from and maintained by vendors, some of which providers and vendors are located outside of the United States. Additionally, certain installation services sold by our IT Services and Hardware segment are performed by third-party providers.

Events that adversely impact our third-party providers could impair our ability to obtain adequate and timely services or supplies. Such events include, among others, difficulties or problems associated with our third party providers' business, the financial instability and labor problems of third party providers, natural or man-made disasters, inclement weather conditions, war, acts of terrorism and other political instability, such as the current conflict between Russia and Ukraine, economic conditions, shipment issues, and increased production costs. Our third-party providers may be forced to reduce their production, shut down their operations or file for bankruptcy. The occurrence of one or more of these events could impact our ability to get necessary inventory to build the fiber network, result in disruptions to our operations, increase our costs and decrease our profitability.

As a result of the COVID-19 pandemic and its effects on our suppliers around the world, we have experienced shortages of certain inventory and capital assets, price increases and delays to the delivery of materials that have adversely impacted the Company's financial condition and operations. The ultimate impact of these adverse events is unknown as of the date of this filing and will be determined based on the duration of these shortages of certain inventory items and the ability of third parties to meet the demand. Additionally, we could be materially adversely impacted, including from any disruption to critical vendor services or losses of business, if any of our suppliers face significant business disruptions as a result of COVID-19 and its variants, or any similar outbreak.

A failure of back-office information technology systems could adversely affect the Company's results of operations and financial condition.

The efficient operation of the Company's business depends on back-office information technology systems. The Company relies on back-office information technology systems to effectively manage customer billing, business data, communications, supply chain, order entry and fulfillment and other business processes. A failure of the Company's information technology systems to perform as anticipated could disrupt the Company's business and result in a failure to collect accounts receivable, transaction errors, processing inefficiencies, and the loss of sales and customers, causing the Company's reputation and results of operations to suffer. In addition, information technology systems may be vulnerable to damage or interruption from circumstances beyond the Company's control, including fire, natural disasters, systems failures, security breaches and viruses. Any such damage or interruption could have a material adverse effect on the Company's business.

We may be liable for the material that content providers distribute over our networks.

The law relating to the liability of private network operators for information carried on, stored or disseminated through their networks is still unsettled. As such, we could be exposed to legal claims relating to content disseminated on our networks. Claims could challenge the accuracy of materials on our network or could involve matters such as defamation, invasion of privacy or copyright infringement. If we need to take costly measures to reduce our exposure to these risks or are required to defend ourselves against such claims, our financial results would be negatively affected.

Our ability to attract and retain qualified personnel could disrupt our business and affect the Company's ability to meet key financial and business objects.

Our future success depends partly on the continued service of the Company's key engineering, sales, marketing, IT, executive and administrative personnel. We believe our pay levels are competitive within the regions in which we operate. However, labor shortages, inflationary pressure on wages, and increased attrition have intensified competition for talent in most fields across the geographic areas in which we operate, and it may become more difficult to retain key employees. If we fail to retain key personnel and are unable to hire highly qualified replacements, we may not be able to meet key objectives, such as meeting financial goals and maintaining or expanding the business.

If the Company fails to extend or renegotiate its collective bargaining agreements with its labor unions when they expire, or if the Company's unionized employees were to engage in a strike or other work stoppage, the Company's business and operating results could be materially harmed.

The Company is a party to collective bargaining agreements with its labor unions in both the Cincinnati and Hawaii operating territories, which represent approximately 22% of the Company's employees. No assurance can be given that the Company will be able to successfully extend or renegotiate its collective bargaining agreements in the future. If the Company fails to extend or renegotiate its collective bargaining agreements, if disputes with its union arise, or if its unionized workers engage in a strike or a work stoppage, the Company could experience a significant disruption of operations or incur higher ongoing labor costs, either of which could have a material adverse effect on the Company's business. The collective bargaining agreements with the Communications Workers of America and the International Brotherhood of Electrical Workers Local 1357 are effective until the second quarter of 2026 and third quarter of 2028, respectively.

Risks Related to Our Indebtedness

The Company's debt could limit its ability to fund operations, raise additional capital, and fulfill its obligations, which, in turn, would have a material adverse effect on the Company's businesses and prospects generally.

In connection with the Merger, in September 2021, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the Company's existing corporate credit agreement. The Credit Agreement was subsequently amended in November 2021 and provides for (i) a five-year \$400 million senior secured revolving credit facility including both a letter of credit subfacility of up to \$40 million and a swingline loan subfacility of up to \$10 million (the "Revolving Credit Facility"), (ii) a seven-year \$500 million senior secured term loan facility (the "Term B-1 Loans"), and (iii) a seven-year \$650 million senior secured term loan facility (the "Term B-2 Loans" and together with the Term B-1 Loans, the "Term Loans"). The Revolving Credit Facility matures in September 2026, and the Term Loans mature in November 2028. Borrowings under the Term Loans were used in part to refinance existing Company indebtedness and for working capital and general corporate purposes. At December 31, 2022, there were \$223.0 million outstanding borrowings under the Revolving Credit Facility, leaving \$177.0 million available.

The Company's debt has important consequences, including the following:

- the Company is required to use a substantial portion of its cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of cash flow to fund working capital, capital expenditures, strategic acquisitions, investments and alliances, and other general corporate requirements;
- there is a variable interest rate on a portion of its debt which will increase if the market interest rates increase;
- the Company's debt increases its vulnerability to adverse changes in the credit markets, which adverse changes could increase the Company's borrowing costs and limit the availability of financing;
- the Company's debt service obligations limit its flexibility to plan for or react to changes in its business and the industries in which it operates;
- the Company's level of debt and shareowners' deficit may restrict it from raising additional financing on satisfactory terms to fund working capital, capital expenditures, strategic acquisitions, investments and alliances, and other general corporate requirements; and
- the Company's debt instruments contain limitations on the Company and require the Company to comply with specified financial ratios and other restrictive covenants. Failure to comply with these covenants, if not cured or waived, could limit availability to the cash required to fund the Company's operations and general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company's Credit Agreement and other indebtedness impose significant restrictions on the Company.

The Company's debt instruments impose, and the terms of any future debt may impose, operating and other restrictions on the Company. These restrictions affect, and in many respects limit or prohibit, among other things, the Company's ability to:

- incur additional indebtedness;
- create liens;
- make investments;
- enter into transactions with affiliates;
- sell assets;
- guarantee indebtedness;
- declare or pay dividends or make other distributions to shareholders;
- repurchase equity interests;
- enter into agreements that restrict dividends or other payments from subsidiaries;
- issue or sell capital stock of certain of our subsidiaries;
- consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- change our fiscal year.

The Credit Agreement also requires the Company to achieve and maintain compliance with specified financial ratios.

The restrictions contained in the terms of the Credit Agreement and our other debt instruments could:

- limit the Company's ability to plan for or react to market conditions or meet capital needs or otherwise restrict the Company's activities or business plans; and
- adversely affect the Company's ability to finance our operations, strategic acquisitions, investments or alliances, other capital needs, or to engage in other business activities that would be in our interest.

A breach of any of the debt's restrictive covenants or the Company's inability to comply with the required financial ratios would result in a default under some or all of the debt agreements. During the occurrence and continuance of a default, the lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. Additionally, under the Credit Agreement, the lenders may elect not to provide loans under the Revolving Credit Facility until such default is cured or waived. The Company's debt instruments also contain cross-acceleration provisions, which generally cause each instrument to be subject to early repayment of outstanding principal and related interest upon a qualifying acceleration of any other debt instrument, subject to certain materiality thresholds. Failure to comply with these covenants, if not cured or waived, would limit the cash available to the Company required to fund operations and our general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company depends on its revolving credit facility and receivables facility to provide for its short-term financing requirements in excess of amounts generated by operations, and the availability of those funds may be reduced or limited.

The Company depends on the Revolving Credit Facility and its Receivables Facility to provide for short-term financing requirements in excess of amounts generated by operations. The Revolving Credit Facility has a maturity date of September 2026. At December 31, 2022, the Receivables Facility had a termination date of June 2024 and was subject to renewal every 364 days, with the next renewal occurring in June 2023. On January 31, 2023, the Company executed amendments to the Receivables Facility which, among other things, extended the renewal date to January 2025 and the termination date to January 2026. See Note 7 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data" for further details regarding amendments to the Receivables Facility.

The Company's ability to borrow under its Revolving Credit Facility is subject to the Company's compliance with covenants, including covenants requiring compliance with specified financial ratios. Failure to satisfy these covenants would constrain or prohibit our ability to borrow under these facilities.

As of December 31, 2022, the Company had \$223.0 million outstanding borrowings under the Revolving Credit Facility, leaving \$177.0 million in additional borrowing availability under this facility. The \$177.0 million available under the Revolving Credit Facility is funded by various financial institutions. If one or more of these banks is not able to fulfill its funding obligations, the Company's financial condition could be adversely affected.

As of December 31, 2022, the Company had a total borrowing capacity of \$215.0 million on a maximum borrowing capacity of \$215.0 million on our Receivables Facility. At that date, there were \$186.9 million of outstanding borrowings and \$19.3 million of outstanding letters of credit. The available borrowing capacity is calculated monthly based on the amount and quality of outstanding accounts receivable and thus may be lower than the maximum borrowing limit. If the quality of the Company's accounts receivables deteriorates, this will negatively impact the available capacity under this facility. As of December 31, 2022, the Company had \$8.8 million of borrowing capacity remaining under its Receivables Facility.

The servicing of the Company's indebtedness is dependent on its ability to generate cash, which could be impacted by many factors beyond the Company's control.

The Company's ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory, and other factors, many of which are beyond its control. The Company cannot provide assurance that its business will generate sufficient cash flow from operations, that additional sources of debt financing will be available or that future borrowings will be available under its Revolving Credit Facility or Receivables Facility, in each case, in amounts sufficient to enable the Company to service its indebtedness or to fund other liquidity needs. If the Company cannot service its indebtedness, the Company will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, selling assets, restructuring or refinancing indebtedness or seeking additional equity capital, which may adversely affect its shareholders, debt holders and customers. The Company may not be able to negotiate remedies on commercially reasonable terms or at all. In addition, the terms of existing or future debt instruments may restrict the Company from adopting any of these alternatives. The Company's inability to generate the necessary cash flows could result in its dissolution, bankruptcy, liquidation or reorganization.

Risks Related to Our Financial Condition

The Company may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on terms favorable to the Company, if at all.

The Company may need to seek additional financing to support the build out of the Company's fiber network in out of territory markets. For example, the Company may need to increase its capital spend or need funds to make acquisitions. The Company may be unable to obtain any desired additional financing on favorable terms, if at all. If adequate funds are not available on acceptable terms, the Company may be unable to fund fiber expansion in out of territory markets. If we raise additional funds by issuing debt, we may be subject to further limitations on our operations in addition to increased interest payments that could negatively impact our cash flow.

Growing inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations.

Global demand inflation, supply chain disruptions, interest rate increases, civil unrest, tariffs and government regulations, which are beyond our control, could adversely affect operating costs and administrative expenses such as wages, benefits, supplies and inventory costs, insurance costs and costs of borrowing. Any such increase could impact results of operations and cash flows if we do not choose, or are unable, to pass the increased costs to our customers.

We rely on a limited number of suppliers for capital purchases needed to construct the fiber network, the hardware resale business and certain other supplies we use in our operations. Our ability to secure such equipment and supplies from alternative sources as needed may be time-consuming or expensive or may cause a temporary disruption in our supply chain. In 2021, we anticipated intermittent shortages of certain supplies from our standard vendors and, accordingly, we enhanced our sourcing procedures to identify alternative suppliers and bought in excess in order to avoid any actual shortages, albeit sometimes at additional cost. Increasingly during 2021, the delivery times were extended on certain inventory items utilized by the Network business and the hardware resale business but, through alternative sourcing, we avoided any significant disruptions. Disruptions were not incurred in 2022 as delivery times and sourcing issues started to normalize. Shortages or interruptions in the supply chain could continue to occur for reasons within or beyond the control of us and the supplier. Decreased fuel supplies resulted in significant increases to fuel prices, most notably in Hawaii, which adversely impacted our transportation costs for the field technicians and third parties who are assisting us with the network build in addition to the utilities spend in Hawaii where oil is relied on to produce electricity for the state. Increased fuel costs have adversely affected the profit margins in 2022 and are expected to continue to adversely affect our business and results of operations.

The uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition.

The uncertain economic environment could have an adverse effect on the Company's business and financial liquidity. The COVID-19 pandemic has resulted in an economic downturn, including difficulty to hire and retain staff and a decrease in consumer and commercial activity that may continue for an extended period of time. The current conflict between Russia and Ukraine has created additional uncertainty in the economic environment and world securities markets. The Company's primary source of cash is customer collections. As a result of current adverse economic conditions, some customers have cancelled or requested discounts on future contracted services or have had difficulty paying their accounts receivable. Additional customers may cancel or request discounts on future contracted services or have difficulty paying their accounts receivable, especially if economic conditions worsen. Some competitors have lowered prices or offered promotions as a result of economic conditions, and others may do so as well, which has exerted, and could further exert, pricing pressure on the Company. If the economies of the U.S. and the world continue to deteriorate, this could have an adverse effect on the Company's business, financial condition, results of operations and cash flows.

Adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' equity and liquidity.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees and certain former executives. The Company also provides healthcare and group life insurance benefits for eligible retirees. The Company's Consolidated Balance Sheets indirectly reflect the value of all plan assets and benefit obligations under these plans. The accounting for employee benefit plans is complex as is the process of calculating the benefit obligations under the plans. Adverse changes in interest rates or market conditions, among other assumptions and factors, could cause a significant increase in the Company's benefit obligations or a significant decrease of the asset values, without necessarily impacting the Company's net income. In addition, the Company's benefit obligations could increase significantly if it needs to unfavorably revise the assumptions used to calculate the obligations. These adverse changes could have a significant negative impact on the Company's shareowners' equity. Additionally, the Company's postretirement costs are adversely affected by increases in medical and prescription drug costs. Further, if there are adverse changes to plan assets or if medical and prescription drug costs increase significantly, the Company could be required to contribute additional material amounts of cash to the plans or to accelerate the timing of required payments.

Intellectual Property, Tax, Regulatory, and Litigation Risks

The Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets.

As of December 31, 2022, the Company had deferred tax assets of \$322.1 million, which are primarily composed of deferred tax assets associated with U.S. federal net operating loss carryforwards of \$203.6 million, and state and local net operating loss carryforwards of \$24.0 million. The Company has recorded a valuation allowance against deferred tax assets related to certain state and local net operating losses and other deferred tax assets due to the uncertainty of the Company's ability to utilize the assets within the statutory expiration period. The use of the Company's deferred tax assets enables it to satisfy current and significant future tax liabilities without the use of the Company's cash resources. As a result of the Merger, the Company's net operating losses face potential limitation under Internal Revenue Code Section 382 and similar state provisions. If the Company is unable for any reason to generate sufficient taxable income to fully realize its deferred tax assets, including its net operating losses, the Company's net income, equity and future cash flows would be adversely affected.

Changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows.

The Company calculates, collects and remits various federal, state, and local taxes, surcharges, and regulatory fees to numerous federal, state and local governmental authorities, including but not limited to federal Universal Service Fund contributions, sales tax, regulatory fees and use tax on purchases of goods and services used in our business. Tax laws are subject to change, and new interpretations of how various statutes and regulations should be adhered to are frequently issued. In many cases, the application of tax laws are uncertain and subject to differing interpretations, especially when evaluated against the Company's new and evolving technologies and services. In the event that we have incorrectly calculated, assessed, or remitted amounts due to governmental authorities, or if revenue and taxing authorities disagree with positions we have taken, we could be subject to additional taxes, fines, penalties, or other adverse actions. In the event that federal, state, or local municipalities were to significantly increase taxes on goods and services used to construct and maintain our network, operations, or provision of services, or seek to impose new taxes, there could be a material adverse impact on financial results.

The regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, participate in new regulatory programs and threaten our operating licenses.

Several of the Company's subsidiaries are subject to regulatory oversight of varying degrees at both the state and federal levels, which may differ from the regulatory scrutiny faced by the Company's competitors. A significant portion of the Company's revenue is derived from pricing plans that are subject to regulatory review and approval. These regulated pricing plans limit the rates the Company can charge for some services while the competition has typically been able to set rates for services with limited or no restriction. In the future, regulatory initiatives that would put the Company at a competitive disadvantage or mandate lower rates for our services would result in lower profitability and cash flows for the Company. In addition, different regulatory interpretations of existing regulations or guidelines may affect the Company's revenues and expenses in future periods.

At the federal level, the Company's telecommunications services are subject to the Communications Act of 1934 as amended by the Telecommunications Act of 1996, including rules adopted by the Federal Communications Commission ("FCC"). In addition, certain aspects of the Company's communications facilities and operations are subject to oversight by the Department of Justice and the Department of Defense relative to assessing and mitigating national security risks. Violations of the terms of the agreements with these agencies could result in the revocation of the Company's FCC licenses which would affect its business operations in the future. The Company's submarine cable facilities and operations are also subject to requirements imposed by the national security and law enforcement agencies (e.g., the Departments of Justice, Defense and Homeland Security). At the state level, Cincinnati Bell Telephone Company LLC ("CBT") operates as the incumbent local exchange carrier ("ILEC") and carrier of last resort in portions of Ohio, Kentucky, and Indiana, while Hawaiian Telcom, Inc. ("HTI") serves as the ILEC and carrier of last resort in Hawaii. As the ILEC in those states, these entities are subject to regulation by the Public Utilities Commissions in those states. Various regulatory decisions or initiatives at the federal or state level may from time to time have a negative impact on CBT's and HTI's ability to compete in their respective markets. In addition, although less heavily regulated than the Company's ILEC operations, other subsidiaries are authorized to provide competitive local exchange service, long distance, and cable television service in various states, and consequently are also subject to various state and federal telecommunications and cable regulations that could adversely impact their operations.

There are currently many regulatory actions under way and being contemplated by federal and state authorities regarding issues, including national security and law enforcement matters, that could result in significant changes to the business conditions in the telecommunications industry. On April 4, 2020, President Trump issued Executive Order No. 13913 Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (the “Committee”), which formalized the ad-hoc foreign investment review process (formerly referred to as “Team Telecom”) applicable to FCC licenses and transactions. The Executive Order empowers the Committee to review FCC license and transfer applications involving foreign participation to determine whether grant of the requested license or transfer approval may pose a risk to the national security or law enforcement interests of the United States, and to review existing licenses to identify any additional or new risks to national security or law enforcement interests that did not exist when a license was first granted. Following an investigation, the Committee may recommend that the FCC revoke or modify existing licenses or deny or condition approval of new licenses and license transfers. It is not possible for the Company to determine whether it may be subject to a proceeding to revoke or modify our existing licenses or predict the outcome of a review of new license or transfer applications by the Committee in the future. A review of existing licenses and/or a review of new licenses and transfers by the Committee may result in additional compliance obligations that may affect the Company’s expenses and business operations in the future.

In addition, in connection with our internet access offerings, we could become subject to laws and regulations as they are adopted or applied to the internet. There is currently only limited regulation applicable to these services although court decisions, legislative action and/or changes in regulatory policy could lead to greater regulation of the internet (including internet access services). The Company cannot provide any assurances that changes in current or future regulations adopted by the FCC or state regulators, or other legislative, administrative, or judicial initiatives relating to the telecommunications industry, will not have an adverse effect on the Company’s business, financial condition, results of operations and cash flows.

From time to time, different regulatory agencies conduct audits to ensure that the Company is in compliance with the respective regulations. The Company could be subject to fines and penalties if found to be out of compliance with these regulations, and these fines and penalties could be material to the Company’s financial condition.

As a winning bidder in the FCC’s Connect America Fund II (“CAF II”) and Rural Digital Opportunity Fund (“RDOF”) auction, the Company must comply with numerous FCC and state requirements prior to and after receiving such funding. If the Company fails to comply with those requirements, the FCC could consider us in default of the CAF II and RDOF program rules, and it could incur substantial penalties or forfeitures of future revenues, most significantly in Hawaii. For example, if the Company fails to attain certain specific buildout milestones and performance requirements under the CAF II and RDOF programs, the FCC could withhold future support payments until those shortcomings are corrected. Failure to comply with the rules and requirements for the CAF II and RDOF program could result in the Company being suspended or disbarred from future governmental programs or contracts for a significant period of time, which could adversely affect the Company’s results of operations and financial condition.

Third parties may claim that the Company is infringing upon their intellectual property, and the Company could suffer significant litigation or licensing expenses or be prevented from selling products.

The Company may be unaware of intellectual property rights of others that may cover some of our technology, products or services. Any litigation growing out of third-party patents or other intellectual property claims could be costly and time-consuming and would divert the Company’s management and key personnel from our business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increases these risks. Resolution of claims of intellectual property infringement might also require the Company to enter into costly license agreements. Likewise, the Company may not be able to obtain license agreements on acceptable terms. The Company also may be subject to significant damages or injunctions against the development and sale of certain of our products or services. Further, the Company often relies on licenses of third-party intellectual property for its businesses. The Company cannot ensure these licenses will be available in the future on favorable terms or at all.

Third parties may infringe upon the Company’s intellectual property, and the Company may expend significant resources enforcing its rights or suffer competitive injury.

The Company’s success significantly depends on the competitive advantage it gains from our proprietary technology and other valuable intellectual property assets. The Company relies on a combination of patents, copyrights, trademarks and trade secrets protections, confidentiality provisions and licensing arrangements to establish and protect its intellectual property rights. If the Company fails to successfully enforce its intellectual property rights, its competitive position could suffer, which could harm its operating results.

The Company may also be required to spend significant resources to monitor and police its intellectual property rights. The Company may not be able to detect third-party infringements and its competitive position may be harmed before the Company does so. In addition, competitors may design around the Company's technology or develop competing technologies. Furthermore, some intellectual property rights are licensed to other companies, allowing them to compete with the Company using that intellectual property.

The Company could be subject to a significant amount of litigation, which could require the Company to pay significant damages or settlements.

The industry that the Company operates in faces a substantial risk of litigation, including, from time to time, patent infringement lawsuits, antitrust class actions, securities class actions, wage and hour class actions, personal injury claims and lawsuits relating to our advertising, sales, billing and collection processes. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards and settlements.

The Company could incur significant costs resulting from complying with, or potential violations of, environmental, health and human safety laws.

The Company's operations are subject to laws and regulations relating to the protection of the environment, health, and human safety, including those governing the management and disposal of, and exposure to, hazardous materials and the clean-up of contamination, and the emission of radio frequencies. While the Company believes its operations are in substantial compliance with environmental, health, and human safety laws and regulations, as an owner or operator of property and in connection with the current and historical use of hazardous materials and other operations at its sites, the Company could incur significant costs resulting from complying with or violations of such laws, the imposition of clean-up obligations and third-party suits. For instance, a number of the Company's sites formerly contained underground storage tanks for the storage of used oil and fuel for back-up generators and vehicles.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2022, the Company owned or maintained properties throughout the U.S., Canada and India. Our headquarters is located in Cincinnati, Ohio where we lease approximately 200,000 square feet for executive, administrative and business offices for the Company. In addition to the space in Cincinnati, we own a building with approximately 465,000 square feet of office space in Honolulu, Hawaii for the Hawaiian Telecom operations. We lease office space in multiple locations in the U.S., Canada and India for operations to support our IT Services and Hardware segment.

Our properties include copper and fiber warehouses and associated equipment in each of our local operating markets. Each of the Company's subsidiaries maintains some investment in furniture and office equipment, computer equipment and associated operating system software, application system software, leasehold improvements and other assets.

With regard to its Cincinnati Network operations, the Company owns substantially all of the central office switching stations and the land upon which they are situated. Some business and administrative offices are located in leased facilities, which are recorded as operating leases. The Company's network assets include a fiber network warehouse, internet protocol and circuit switches and integrated access terminal equipment. In addition, as of year-end, we lease eight Company-run retail locations.

With regard to its Hawaii Network operations, the Company has properties consisting of both owned and leased properties, including our administrative facilities and facilities for call centers, customer service sites for the television business, switching equipment, fiber optic networks, cable head-end equipment, coaxial distribution networks, routers and servers used in our telecommunications business. Leased properties are recorded as operating leases.

With regard to the IT Services and Hardware operations, the majority of business and administrative offices are located in leased facilities, which are recorded as operating leases.

For additional information about the Company's properties, see Note 5 to the consolidated financial statements.

Item 3. Legal Proceedings

The Company is subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations in the normal course of business. We believe that the liabilities accrued for legal contingencies in our consolidated financial statements, as prescribed by generally accepted accounting principles ("GAAP"), are adequate in light of those contingencies that are probable and able to be estimated. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations, and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2022, cannot be reasonably determined.

Based on information currently available, consultation with counsel, available insurance coverage and established reserves, management believes the eventual outcome of all outstanding claims will not, individually or in the aggregate, have a material effect on the Company's financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Prior to the Merger, shares of Cincinnati Bell Common Stock and Preferred Stock were registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended and listed on the New York Stock Exchange (the “NYSE”) under the ticker symbol CBB. As a result of the Merger, effective on September 7, 2021, the Company requested that the NYSE withdraw the shares of Cincinnati Bell Common Stock and Preferred Stock from listing on the NYSE and filed a Form 25 with the SEC to report that Cincinnati Bell Common Stock and Preferred Stock are no longer listed on the NYSE. The number of shares outstanding of Cincinnati Bell Common Stock was 50.9 million and the number of shares outstanding of Cincinnati Bell Preferred Stock was 0.2 million at September 7, 2021. Pursuant to the Merger Agreement, each of Cincinnati Bell’s issued and outstanding Common Shares was converted into the right to receive \$15.50 per share in cash, without interest. Additionally, the Company redeemed each of our issued and outstanding Depositary Shares simultaneously with the redemption of the 6 ¾% Preferred Shares at a redemption price of \$50 per Depositary Share (equivalent to \$1,000 per 6 ¾% Preferred Share). Red Fiber Parent is the sole record holder of Cincinnati Bell Common Stock. No other shares remain issued and outstanding as of December 31, 2022.

Item 6. Selected Financial Data

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K and the documents incorporated by reference herein contain forward-looking statements regarding future events and results that are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements. See "Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement" for further information on forward-looking statements.

Introduction

This Management’s Discussion and Analysis section provides an overview of Cincinnati Bell Inc.'s financial condition as of December 31, 2022 and the results of operations for the year ended December 31, 2022, the periods January 1, 2021 through September 7, 2021 (“Predecessor”) and September 8, 2021 through December 31, 2021 (“Successor”), and the year ended December 31, 2020. References in this Annual Report to “Successor” refer to the Company on or after September 8, 2021 and references to “Predecessor” refer to the results prior to September 8, 2021. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and accompanying notes.

Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although GAAP requires that we report on our results for the period from January 1, 2021 through September 7, 2021 and the period from September 8, 2021 through December 31, 2021 separately, management views the Company’s operating results for the year ended December 31, 2021 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison of our results to prior periods.

To enhance the analysis of our operating results for the periods presented, we have included a discussion of selected financial and operating data of the Predecessor and Successor on a combined basis for the year ended December 31, 2021. This presentation consists of the mathematical addition of selected financial and operating data of the Predecessor for the period from January 1, 2021 to September 7, 2021 plus the comparable financial and operating data of the Successor for the period from September 8, 2021 to December 31, 2021. There are no other adjustments made in the combined presentation. The mathematical combination of selected financial and operating data is included below under the heading "Combined Year Ended December 31, 2021" and this data is a non-GAAP presentation. Management believes that this selected financial and operating data provides investors with useful information upon which to assess our operating performance because the results of operations for a twelve-month period correspond to how we have reported our results in the past and how we will report our results in the future.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations included in this document generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this document can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2021 filed on May 19, 2022.

Acquisition by Red Fiber Parent LLC

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Red Fiber Parent LLC, a Delaware limited liability company (“Parent”), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent (“Merger Sub”). On September 7, 2021 (the “Closing Date” or “Merger Date”), upon the terms and subject to the conditions set forth in the Merger Agreement and in accordance with the applicable provisions of the Ohio General Corporation Law (the “OGCL”), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the “Merger”). At the effective time of the Merger (the “Effective Time”), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent.

Upon completion of the Merger, Parent was deemed the accounting acquirer and Cincinnati Bell Inc. the accounting acquiree. Under the acquisition method of accounting, the assets and liabilities associated with Cincinnati Bell Inc. were recorded at their fair values measured as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired was recorded as goodwill. The capital contribution as a result of the Merger included cash from Parent in the amount of \$1,716.1 million. These proceeds were used to pay on the date of the Merger (1) \$807.3 million of consideration payable to Common Shareholders, including restricted stock awards that vested upon the Closing Date to certain employees, (2) \$155.2 million of consideration payable to Preferred Shareholders, (3) \$658.2 million of existing debt and accrued interest under the Corporate Credit Agreement and (4) transaction costs of \$44.0 million primarily related to legal costs and acquisition-related advisory fees associated with the Merger. The Company also incurred note issuance costs of \$38.1 million related to the Credit Agreement entered into in connection with the Merger. The Note issuance costs were capitalized as a reduction to the outstanding debt balances or to “Other noncurrent assets” for costs associated with the Revolving Credit Facility due 2026. In addition, certain stock-based compensation awards were accelerated upon the Closing Date, which resulted in a nonrecurring expense of approximately \$9.3 million recorded to SG&A in the Predecessor period.

Prior to entering into the Merger Agreement, the Company previously entered the Brookfield Merger Agreement with affiliates of Brookfield, the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into the Merger Agreement. In connection with the termination of the Brookfield Merger Agreement, the Company paid to an affiliate of Brookfield a termination fee of \$24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in “Transaction and integration costs” on the Consolidated Statements of Operations.

altafiber Brand

In March 2022, the Company announced that we will begin doing business as “altafiber” in Ohio, Kentucky and Indiana as we continue to expand our geographic reach and invest in our fiber network that delivers broadband connectivity. The branding change will not impact our Hawaiian Telcom business or IT Services business, which is branded as CBTS in the U.S. and Europe and OnX in Canada.

Executive Summary

Segment results described in the Executive Summary are net of intercompany eliminations.

Consolidated revenue for the year ended December 31, 2022 totaled \$1,796.0 million, an increase of \$102.9 million compared to the combined Predecessor and Successor periods included within 2021 as strategic revenue growth in both segments offset declines in Legacy revenue. For 2022, Fioptics revenue increased \$54.3 million compared to the combined Predecessor and Successor periods included within the prior year as the Company continues to focus on high-speed internet activations in addition to recording revenue of \$22.9 million in 2022 associated with nonrecurring subsidized fiber build projects while Legacy revenue decreased \$43.1 million compared to the combined Predecessor and Successor periods included in 2021. IT Services and Hardware experienced revenue growth in all practices in 2022 compared to the combined Predecessor and Successor periods in 2021, with the most significant growth in the Consulting practice and Infrastructure Solutions practice in which revenue increased 13% and 20%, respectively, compared to the combined Predecessor and Successor periods included within the prior year.

Operating loss for 2022 totaled \$97.3 million compared to operating income of \$18.6 million for the combined Predecessor and Successor periods included within 2021. Revenue growth in both segments was more than offset due most significantly to higher depreciation and amortization expenses related to the increased value of property, plant and equipment and intangibles as a result of fair value adjustments recorded as of the Merger Date in addition to increases in cost of services and products and SG&A expenses to support revenue growth. These increases were partially offset by the decrease in transaction and integration costs in 2022 compared to the combined Predecessor and Successor periods included within 2021.

Interest expense decreased \$27.3 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to the extinguishment of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025 in the fourth quarter of 2021 and the extinguishment of the Tranche B Term Loan due 2024 and interest rate swaps in the Predecessor period in connection with the Merger. These decreases were partially offset by interest expense incurred in 2022 related to the Term B-1 Loans and Term B-2 loans in addition to higher interest expense on the Revolving Credit Facility due 2026 and Receivables Facility due to increases in interest rates and borrowings in 2022.

Other components of pension and postretirement benefit plans expenses decreased for 2022 compared to the combined Predecessor and Successor periods included within the prior year due to remeasuring the pension and postretirement projected benefit obligations, actuarial gains (losses) and prior service costs (benefits) as of the Merger Date as well as favorable asset returns in 2021 also favorably impacting the annual remeasurement performed in December 2021 and the Merger Date remeasurement.

Loss on extinguishment of debt recorded in the Predecessor period of 2021 is due to the termination of the Company's former Corporate Credit Agreement in connection with the Merger. Loss on extinguishment of debt recorded in the Successor period of 2021 is due to the termination of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025.

Other (income) expense, net totaled income of \$13.6 million for 2022 primarily due to recording a gain associated with the Company's interest rate swap agreements and interest rate cap agreements in 2022 of \$12.0 million. Other (income) expense, net totaled expense of \$19.4 million for the combined Predecessor and Successor periods included within 2021 due to recording a loss on termination of interest rate swaps of \$20.1 million in the Predecessor period of 2021.

Loss before income taxes totaled \$166.0 million for 2022 resulting in an increase in the loss of \$33.3 million compared to the combined Predecessor and Successor periods included within 2021. The decrease in operating income more than offset lower interest expense and pension and postretirement benefit plans expense in 2022 compared to the combined Predecessor and Successor periods included within 2021 as well as recording a gain on the Company's interest rate swap agreements and interest cap agreements in 2022 and recording loss on extinguishment of debt and loss on termination of interest rate swaps in the combined Predecessor and Successor periods included within the prior year.

The income tax provision for 2022 was a benefit of \$35.1 million which was slightly higher than the period's income at the statutory rate, due primarily to net state tax benefit. The income tax provision for the combined Predecessor and Successor periods included within 2021 was a benefit of \$24.2 million. The income tax benefit recorded in 2022 was higher than the benefit recorded in the comparable combined Predecessor and Successor periods in the prior year due to higher losses before taxes in the current period.

Impact of COVID-19 on Our Business - Update

Beginning in March 2020 and continuing through the first quarter of 2021, our business experienced the effects of the COVID-19 pandemic most significantly due to increased bad debt expense and reduced revenue in certain of our revenue streams primarily due to the Keep Americans Connected Pledge ("Pledge") for which the Company committed to waive late fees for, and not terminate service to, any of our consumer or small business customers who did not pay their bills timely due to an inability to pay caused by the COVID-19 crisis. Subsequent to the first quarter of 2021, bad debt expense has returned to pre-pandemic levels and strategic revenue trends are normalized and improving. Starting in 2021, we began to experience logistics challenges in obtaining inventory in a timely manner due to demand exceeding the supply of certain inventory products. Logistics challenges continued to impact operations in 2022. Additionally, access to skilled employees and contractors may create delays or increased costs in the planned build-out of the fiber network in both geographies.

Discussion of Operating Segment Results

The Company manages its business based upon product and service offerings. For the years ended December 31, 2022, 2021 and 2020, we operated two business segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware. Certain corporate administrative expenses have been allocated to our business segments based upon the nature of the expense and the relative size of the segment. Intercompany transactions between segments have been eliminated.

Network

The Network segment provides products and services that are categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati, Enterprise Fiber or Legacy. Cincinnati Bell Telephone Company LLC ("CBT"), a subsidiary of the Company, is the incumbent local exchange carrier ("ILEC") for a geography that covers a radius of approximately 25 miles around Cincinnati, Ohio, and includes parts of northern Kentucky and southeastern Indiana. CBT has operated in this territory for approximately 150 years. In 2022, the Company announced that we will be doing business as "altafiber" and started their network expansion outside of this territory to provide fiber services to Dayton, Ohio. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of nearly 140 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu. On May 2, 2022, the Company acquired Agile IWG Holdings, LLC ("Agile"), based in Canton, Ohio. Agile leases wireless infrastructure assets to third parties and provides connectivity through hybrid fiber wireless data networks primarily to customers in Ohio and Pennsylvania.

Fioptics products include high-speed internet access, categorized below as data, voice lines and video as well as subsidized fiber build project revenue included in Other related to extending the Company's fiber network in the Greater Cincinnati territory subsidized through our UniCity program and in Hawaii subsidized through a customer contract. The Company is able to deliver speeds up to one gigabit per second to nearly 80% of Greater Cincinnati and more than 40% of Hawaii's total addressable market.

Enterprise Fiber products include metro-ethernet, dedicated internet access, wavelength, IRU contracts, and wireless backhaul to macro-towers and small cells. Hawaiian Telcom Enterprise Fiber also includes revenue from the SEA-US cable. As enterprise customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the preferred method of transport due to its ability to support multiple applications on a single physical connection. Subsequent to the Company's acquisition of Agile in May 2022, Enterprise Fiber revenue also includes revenue from Agile.

Legacy products include traditional voice lines, consumer long distance, switched access, digital trunking, DSL, DS0, DS1, DS3 and other value-added services such as caller identification, voicemail, call waiting and call return.

	Successor Year Ended December 31, 2022	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020
(dollars in millions)					
Revenue:					
Data	\$ 523.3	\$ 156.2	\$ 334.6	\$ 490.8	\$ 479.4
Video	193.6	60.4	131.8	192.2	193.8
Voice	230.8	76.4	177.3	253.7	262.8
Other	46.6	10.8	20.5	31.3	33.6
Total Revenue	<u>994.3</u>	<u>303.8</u>	<u>664.2</u>	<u>968.0</u>	<u>969.6</u>
Operating costs and expenses:					
Cost of services and products	447.3	138.2	301.2	439.4	427.4
Selling, general and administrative	207.2	58.9	118.3	177.2	175.0
Depreciation and amortization	393.3	113.0	166.9	279.9	252.7
Loss on impairment of long-lived assets	2.7	—	—	—	—
Restructuring and severance charges	—	—	(0.5)	(0.5)	14.8
Total operating costs and expenses	<u>1,050.5</u>	<u>310.1</u>	<u>585.9</u>	<u>896.0</u>	<u>869.9</u>
Operating (loss) income	<u>\$ (56.2)</u>	<u>\$ (6.3)</u>	<u>\$ 78.3</u>	<u>\$ 72.0</u>	<u>\$ 99.7</u>
Operating margin	<u>(5.7)%</u>	<u>(2.1)%</u>	<u>11.8%</u>	<u>7.4%</u>	<u>10.3%</u>
Capital expenditures	\$ 452.6	\$ 113.1	\$ 149.3	\$ 262.4	\$ 200.0

Network, continued

	Successor December 31, 2022	Successor December 31, 2021	Change 2022 vs. 2021	% Change 2022 vs. 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020
<u>Metrics information (in thousands):</u>							
<i>Cincinnati</i>							
Fioptics							
<u>Data</u>							
Internet FTTP*	299.3	261.3	38.0	15%	239.9	21.4	9%
<u>Video</u>							
Fioptics Video	123.1	123.3	(0.2)	0%	128.0	(4.7)	(4)%
<u>Voice</u>							
Fioptics Voice Lines	100.7	101.2	(0.5)	0%	103.8	(2.6)	(3)%
<u>Fioptics Units Passed</u>							
Units passed FTTP*	657.2	530.8	126.4	24%	499.6	31.2	6%
Units passed FTTN*	75.8	128.3	(52.5)	(41)%	137.4	(9.1)	(7)%
Total Fioptics units passed	733.0	659.1	73.9	11%	637.0	22.1	3%
Enterprise Fiber							
<u>Data</u>							
Ethernet Bandwidth (Gb)	10,923	7,232	3,691	51%	6,566	666	10%
Legacy							
<u>Data</u>							
DSL and FTTN**	49.3	73.8	(24.5)	(33)%	88.6	(14.8)	(17)%
<u>Voice</u>							
Legacy Voice Lines	135.2	155.3	(20.1)	(13)%	175.1	(19.8)	(11)%

* Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

**Internet speeds of less than 100Mbps including Legacy DSL and FTTN previously included in Fioptics Data

Network, continued

<u>Metrics information (in thousands):</u>	<u>Successor</u> <u>December</u> <u>31, 2022</u>	<u>Successor</u> <u>December</u> <u>31, 2021</u>	<u>Change</u> <u>2022 vs.</u> <u>2021</u>	<u>% Change</u> <u>2022 vs. 2021</u>	<u>Predecessor</u> <u>December</u> <u>31, 2020</u>	<u>Change</u> <u>2021 vs.</u> <u>2020</u>	<u>% Change</u> <u>2021 vs. 2020</u>
<i>Hawaii</i>							
Fioptics							
<u>Data</u>							
Internet FTTP*	70.6	65.7	4.9	7%	59.8	5.9	10%
<u>Video</u>							
Fioptics Video	36.0	37.5	(1.5)	(4)%	40.6	(3.1)	(8)%
<u>Voice</u>							
Fioptics Voice Lines	29.2	28.0	1.2	4%	29.5	(1.5)	(5)%
<u>Fioptics Units Passed **</u>							
Units passed FTTP*	268.0	215.0	53.0	25%	184.3	30.7	17%
Units passed FTTN*	59.8	64.3	(4.5)	(7)%	70.0	(5.7)	(8)%
Total Fioptics units passed	327.8	279.3	48.5	17%	254.3	25.0	10%
Enterprise Fiber							
<u>Data</u>							
Ethernet Bandwidth (Gb)	4,885	4,407	478	11%	4,021	386	10%
Legacy							
<u>Data</u>							
DSL and FTTN***	37.3	38.7	(1.4)	(4)%	47.8	(9.1)	(19)%
<u>Voice</u>							
Legacy Voice Lines	121.5	137.2	(15.7)	(11)%	160.1	(22.9)	(14)%

* Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

** Includes units passed for both consumer and business on Oahu and neighbor islands

***Internet speeds of less than 100mbps including Legacy DSL and FTTN previously included in Fioptics Data

Network, continued

(dollars in millions)	Successor		
	Twelve Months Ended December 31, 2022		
	Cincinnati	Hawaii	Total
Revenue			
Fioptics			
Data	\$ 217.6	\$ 47.9	\$ 265.5
Video	157.8	35.8	193.6
Voice	34.3	11.3	45.6
Other	19.6	3.6	23.2
Total Fioptics	429.3	98.6	527.9
Enterprise Fiber			
Data	94.5	48.7	143.2
Legacy			
Data	72.6	42.0	114.6
Voice	90.1	95.1	185.2
Other	12.4	11.0	23.4
Total Legacy	175.1	148.1	323.2
Total Network revenue	\$ 698.9	\$ 295.4	\$ 994.3

(dollars in millions)	Successor			Predecessor			Non-GAAP Combined		
	September 8, 2021 to December 31, 2021			January 1, 2021 to September 7, 2021			Twelve Months Ended December 31, 2021		
	Cincinnati	Hawaii	Total	Cincinnati	Hawaii	Total	Cincinnati	Hawaii	Total
Revenue									
Fioptics									
Data	\$ 62.3	\$ 13.1	\$ 75.4	\$ 127.3	\$ 28.1	\$ 155.4	\$ 189.6	\$ 41.2	\$ 230.8
Video	49.3	11.1	60.4	106.9	24.9	131.8	156.2	36.0	192.2
Voice	10.7	3.5	14.2	23.7	7.9	31.6	34.4	11.4	45.8
Other	2.2	—	2.2	2.6	—	2.6	4.8	—	4.8
Total Fioptics	124.5	27.7	152.2	260.5	60.9	321.4	385.0	88.6	473.6
Enterprise Fiber									
Data	27.1	13.9	41.0	57.8	29.3	87.1	84.9	43.2	128.1
Legacy									
Data	24.9	14.9	39.8	59.1	33.0	92.1	84.0	47.9	131.9
Voice	31.0	31.2	62.2	72.9	72.8	145.7	103.9	104.0	207.9
Other	4.2	4.4	8.6	9.0	8.9	17.9	13.2	13.3	26.5
Total Legacy	60.1	50.5	110.6	141.0	114.7	255.7	201.1	165.2	366.3
Total Network revenue	\$ 211.7	\$ 92.1	\$ 303.8	\$ 459.3	\$ 204.9	\$ 664.2	\$ 671.0	\$ 297.0	\$ 968.0

(dollars in millions)	Predecessor		
	Twelve Months Ended December 31, 2020		
	Cincinnati	Hawaii	Total
Revenue			
Fioptics			
Data	\$ 169.6	\$ 36.1	\$ 205.7
Video	155.5	38.3	193.8
Voice	34.0	10.9	44.9
Other	1.3	0.7	2.0
Total Fioptics	360.4	86.0	446.4
Enterprise Fiber			
Data	86.0	41.2	127.2
Legacy			
Data	94.6	51.9	146.5

Voice	113.3	104.6	217.9
Other	15.6	16.0	31.6
Total Legacy	<u>223.5</u>	<u>172.5</u>	<u>396.0</u>
Total Network revenue	<u>\$ 669.9</u>	<u>\$ 299.7</u>	<u>\$ 969.6</u>

Network, continued**Fioptics**

Fioptics revenue increased \$54.3 million in 2022 compared to the combined Predecessor and Successor periods included within 2021 as the increase in the subscriber base for internet more than offset the decline in video subscribers. The internet subscriber base continues to increase as we focus attention on growing the internet FTTP subscriber base and accelerating the pace of our fiber build which enabled us to pass 126,400 FTTP addresses in Cincinnati and 53,000 FTTP addresses in Hawaii during 2022. The Average Revenue Per User (“ARPU”) for 2022 increased for internet in both Cincinnati and Hawaii by 7% and 11%, respectively, compared to the combined Predecessor and Successor periods included within 2021, primarily due to price increases and more customers subscribing to higher broadband tiers. Video ARPU also increased for 2022 compared to the combined Predecessor and Successor periods included within 2021 in both Cincinnati and Hawaii by 4% and 6%, respectively, which partially offset the decline in subscribers. Video ARPU increases are related to price increases as well as change in the mix of subscribers. Other revenue increased for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to recording revenue of \$22.9 million in 2022 associated with nonrecurring subsidized fiber build projects in Cincinnati and Hawaii.

Enterprise Fiber

Enterprise Fiber revenue increased by \$15.1 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to increased revenue as a result of customers migrating from legacy product offerings to higher bandwidth fiber solutions as evidenced by the 51% and 11% increases in Ethernet Bandwidth in Cincinnati and Hawaii, respectively. During 2022, significant contracts were signed with large carriers in Cincinnati and Hawaii to upgrade Ethernet Bandwidth across their networks. Increased revenue was partially offset by pricing pressures to provide higher speeds at a lower cost. In addition, Agile contributed revenue of \$8.7 million in 2022.

Legacy

Legacy revenue decreased for 2022 compared to the combined Predecessor and Successor periods included within 2021 due to the decline in voice lines and DSL subscribers. Voice lines declined 13% and 11% in Cincinnati and Hawaii, respectively, as the traditional voice lines become less relevant. DSL subscribers continue to decrease in Cincinnati and Hawaii, as subscribers demand the higher speeds that can be provided by fiber. In addition, declines in DS1, DS3 and digital trunking have contributed to the revenue decline for these products in 2022 compared to the prior year as customers migrate away from these solutions to fiber-based solutions.

Network, continued**Operating Costs and Expenses**

Cost of services and products increased \$7.9 million for 2022 compared to the combined Predecessor and Successor periods included within 2021. Operating and facilities expenses increased \$6.5 million due to increased energy costs. Operating materials increased \$4.4 million as a result of increased purchases associated with the expansion of our fiber network. Rent expense increased \$3.5 million primarily due to expense contributed by Agile in 2022. Software development costs increased \$1.9 million due to costs associated with our video product and call center. Payroll related costs increased \$1.6 million primarily due to additional headcount and overtime wages partially offset by lower healthcare costs. Video content costs also increased \$1.5 million. These increases were partially offset by lower operating taxes of \$6.3 million primarily due to lower regulatory fees. In addition, costs deferred in accordance with ASC 606 during the Predecessor period were remeasured as of the Merger Date resulting in a decrease to expense of \$3.8 million in 2022 compared to the combined Predecessor and Successor periods in 2021.

SG&A expenses increased \$30.1 million for 2022 compared to the combined Predecessor and Successor periods included within 2021. Contract services costs increased \$9.4 million primarily due to higher utilization of outside contractors on certain specialized projects, increased insurance costs and legal expense incurred associated with a legal dispute in Hawaii. Payroll related costs increased \$6.8 million due to additional headcount including headcount associated with the Company's acquisition of Agile. Advertising expenses increased \$5.4 million due to increased marketing campaigns, including rebranding the business as "altafiber," and promotional events. Software development costs increased \$2.3 million primarily due to improvements related to automating the consumer experience as well as other internal projects. Bad debt expense increased \$2.3 million due to lower expense incurred in the combined Predecessor and Successor periods included within 2021 as a result of focus on collection efforts for aged receivables of customers who did not pay their bills timely due to an inability to pay caused by the COVID-19 pandemic and favorable resolution in the first quarter of 2021 of reserved balances associated with a customer that filed for bankruptcy in a prior period. Operating materials increased \$1.6 million primarily due to purchases associated with the Company's rebranding as "altafiber" and increased fuel costs. Employee related costs increased \$1.1 million as travel and entertainment activity continued to be lower in the combined Predecessor and Successor periods included within 2021 as a result of the pandemic.

Depreciation and amortization expenses increased \$113.4 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to additional expense incurred subsequent to the Merger Date related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value.

Loss on impairment of long-lived assets recorded in 2022 is related to the impairment of leasehold improvements at the Company's headquarters.

Restructuring and severance charge reversals recorded in the Predecessor period of 2021 are due to employees that transitioned to new positions in the Company and were previously included in the VSP offered in the first quarter of 2020.

Network, continued

Capital Expenditures

(dollars in millions)	Successor		
	Twelve Months Ended December 31, 2022		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	\$ 149.5	\$ 48.8	\$ 198.3
Installation	67.9	24.1	92.0
Other	11.6	4.7	16.3
Total Fioptics	<u>229.0</u>	<u>77.6</u>	<u>306.6</u>
Enterprise Fiber	19.4	21.0	40.4
Other	43.8	61.8	105.6
Total Network capital expenditures	<u>\$ 292.2</u>	<u>\$ 160.4</u>	<u>\$ 452.6</u>

	Successor		
	September 8, 2021 to December 31, 2021		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	\$ 30.0	\$ 12.4	\$ 42.4
Installation	14.7	8.7	23.4
Other	2.9	0.6	3.5
Total Fioptics	<u>47.6</u>	<u>21.7</u>	<u>69.3</u>
Enterprise Fiber	5.8	5.3	11.1
Other	18.2	14.5	32.7
Total Network capital expenditures	<u>\$ 71.6</u>	<u>\$ 41.5</u>	<u>\$ 113.1</u>

	Predecessor		
	January 1, 2021 to September 7, 2021		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	\$ 22.3	\$ 16.7	\$ 39.0
Installation	30.6	9.5	40.1
Other	3.3	0.4	3.7
Total Fioptics	<u>56.2</u>	<u>26.6</u>	<u>82.8</u>
Enterprise Fiber	14.5	9.6	24.1
Other	19.4	23.0	42.4
Total Network capital expenditures	<u>\$ 90.1</u>	<u>\$ 59.2</u>	<u>\$ 149.3</u>

	Non-GAAP Combined		
	Twelve Months Ended December 31, 2021		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	\$ 52.3	\$ 29.1	\$ 81.4
Installation	45.3	18.2	63.5
Other	6.2	1.0	7.2
Total Fioptics	<u>103.8</u>	<u>48.3</u>	<u>152.1</u>
Enterprise Fiber	20.3	14.9	35.2
Other	37.6	37.5	75.1
Total Network capital expenditures	<u>\$ 161.7</u>	<u>\$ 100.7</u>	<u>\$ 262.4</u>

Network, continued

	Predecessor		
	Twelve Months Ended December 31, 2020		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	\$ 21.9	\$ 14.5	\$ 36.4
Installation	32.9	14.7	47.6
Other	10.7	0.9	11.6
Total Fioptics	65.5	30.1	95.6
Enterprise Fiber	14.0	11.0	25.0
Other	35.3	44.1	79.4
Total Network capital expenditures	\$ 114.8	\$ 85.2	\$ 200.0

Capital expenditures in Cincinnati are incurred to expand our Fioptics product suite, upgrade and increase capacity for our networks, and to maintain our fiber and copper networks. The Company is focused on building FTTP addresses and has accelerated the pace of our build, and during 2022, we passed 126,400 FTTP addresses in Cincinnati. As of December 31, 2022, the Company is able to deliver its Fioptics services with speeds up to one gigabit or more to 657,200 residential and commercial addresses, or nearly 80% of our operating territory in Cincinnati.

Cincinnati construction capital expenditures increased \$97.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to passing more addresses in 2022 due to the Company's accelerated build. Construction capital expenditures are also impacted by the timing of capital expenditures, which does not necessarily coincide with the timing of when addresses become available. Cincinnati installation capital expenditures increased \$22.6 million for 2022 compared to the combined Predecessor and Successor periods included within the prior year primarily due to increased activations. Cincinnati installation capital expenditures were also impacted by the timing of expenditures for customer premise equipment ("CPE") utilized for installations.

Enterprise Fiber capital expenditures in Cincinnati are related to success-based fiber builds, including associated equipment, for enterprise and carrier projects to provide ethernet services as well as network refresh projects that ensure that we continue to grow our capacity and services within the network core. Cincinnati Enterprise Fiber capital expenditures decreased \$0.9 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to expenditures incurred in 2021 associated with a scheduled network refresh project. The decrease was partially offset by expenditures contributed by Agile of \$3.8 million in 2022. Other capital expenditures are related to IT projects, cable and equipment maintenance and capacity additions, real estate upgrades and maintenance, plus other minor capital purchases.

Hawaii construction capital expenditures increased \$19.7 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 due to building out 53,000 new FTTP addresses in 2022, primarily in rural areas and on the neighbor islands. In 2022, construction costs incurred for Connect America Fund ("CAF") addresses totaled \$3.9 million compared to \$7.9 million in the combined Predecessor and Successor periods included within 2021. Beginning in 2022, the Company incurred construction costs of \$1.8 million for Rural Digital Opportunity Fund ("RDOF") addresses. Hawaii installation capital expenditures increased \$5.9 million for 2022 compared to the combined Predecessor and Successor periods included within the prior year primarily due to increased internet installations on the neighbor islands. Hawaii installation capital expenditures were also impacted by the timing of expenditures for CPE utilized for installations in 2022. Enterprise fiber capital in Hawaii is primarily driven by new ethernet customers. Hawaii capital expenditures classified as Other include IT projects, real estate projects, road jobs or plant damage projects, and network upgrades or optimization projects.

IT Services and Hardware

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded Telecom and IT hardware reported as Infrastructure Solutions. These services and products are provided through the CBTS brand in various geographic areas throughout the United States and Europe and through the OnX brand in Canada. By offering a full range of equipment and strategic services in conjunction with the Company's fiber and copper networks, the IT Services and Hardware segment provides our customers personalized solutions designed to meet their business objectives.

Cloud services include the design, implementation and on-going management of the customer's infrastructure. This includes on-premise, public cloud and private cloud solutions. The Company assists customers with the risk assessment phase through an in-depth understanding of the customer's business as well as designing and building a solution, using either the customer's existing infrastructure or new cloud-based options that transform the way the customer does business.

Communications solutions help to transform the way our customers do business by connecting employees, customers and business partners. By upgrading legacy technologies through customized build projects and reducing customer costs, the Company helps to transform the customer's business. These services include Unified Communications as a Service ("UCaaS"), Software-Defined Wide Area Network ("SD-WAN"), Network as a Service ("NaaS"), Contact Center and Collaboration.

Using our experience and expertise, Infrastructure Solutions are tailored to our customers' organizational goals. We offer a complete portfolio of services that provide customers with efficient and optimized IT solutions that are agile and responsive to their business and are integrated, simplified and manageable. Through consulting with customers, the Company will build a solution using standard manufacturer equipment to meet our customers' specific requirements.

Consulting services help customers assess their business and technology needs and provide the talent needed to ensure success. The Company is a premier provider of application services and IT staffing.

	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>	<u>Non-GAAP Combined</u>	<u>Predecessor</u>
<u>(dollars in millions)</u>	<u>Year Ended December 31, 2022</u>	<u>September 8, 2021 to December 31, 2021</u>	<u>January 1, 2021 to September 7, 2021</u>	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Revenue:					
Consulting	\$ 339.4	\$ 105.5	\$ 193.6	\$ 299.1	\$ 196.0
Cloud	101.7	31.9	66.4	98.3	86.2
Communications	222.3	68.5	149.1	217.6	215.0
Infrastructure Solutions	164.5	53.4	83.3	136.7	119.4
Total revenue	<u>827.9</u>	<u>259.3</u>	<u>492.4</u>	<u>751.7</u>	<u>616.6</u>
Operating costs and expenses:					
Cost of services and products	565.8	172.3	335.6	507.9	400.0
Selling, general and administrative	165.0	51.0	104.8	155.8	149.4
Depreciation and amortization	103.5	31.4	27.9	59.3	40.6
Restructuring and severance related charges	2.0	0.6	1.7	2.3	2.0
Gain on sale of assets, net	—	—	(2.8)	(2.8)	—
Total operating costs and expenses	<u>836.3</u>	<u>255.3</u>	<u>467.2</u>	<u>722.5</u>	<u>592.0</u>
Operating (loss) income	<u>\$ (8.4)</u>	<u>\$ 4.0</u>	<u>\$ 25.2</u>	<u>\$ 29.2</u>	<u>\$ 24.6</u>
Operating margin	(1.0)%	1.5%	5.1%	3.9%	4.0%
Capital expenditures	\$ 30.1	\$ 13.9	\$ 15.9	\$ 29.8	\$ 23.5

IT Services and Hardware, continued

Metrics information:	Successor	Successor	Change	% Change	Predecessor	Change	% Change
	December 31,	December 31,	2022 vs.	2022 vs. 2021	December 31,	2021 vs.	2021 vs. 2020
	2022	2021	2021		2020	2020	2020
Consulting							
Billable Resources	2,385	2,385	-	0 %	1,665	720	43 %
Communications							
NaaS Locations	11,803	10,640	1,163	11 %	5,691	4,949	87 %
SD - WAN Locations	8,729	7,174	1,555	22 %	3,191	3,983	n/m
Hosted UCaaS Profiles*	314,838	302,766	12,072	4 %	281,000	21,766	8 %

* Includes Hawaii Hosted UCaaS Profiles

Revenue

IT Services and Hardware revenue increased \$76.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021. Consulting revenue increased \$40.3 million due to existing customer projects which continued to bill and grow in 2022. Cloud revenue increased \$3.4 million primarily due to increased revenue from providing ongoing public cloud services to new customers obtained in 2021 and 2022 that continue to bill and grow in addition to providing ongoing monitoring and management services and other cloud services related to significant customer contracts obtained in prior years which continued to bill and grow in 2022. These increases were partially offset by a decrease in virtual data center revenue of \$2.4 million as a result of a customer’s insourcing initiatives and a decrease in professional services projects. Communications revenue increased \$4.7 million as a result of customers migrating to newer technologies which has increased the Company’s Hosted UCaaS profiles, NaaS locations and SD-WAN locations. These increases were partially offset by the decline in legacy communications revenue. Infrastructure Solutions revenue increased \$27.8 million primarily due to increased revenue associated with professional services projects and the sale of hardware in 2022 compared to the combined Predecessor and Successor periods included within 2021.

Operating Costs and Expenses

IT Services and Hardware cost of services and products increased \$57.9 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 due to increases in payroll related costs and contractor costs, and to a lesser extent, software licensing costs. In 2022, the increases in payroll related costs and contractor costs of \$11.1 million and \$51.2 million, respectively, as compared to the combined Predecessor and Successor periods included within 2021 are due to additional headcount to support the growth in the Communications and Consulting practices. Billable resources as of December 31, 2022 were flat compared to December 31, 2021 due to the timing of projects but the average headcount for 2022 was higher compared to the combined Predecessor and Successor periods included within 2021 resulting in the increased expense in 2022. Higher software licensing costs were also incurred to support the revenue growth in the Communications practice. These increases were partially offset by lower regulatory fees and network related costs for 2022 compared to the combined Predecessor and Successor periods included within 2021. The decrease in network related costs is due to legacy revenue decline in the Communications practice.

IT Services and Hardware, continued

SG&A expenses increased \$9.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily to support revenue growth. Payroll related costs increased \$2.6 million due to higher employee commissions. Increased contract services costs of \$1.8 million are due to increased contractors used for special projects in addition to higher insurance expenses. Employee related costs increased \$1.3 million as travel and entertainment continued to be low in the combined Predecessor and Successor periods included within 2021 as a result of the pandemic. Increased rent expense of \$0.7 million is primarily due to increased operating lease expense. Software development costs increased \$0.6 million due to internal software projects.

Depreciation and amortization expenses increased \$44.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to additional expense incurred subsequent to the Merger Date related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value.

Restructuring and severance charges recorded in the year ended December 31, 2022, the combined Predecessor and Successor periods included within 2021 and the year ended December 31, 2020 are associated with initiatives to reduce and contain costs.

Capital Expenditures

Capital expenditures are dependent on the timing of success-based projects. Capital expenditures for the year ended December 31, 2022 were primarily related to projects supporting the Cloud and Communications practice. In addition to success-based projects, the Company incurred \$4.9 million in capital expenditures for implementation work associated with internal software projects in the year ended December 31, 2022.

Corporate

Corporate is comprised primarily of general and administrative costs that have not been allocated to the business segments and transaction and integration costs related to acquisition transactions. Corporate costs totaled \$32.7 million in 2022, \$82.5 million in the combined Predecessor and Successor periods included within 2021 and \$58.3 million in 2020.

Corporate costs decreased by \$49.8 million in 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to lower transaction and integration costs of \$44.3 million in addition to decreased bonus expense for certain stock-based compensation awards that were accelerated upon the Merger Date.

Financial Condition, Liquidity, and Capital Resources**Capital Investment, Resources and Liquidity***Short-term view*

Our primary source of cash is generated by operations. The Company generated cash flows from operations of \$321.2 million for the year ended December 31, 2022, \$167.7 million in the combined Predecessor and Successor periods included within 2021 and \$206.1 million for the year ended December 31, 2020.

The Company's primary uses of cash are for capital expenditures and debt service and, to a lesser extent, to fund pension and retiree medical obligations. In 2022, the Company paid cash consideration of \$65.5 million related to the acquisition of Agile. In connection with the Merger and the initial capitalization by Parent in 2021, the Company paid \$807.3 million as consideration to Common Shareholders, including restricted stock awards that vested on the Merger Date to certain employees, \$155.2 million as consideration to Preferred Shareholders and \$44.0 million of transaction costs primarily related to legal costs and acquisition-related advisory fees associated with the Merger.

In connection with the Merger, at the Effective Time, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the existing Corporate Credit Agreement. The Credit Agreement initially provided for (i) a five-year \$275 million senior secured revolving credit facility, including both a letter of credit subfacility of up to \$40 million and a swingline loan subfacility of up to \$10 million (the "Revolving Credit Facility due 2026") and (ii) a seven-year \$150 million senior secured term loan facility (the "Term B-1 Loans"). The Revolving Credit Facility due 2026 matures in September 2026 and the Term B-1 Loans mature in September 2028. Borrowings under the Term B-1 Loans were used to refinance existing company indebtedness, finance a portion of the fees and expenses relating to the acquisition of the Company and the establishment of the Credit Agreement, and for working capital and general corporate purposes. The Company capitalized \$32.0 million of costs incurred as a result of the Term B-1 Loans as a reduction of debt. In addition, \$6.1 million of costs incurred as a result of the Revolving Credit Facility due 2026 were capitalized and recorded in "Other noncurrent assets."

In November 2021, the Company entered into an Amendment (the "Amendment No. 1") to the Credit Agreement to provide for, among other things, (i) a \$125.0 million upside to the Revolving Credit Facility due 2026, increasing the total commitments under the Revolving Credit Facility due 2026 to \$400.0 million, (ii) a \$350.0 million incremental increase to the Term B-1 Loans (the "Incremental Term B-1 Loans Increase"), increasing the aggregate principal amount of Term B-1 Loans to \$500.0 million, and (iii) the incurrence of a new tranche of \$650.0 million aggregate principal amount of senior secured term loans (the "Term B-2 Loans"). The proceeds of the Incremental Term B-1 Loans Increase and the Term B-2 Loans were used by the Company to redeem in full all of the Company's existing 7.000% Senior Notes due 2024 (the "2024 Notes") and 8.000% Senior Notes due 2025 (the "2025 Notes"), and to pay fees and expenses in connection thereto. The Term B-2 Loans mature in November 2028. The Amendment No. 1 also extended the maturity of all Term B-1 Loans to November 2028 and reduced the interest applicable to the Term B-1 Loans and the Revolving Credit Facility due 2026. The Amendment No. 1 also provided for the transition of the benchmark rate of interest under the Credit Agreement from LIBOR to Term SOFR. As a result of the Amendment No. 1, the Company incurred deferred financing costs of \$4.3 million and \$9.7 million related to the Incremental Term B-1 Loans Increase and the Term B-2 Loans, respectively, and capitalized the amounts as a reduction to the outstanding debt balances. In addition, \$1.3 million of costs incurred related to increasing the capacity of the Revolving Credit Facility due 2026 were capitalized and recorded in "Other noncurrent assets."

The Credit Agreement has a financial covenant that requires the Company to maintain a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of 5.75 to 1.00 when the utilization under the Revolving Credit Facility due 2026 exceeds 35%. In addition, the Credit Agreement contains customary affirmative and negative covenants, including but not limited to, restrictions on the Company's ability to incur additional indebtedness, create liens, pay dividends, make certain investments, prepay other indebtedness, sell, transfer, lease, or dispose of assets and enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions.

The Credit Agreement contains customary events of default (which are in some cases subject to certain exceptions, thresholds and grace periods), including, but not limited to, nonpayment of principal or interest, failure to perform or observe covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, certain bankruptcy-related events or proceedings, final monetary judgments or orders, ERISA defaults, invalidity of loan documents or guarantees, and certain change of control events. If the Company was to violate any of its covenants and was unable to obtain a waiver, it would be considered a default. If the Company was in default under the Credit Agreement, no additional borrowings under the Revolving Credit Facility due 2026 would be available until the default was waived or cured. See Item 1A. Risk Factors in this Form 10-K where a more in-depth explanation of default consequences appears.

The Term B-1 Loans and Term B-2 Loans are subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility due 2026, except that a breach of the financial covenants will not result in an event of default under the Term B-2 Loans unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility due 2026 have terminated their commitments under the Revolving Credit Facility due 2026 and accelerated the loans then outstanding under the Revolving Credit Facility due 2026 in response to such breach in accordance with the terms and conditions of the Credit Agreement.

Capital expenditures increased \$190.6 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to the increase in the Network segment as a result of increased construction and installation capital expenditures associated with the expansion of our fiber network.

Interest payments were \$84.6 million in 2022, \$135.6 million for the combined Predecessor and Successor periods included within 2021 and \$125.5 million in 2020. Interest payments decreased for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to the extinguishment of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025 in the Successor period in 2021 and the extinguishment of the Tranche B Term Loan due 2024 and interest rate swaps in the Predecessor period in connection with the Merger. These decreases were partially offset by interest payments incurred in 2022 related to the Term B-1 Loans and Term B-2 loans in addition to higher interest payments on the Revolving Credit Facility due 2026 and Receivables Facility due to increases in interest rates and borrowings in 2022. Our contractual debt maturities in 2023, including finance lease obligations and other financing arrangements, are \$45.0 million and associated contractual interest payments are expected to be approximately \$70 million.

As of December 31, 2022, we had \$195.2 million of short-term liquidity, comprised of \$9.4 million of cash and cash equivalents, \$177.0 million of undrawn capacity on our Revolving Credit Facility due 2026 and \$8.8 million available under the Company's accounts receivables securitization facility ("Receivables Facility"). In 2023, the Company expects to use a portion of this liquidity to fund our Joint Venture with the State of Ohio, Digital Access Ohio LLC ("DAO"), for an amount of approximately \$3 million.

In the second quarter of 2022, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions including the replacement of LIBOR with SOFR, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York.

On January 31, 2023, the Company, together with certain of its U.S. and Canadian subsidiaries, made certain amendments (the "Amendments") to the Company's Receivables Facility. The Amendments amend the Receivables Facility to, among other things: (i) increase the total maximum borrowing capacity to \$280.0 million, (ii) separate the Receivable Facility into two separate facilities, with (A) the existing Receivable Facility (the "Network Receivables Facility"), as amended by the Amendments, covering receivables originated by certain U.S. subsidiaries of the Company including Cincinnati Bell Telephone Company LLC, Hawaiian Telcom Communications, Inc. and certain of their respective subsidiaries having a maximum borrowing capacity of \$55.0 million and (B) a new facility (the "CBTS Receivable Facility") covering receivables originated by certain U.S. and Canadian subsidiaries of the Company including CBTS Technology Solutions LLC and OnX Enterprise Solutions Ltd. having a maximum borrowing capacity of \$225.0 million, (iii) move the receivables monetization arrangements from the Network Receivables Facility to the CBTS Receivable Facility, and (iv) make applicable technical and conforming changes thereto. In addition, the Amendments extend the renewal dates of each facility to January 2025 and the termination dates of each facility to January 2026.

Capacity on the Network Receivables Facility and the CBTS Receivables Facility is calculated and will continue to be calculated based on the quantity and quality of outstanding accounts receivables. Therefore if the Company experiences declines in revenue or extends discounts to customers, the capacity could be negatively impacted and reduce our short term liquidity. While we expect to continue to renew the Network Receivables Facility and CBTS Receivables Facility, we would be required to use cash, our Revolving Credit Facility due 2026, or other sources to repay any outstanding balances on the facilities if they were not renewed.

Management believes that cash on hand, operating cash flows, its Revolving Credit Facility due 2026, its Network Receivables Facility and CBTS Receivables Facility, and the expectation that the Company will continue to have access to capital markets to refinance debt and other obligations as they mature and come due, should allow the Company to meet its cash requirements for the foreseeable future.

Long-term view, including debt covenants

As of December 31, 2022, the Company had \$1,701.0 million of outstanding indebtedness and an accumulated deficit of \$158.1 million. In addition to the uses of cash described in the *Short-term view* section above, the Company has to satisfy its long-term debt obligations. The Company has no significant debt maturities until 2026. In addition, we have ongoing obligations to fund our qualified pension plans. Funding requirements for future years are uncertain and will significantly depend on changes in future actuarial assumptions. It is also possible that we will use a portion of our cash flows generated from operations for de-leveraging in the future, including discretionary, opportunistic repurchases of debt prior to the scheduled maturities. See Note 7 to the accompanying consolidated financial statements contained in “Part II. Item 8. Financial Statements and Supplementary Data” for further details regarding our outstanding debt and other financing arrangements, including certain information about maturities, covenants and restrictions related to such debt and financing arrangements.

As of December 31, 2022, the Company was in compliance with the Credit Agreement covenants and ratios.

Certain of our variable-rate debt, including debt under the Paniolo fiber assets financing arrangement, uses LIBOR as one of the benchmarks for establishing the rate of interest. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. Upon the discontinuation of LIBOR, the benchmark rate of interest for the Paniolo fiber assets financing arrangement will transition to SOFR in accordance with the terms of the arrangement.

While the Company is no longer a SEC registrant or issuer following the merger transaction, certain covenants included in the 7 ¼% Notes due 2023 and the Cincinnati Bell Telephone Notes due 2028 require the Company to make ongoing voluntary filings with the SEC.

Management believes that cash on hand, operating cash flows, its Revolving Credit Facility due 2026, its Network Receivables Facility and CBTS Receivables Facility, and the expectation that the Company will continue to have access to capital markets to refinance debt and other obligations as they mature and come due, should allow the Company to meet its cash requirements for the foreseeable future.

Cash Flows*Cash flows from operating activities*

Cash provided by operating activities in 2022 was \$321.2 million, an increase of \$153.5 million compared to the combined Predecessor and Successor periods included within 2021. The increase in 2022 compared to the combined Predecessor and Successor periods included within the prior year is due to lower interest payments of \$51.0 million, decreased transaction and integration costs of \$41.1 million, loss on termination of interest rate swaps of \$20.1 million incurred in the Predecessor period in 2021 and \$56.8 million of accounts receivable sold on the Receivables Facility as of December 31, 2022 compared to no accounts receivable sold as of December 31, 2021. Cash receipt in the third quarter of 2021 for a long term revenue contract that was paid in advance partially offset the increase in 2022.

Cash flows from investing activities

Cash used in investing activities in 2022 totaled \$553.7 million. Cash used in investing activities in 2022 includes capital expenditures of \$482.8 million primarily associated with extending the Company's fiber network, the acquisition of Agile for \$65.5 million and the purchase of perpetual licenses for a block of IP addressed for \$6.8 million to be used as the Company continues to add internet subscribers as we extend the network.

Cash used in investing activities during the combined Predecessor and Successor periods included within 2021 totaled \$1,955.3 million. Cash used in investing activities in the Successor period includes \$1,620.7 million related to consideration transferred associated with the Merger Agreement. Consideration transferred includes payments to Common Shareholders, payments to Preferred Shareholders, and the extinguishment of existing debt and accrued interest under the Corporate Credit Agreement. In addition, cash used in investing activities for the combined Predecessor and Successor periods included within 2021 includes the acquisition of fiber assets from the Paniolo Cable Company, LLC (the “Paniolo Acquisition”) for \$52.2 million and capital expenditures of \$292.2 million primarily associated with extending the Company's fiber network.

Cash flows from financing activities

Cash provided by financing activities totaled \$239.4 million in 2022 due to net borrowings of \$223.0 million and \$33.9 million on the Revolving Credit Facility due 2026 and Receivables Facility, respectively, partially offset by debt repayments of \$20.3 million primarily related to the Term B-1 Loans, Term B-2 Loans and finance leases.

Cash provided by financing activities totaled \$1,776.4 million during the combined Predecessor and Successor periods included within 2021 primarily due to the Merger and capital contributions by Red Fiber Parent LLC and the issuance of long-term debt in the third and fourth quarters. Proceeds from issuance of long-term debt include Term B-1 Loans and Term B-2 Loans which the net proceeds of \$1,145.0 million were primarily utilized for the repayment of the 2024 Notes and 2025 Notes and debt issuance costs associated with the Term B-1 Loans, Term B-2 Loans and Revolving Credit Facility due 2026. The Company also issued long term debt of \$23.0 million, the Paniolo fiber assets financing arrangement, to cover a portion of the Paniolo Acquisition. Dividends paid on the Company's preferred stock totaled \$10.2 million in the combined Predecessor and Successor periods included within 2021.

Future Operating Trends*Network*

We continue to mitigate the revenue decline experienced with our Legacy products with increases in revenue of our fiber-based products. In addition, the merger with Hawaiian Telcom has allowed us to build scale and fiber density to help capitalize on the growing demands for internet speeds that only a fiber network can provide. We expect the desire by customers for increased internet speeds will only continue as evidenced by the fact that more than 80% of Cincinnati's internet customers subscribe to speeds of 100 megabits or more, compared to approximately 70% and 65% subscribed to such speeds in 2021 and 2020, respectively. As of December 31, 2022, approximately 65% of internet customers in Hawaii subscribed to speeds of 100 megabits or more, compared to approximately 55% and 50% subscribed to such speeds in 2021 and 2020, respectively. In 2022, we started building outside of the Greater Cincinnati market in Dayton, Ohio and will continue to build addresses in this market throughout 2023. In order to support the Dayton network build, the Company has opened a sales office and purchased land and buildings for warehousing inventory and for central offices.

During 2023, we expect continued competition for internet, voice and video services as the cable competitor in the Cincinnati market continues to target areas where we have copper and FTTN. Due to this competition, as well as customers migrating to obtaining video programming over broadband Internet connections, we expect to continue to see a decline in video subscribers as well as FTTN and DSL internet subscribers. In the Hawaii market, we also expect continued competition for internet, voice and video services as the cable competitor has increased advertising subsequent to our acquisition of Hawaiian Telcom.

In 2023, we plan to invest approximately \$350 million for Fioptics, including construction, installation and value-added services. Our focus for 2023 in the Cincinnati, Dayton and Hawaii markets is to identify opportunities to expand our FTTP footprint to residential and commercial addresses with the highest return profile, to upgrade the remaining FTTN addresses to FTTP addresses, increase penetration, and drive operational efficiencies. We will take a FTTP internet-based focus due to the increased relevance of this product and the high return profile that it provides. Furthermore, we will apply a similar strategy as we identify opportunities to expand our network footprint in areas outside the Greater Cincinnati market and pursue out of market subsidized fiber build opportunities. The planned construction of the fiber network build could be negatively impacted by availability of staffing and third party contractors that will be necessary in order to meet our construction targets. Additionally, issues in the supply chain and obtaining the necessary equipment and supplies may also impact the planned construction timeline. As we expand outside of the Greater Cincinnati market, there could be a need for additional real estate and building space for central offices and sales offices to support new markets.

For our enterprise fiber customers, we expect to continue to see a migration from Legacy products and copper-based technology to higher bandwidth fiber solutions as evidenced by the 51% and 11% increases in Ethernet Bandwidth in Cincinnati and Hawaii, respectively, in 2022 compared to the combined Predecessor and Successor periods included within 2021.

IT Services and Hardware

The Company's strategy for future growth is to diversify the geographies in which it operates and grow revenue in each of the practices. In 2023, the Company will continue to focus on expanding products and services to our customer base with our full stack of products from simple hardware sales through managed voice and software defined network management, creating contractual recurring revenue streams. As more customers migrate to the public cloud, we will see declines in the demand for Infrastructure products. However, this trend can provide an opportunity in the form of consulting as we have IT professionals that can develop the strategy to guide customers through this migration. As a result of expanding the customer base and increasing sales with existing customers, we expect revenue to grow by approximately 10% compared to 2022.

Contractual Obligations

The following table summarizes our material contractual obligations and borrowings as of December 31, 2022:

(dollars in millions)	Payments due by Period		
	Total	Within the next 12 months	Beyond the next 12 months
Long-term debt, excluding finance leases and other financing arrangements (1)			
Principal amount	\$ 1,681.8	\$ 34.3	\$ 1,647.5
Interest payments (2)	389.4	60.9	328.5
Finance leases (3)			
Principal amount	53.0	9.9	43.1
Interest payments (2)	12.5	3.4	9.1
Non-cancellable operating lease obligations	119.0	15.3	103.7
Purchase obligations (4)	391.2	391.2	—
Pension and postretirement benefits obligations (5)	56.5	10.3	46.2
Unrecognized tax benefits (6)	19.3	—	19.3
Other liabilities (7)	94.9	12.6	82.3
Total	\$ 2,817.6	\$ 537.9	\$ 2,279.7

(1) Excludes net unamortized discounts and fair value adjustments recorded on the Merger Date.

(2) Assumes no early payment of debt in future periods. The interest rate applied on variable rate borrowings is the rate in effect as of December 31, 2022.

(3) Includes finance lease obligations primarily related to vehicles, network equipment used in the deployment of our fiber network and to provide our IT managed services, and wireless towers assumed from our discontinued operations.

(4) Includes amounts under open purchase orders and open blanket purchase orders for purchases of network, IT and telephony equipment, video content, and other goods; contractual obligations for services such as software maintenance and outsourced services; and other purchase commitments.

(5) Includes payments for Cincinnati and Hawaii Pension and Postretirement Plans as well as other employee retirement agreements. Amounts due within the next 12 months include approximately \$7 million expected to be contributed for postretirement benefits. Although the Company expects to continue operating the plans past the next 12 months, its contractual obligation related to postretirement obligations only extends through 2023. Amounts for 2023 through 2032 include approximately \$33 million of estimated cash contributions to the qualified pension plans with nominal cash contributions due within the next 12 months. Expected qualified pension plan contributions are based on current plan design, legislation and current actuarial assumptions. Any changes in plan design, legislation or actuarial assumptions may also affect the expected contribution amount.

(6) Includes the portion of liabilities related to unrecognized tax benefits. If the timing of payments cannot be reasonably estimated for unrecognized tax benefits, these liabilities are included in the "Beyond the next 12 months" column of the table above.

(7) Includes contractual obligations primarily related to asset removal obligations, liabilities related to the pole license agreement obligation, a deferred vendor rebate and other financing arrangements.

The amount of these obligations can be expected to change over time as new contracts are initiated and existing contracts are completed, terminated, or modified.

Contingencies

We are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations in the normal course of business. We believe that the amounts provided in our consolidated financial statements, as prescribed by generally accepted accounting principles, are adequate in light of those contingencies that are probable and able to be estimated. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations, and other matters, including the matters discussed below and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2022, cannot be reasonably determined.

Based on information currently available, consultation with counsel, available insurance coverage and established reserves, management believes that the eventual outcome of all outstanding claims will not, individually or in the aggregate, have a material effect on the Company's financial position, results of operations or cash flows.

Off-Balance Sheet Arrangements*Indemnifications*

During the normal course of business, the Company makes certain indemnities, commitments, and guarantees under which it may be required to make payments in relation to certain transactions. These include: (a) intellectual property indemnities to customers in connection with the use, sale, and/or license of products and services, (b) indemnities to customers in connection with losses incurred while performing services on their premises, (c) indemnities to vendors and service providers pertaining to claims based on negligence or willful misconduct, (d) indemnities involving the representations and warranties in certain contracts, and (e) outstanding letters of credit which totaled \$19.3 million as of December 31, 2022. In addition, the Company has made contractual commitments to several employees providing for payments upon the occurrence of certain prescribed events. The majority of these indemnities, commitments, and guarantees do not provide for any limitation on the maximum potential for future payments.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. Application of these principles requires management to make estimates or judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates or judgments. Certain accounting policies inherently have a greater reliance on the use of estimates, and, as such, have a greater possibility of producing results that could be materially different than originally reported.

Our most significant accounting policies are presented in Note 1 to the consolidated financial statements. Management views critical accounting policies to be those policies that are highly dependent on subjective or complex judgments, estimates or assumptions, and where changes in those estimates and assumptions could have a significant impact on the consolidated financial statements. We have discussed our most critical accounting policies, judgments and estimates with our Audit and Finance Committee.

The discussion below addresses major judgments used in:

- business combinations
- reviewing the carrying values of goodwill and definite-lived intangible assets;
- accounting for income taxes; and
- accounting for pension and postretirement obligations.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of FASB ASC 805, “Business Combinations,” which requires the recording of net assets of acquired businesses at fair value. The Company utilizes management estimates and an independent third-party valuation firm to assist in determining the fair values of acquired assets and assumed liabilities. In developing estimates of the fair value of net assets, the Company analyzes a variety of factors including market data, estimated future cash flows of the acquired operations, industry growth rates, current replacement cost for fixed assets, and market rate assumptions for contractual obligations. Such a valuation requires management to make significant estimates and assumptions, particularly with respect to the intangible assets and network assets. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period.

Reviewing the Carrying Values of Goodwill and Definite-lived Intangible Assets — We amortize intangible assets over their useful lives unless we determine such lives to be indefinite. We evaluate goodwill annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable. For impairment testing, goodwill has been assigned to reporting units which consist of the Company’s Network business, IT Services and Hardware business and Agile business.

The Company adheres to the guidance under ASC 350-20 in testing goodwill for impairment. Under this guidance, the Company has the option of performing a qualitative assessment for impairment prior to performing the quantitative tests. In connection with the Merger, goodwill and intangible assets were remeasured at fair value as of the Merger Date for the Network business and the IT Services and Hardware business. Goodwill and intangible assets for Agile were measured at fair value as of the Agile acquisition date on May 2, 2022. We perform our annual impairment tests in the fourth quarter on October 1st when our five-year plan is updated based on the following steps:

Step 0 or Qualitative assessment - Evaluate qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The factors we consider include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance or events specific to that reporting unit. If or when we determine it is more likely than not that the fair value of a reporting unit is less than the carrying amount, including goodwill, we would move to Step 1 of the quantitative method.

Step 1 - Compare the fair value for each reporting unit to its carrying value, including goodwill. Fair value is determined based on a combination of valuation methods, including both income-based and market-based methods. The income-based approach utilizes a discounted cash flow model using projected cash flows derived from the five-year plan, adjusted to reflect market participants' assumptions. Expected future cash flows are discounted at the weighted average cost of capital applying a market participant approach. The market-based approach utilizes earnings multiples from comparable publicly-traded companies. A goodwill impairment charge is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. If a reporting unit’s fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

The Company performed a quantitative analysis of goodwill utilizing Step 1 guidance in 2022 for the Network business and the IT Services and Hardware business and concluded that the fair values exceeded the carrying values and goodwill was not impaired. The Company performed a qualitative assessment utilizing Step 0 guidance for the annual test for indefinite-lived intangible assets and concluded that it is more like than not that the fair values exceeded the carrying values and indefinite-lived intangible assets were not impaired. In addition, the Company performed a qualitative assessment for Agile goodwill due to the limited amount of time that passed from the acquisition date and the testing date and concluded that it is more like than not that the fair value exceeded the carrying value and goodwill was not impaired. In the Successor period of 2021, the Company performed a qualitative assessment and concluded that it was more likely than not that the fair values exceeded the carrying values and goodwill and indefinite-lived intangible assets were not impaired. No goodwill or indefinite-lived intangible asset impairment losses were recognized in 2022, the Predecessor and Successor periods included within 2021, and 2020.

We use the income approach to determine the fair value of our definite-lived trade names and customer relationships intangible assets. Our projections used in the income approach to determine the fair value of our definite-lived trade names and customer relationships intangible assets include assumptions for growth rates of sales, costs, and profits, which are based on various long-range financial and operational plans. Additionally, discount rates used in the definite-lived intangible analysis are based on a weighted-average cost of capital, driven by interest rates, as well as credit ratings and financing abilities, among other factors.

Changes in certain assumptions could have a significant impact on the impairment tests for goodwill. The most critical assumptions are projected future growth rates, operating margins, capital expenditures, terminal values, discount rate selection and market multiples. These assumptions are subject to change as the Company's long-term plans and strategies are updated each year. As of the annual testing date, each reporting unit's fair value exceeded the carrying value of the reporting unit, and as such, there is no goodwill impairment.

Accounting for Income Taxes — The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as various foreign, state and local jurisdictions. The Company's previous tax filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires. With a few exceptions, the Company is no longer subject to U.S. federal, state or local examinations for years prior to 2018.

The Company has net operating loss carryforwards at the federal, state and local levels. Federal net operating loss carryforwards are available to offset taxable income in current and future periods. On its 2022 income tax return to be filed in 2023, the Company expects to utilize the \$55.8 million tranche of Federal operating loss carryforwards that would otherwise expire. The ultimate realization of the deferred income tax assets depends upon our ability to generate future taxable income during the periods in which basis differences and other deductions become deductible and prior to the expiration of the net operating loss carryforwards. The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2022, there are sufficient sources of future taxable income (e.g. reversing deferred tax liabilities) for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration. However, realization of certain state, local and foreign net operating losses, as well as other deferred tax assets, is not certain. Changes in our current estimates due to such factors as unanticipated market conditions and legislative developments could have a material effect on our ability to utilize deferred tax assets. As a result of the Merger, Section 382 of the Internal Revenue Code and similar state provisions place potential limitations on the Company's ability to fully utilize existing deferred tax assets related to federal and state net operating losses.

Valuation allowances of \$15.7 million and \$18.4 million have been recognized as of December 31, 2022 and 2021, respectively. These valuation allowances are primarily against state and local net operating losses and state credits.

As of both December 31, 2022 and 2021, the liability for unrecognized tax benefits was \$19.3 million. The liability is representative of tax positions taken where tax authorities' interpretation of the appropriate tax treatment may differ from the position the Company has taken. As of December 31, 2022, the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$19.0 million. Accrued interest related to unrecognized tax benefits is recognized in interest expense.

Accounting for Pension and Postretirement Obligations — In accounting for pension and postretirement expenses, we apply ASC 715, "Compensation — Retirement Benefits." A liability has been recognized on the Consolidated Balance Sheets for the unfunded status of the pension and postretirement plans. Actuarial gains (losses) and prior service costs (benefits) that arise during the period are recognized as a component of "Accumulated other comprehensive income" on the Consolidated Balance Sheets.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees, and certain former senior executives. We also provide healthcare and group life insurance benefits for eligible retirees. The measurement date for our pension and postretirement obligations is as of December 31. When changes to the plans occur during interim periods, management reviews the changes and determines if a remeasurement is necessary. In the fourth quarter of 2022, an amendment to the Hawaii postretirement health and life insurance plans was approved by the Union which decreased the maximum subsidy certain employees could receive for Medicare Part B Premiums to the standard amount. A remeasurement of the Hawaii postretirement health and life insurance plans was performed as of October 1, 2022. With the exception of the previously discussed amendment, no other amendments to the plans were made during 2022 or 2021.

The measurement of our pension and postretirement projected benefit obligations involves significant assumptions and estimates. Each time we remeasure our projected benefit obligations, we reassess the significant assumptions and estimates. The actuarial assumptions attempt to anticipate future events and are used in calculating the expenses and liabilities related to these plans. The most significant of these numerous assumptions, which are reviewed annually, include the discount rate, rate of return and healthcare cost trend rates.

Discount rate

A discount rate is used to measure the present value of projected benefit obligations. The discount rate for each plan is individually calculated based upon the timing of expected future benefit payments. Our discount rates are derived based upon a yield curve developed to reflect yields available on high-quality corporate bonds as of the measurement date. For the year ended December 31, 2022, the average discount rate used to value the Cincinnati pension plans and postretirement plans was 5.40%. In the Successor and Predecessor periods included within 2021, the average discount rate used to value the Cincinnati pension plans was 2.70% and 2.60%, respectively, while the average discount rate used to value the Cincinnati postretirement plans was 2.80% and 2.60%, respectively. For the year ended December 31, 2022, the average discount rate used to value the Hawaii pension plans and postretirement plans was 5.40% and 5.50%, respectively. In the Successor and Predecessor periods included within 2021, the average discount rate used to value the Hawaii pension plans was 2.70% and 2.50%, respectively, while the average rate used to value the Hawaii postretirement plans was 2.90% and 2.80%, respectively. Higher rates of interest available on high-quality corporate bonds drove the increase in the discount rates in 2022.

Expected rate of return

The expected long-term rate of return on plan assets, developed using the building block approach, is based on the mix of investments held directly by the plans and the current view of expected future returns, which is influenced by historical averages. The required use of an expected versus actual long-term rate of return on plan assets may result in recognized pension expense or income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns. For the year ended December 31, 2022, the estimated long-term rate of return was 5.80% for the Cincinnati pension plan assets, 5.00% for the union Hawaii pension plan assets and 4.50% for the nonunion Hawaii pension plan assets. In the Successor and Predecessor periods included within 2021, the estimated long-term rate of return for both the Cincinnati pension plan assets and Hawaii pension plan assets was 6.00%. The long-term rate of return on the Cincinnati and Hawaii postretirement plan assets was estimated to be zero for the disclosed periods as these plans have minimal assets with a low rate of return. Actual asset returns for the Cincinnati pension trusts were losses of 21.77% in 2022 and gains of 6.23% for the combined Predecessor and Successor periods included within 2021. Actual asset returns for the Hawaii pension trusts were losses of 26.20% in 2022 and gains of 6.57% for the combined Predecessor and Successor periods included within 2021. In our Successor period pension calculations, the market-related value of assets is equal to the fair market value. In our Predecessor period pension calculations, we utilized the market-related value of plan assets, which is a calculated asset value that recognizes changes in asset fair values in a systematic and consistent manner. Differences between actual and expected returns are recognized in the market-related value of plan assets over five years.

Healthcare cost trend

Our healthcare cost trend rate is developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. As of both December 31, 2022 and 2021, the healthcare cost trend rate used to measure the Cincinnati postretirement health benefit obligations was 6.5%. As of December 31, 2022, the healthcare cost trend rate for the Cincinnati plans is assumed to decrease gradually to 4.8% by the year 2032. As of both December 31, 2022 and 2021, the Hawaii postretirement plans have exceeded the per capita cost caps, and therefore, the healthcare cost trend does not apply.

The actuarial assumptions used may differ materially from actual results due to the changing market and economic conditions and other changes. Revisions to and variations from these estimates would impact liabilities, equity, cash flow and other components of pension and postretirement benefit plans expense.

The following table represents the sensitivity of changes in certain assumptions related to the Cincinnati pension and postretirement plans as of December 31, 2022:

	% Point Change	Pension Benefits		Postretirement and Other Benefits	
		(Decrease)/ Increase in Obligation	(Decrease)/ Increase in Expense	(Decrease)/ Increase in Obligation	Increase/ (Decrease) in Expense
(dollars in millions)					
Discount rate	+/- 0.5%	(\$13.5)/\$13.5	(\$6.2)/\$6.2	(\$2.0)/\$2.1	\$0.2/(\$0.2)
Expected return on assets	+/- 0.5%	n/a	(\$1.8)/\$1.8	n/a	(\$0)/\$0

The following table represents the sensitivity of changes in certain assumptions related to the Hawaii pension and postretirement plans as of December 31, 2022:

(dollars in millions)	% Point Change	Pension Benefits		Postretirement and Other Benefits	
		(Decrease)/ Increase in Obligation	(Decrease)/ Increase in Expense	(Decrease)/ Increase in Obligation	Increase/ (Decrease) in Expense
Discount rate	+/- 0.5%	(\$5.3)/\$5.3	(\$0.7)/\$0.7	(\$3.0)/\$3.3	\$(0.0)/\$0.2
Expected return on assets	+/- 0.5%	n/a	(\$0.7)/\$0.7	n/a	n/a

At December 31, 2022, unrecognized actuarial net gains were \$36.3 million and at December 31, 2021, unrecognized actuarial net gains were \$3.4 million. The unrecognized net gains (losses) have been primarily generated by differences between assumed and actual rates of return on invested assets, changes in discount rates, healthcare costs and the amendment to the Hawaii postretirement health and life insurance plans in 2022. Because gains and losses reflect refinements in estimates, as well as real changes in economic values, and because some gains in one period may be offset by losses in another or vice versa, we are not required to recognize these gains and losses in the periods that they occur. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average life expectancy of the participant group for the Cincinnati pension plans and Hawaii pension plans, the average life expectancy of current retirees for the Cincinnati postretirement plans and the average remaining service period of active employees for the Hawaii postretirement plans.

Regulatory Matters and Competitive Trends

Federal - The Telecommunications Act of 1996 (the "1996 Act") was enacted with the goal of establishing a pro-competitive, deregulatory framework to promote competition and investment in advanced telecommunications facilities and services to all Americans. From 1996 to 2008, federal regulators considered a multitude of proceedings aimed at promoting competition and deregulation. Although the 1996 Act called for a deregulatory framework, the FCC continued to maintain significant regulatory restraints on the traditional ILECs while increasing opportunities for new competitive entrants and new services by applying minimal regulation. Since 2009, federal regulators have devoted considerable attention to initiatives aimed at promoting investment in, and adoption of, advanced telecommunications services, particularly broadband Internet access services. Simultaneously, the FCC has been adopting measures that it believes would promote competition, protect consumers, reform universal service, and enhance public safety and national security. From 2017 through 2020, the FCC increasingly focused on eliminating burdensome and unnecessary regulations that impede broadband investment. However, with the change in administration in 2021 and the continuation of the COVID-19 pandemic, measures to close the digital divide in both rural and urban areas have been at the top of the FCC's agenda and will likely remain there for the foreseeable future. The FCC currently has only four commissioners which constrains Chairwoman Rosenworcel's ability to move forward on controversial issues such as net neutrality and various consumer protection issues. Once a fifth commissioner is confirmed, giving the Democrats a majority on the Commission, we expect to see the FCC move forward with proceedings on net neutrality and data privacy. We will monitor the changing regulatory environment for any potential impacts, particularly on the following proceedings.

Universal Service

The federal Universal Service Fund ("USF") is funded via an assessment on the interstate end-user revenue of all telecommunications carriers and interconnected VoIP providers. The assessment is used to support high cost, low income, rural healthcare, and schools and libraries programs. During 2022, the quarterly USF assessment rate remained near historic highs, leading for increasing calls from industry and consumer groups for the FCC to re-evaluate the USF contribution mechanism. Although there is no indication that the FCC intends to initiate a proceeding to do so in the near term, several lawsuits challenging the constitutionality of the USF are pending in various circuit courts and if any are successful could up-end the entire universal service regime.

In October 2011, the FCC adopted new rules aimed at controlling the size of the high-cost portion of the fund and transitioning it from supporting legacy circuit-switched networks to broadband. These rules capped the high-cost fund and established a framework for transitioning support to the new Connect America Fund to bring broadband to unserved areas. Phase I reforms froze existing high-cost support and provided a mechanism for distributing additional support for qualifying price cap companies. Hawaiian Telcom received \$1.4 million in Phase I support and has completed its Phase I buildout. Under Phase II, \$1.8 billion of annual support was made available to expand broadband in unserved areas served by price cap ILECs. In August 2015, price cap ILECs, which had the right of first refusal, accepted over \$1.5 billion of the annual Phase II support that was available to them. The Phase II support was distributed over a six-year period and carriers were required to satisfy their buildout commitment by the end of 2020. Cincinnati Bell Telephone ("CBT") accepted approximately \$2 million in annual Phase II support beginning in 2015 in exchange for a commitment to expand broadband to 6,339 Kentucky locations and 745 Ohio locations. Hawaiian Telcom accepted \$4.4 million to build to 11,081 locations in Hawaii over the six-year award period. In a Report and Order adopted in January 2020, the FCC gave the price cap carriers receiving CAF II support the opportunity to elect to receive an additional year of CAF II support in 2021 in exchange for a commitment to continue providing broadband service to the CAF II areas during that time. CBT and Hawaiian Telcom accepted the seventh year of CAF II support, which provided \$2.2 million for CBT and \$4.4 million for Hawaiian Telcom during 2021. On September 10, 2020, Hawaiian Telcom filed a Petition for Waiver with the FCC requesting that the FCC modify its buildout obligation to account for the 523 locations destroyed or isolated by the Kilauea Volcano eruptions that began in May 2018. On June 1, 2021, the FCC released an Order granting Hawaiian Telcom's request relative to the 370 locations for which Hawaiian Telcom had completed its CAF II deployment prior to the locations being destroyed by the volcano. The additional 153 locations included in Hawaiian Telcom's original request were not included in the FCC Order after Hawaiian Telcom informed the FCC that it had identified CAF II eligible alternate locations in other areas. On January 4, 2021, Hawaiian Telcom notified the FCC that it would likely fall short of its 100% CAF II buildout milestone, but would complete the buildout by year-end 2021 taking advantage of the grace period allowed under the CAF II rules. On January 19, 2022, Hawaiian Telcom notified the FCC that it had completed the build and met its 100% buildout obligation as of December 31, 2021.

In August 2018, bidding concluded in the FCC's Connect America Fund Phase II auction (Auction 903). Under this reverse auction, up to \$2 billion in support over a 10-year period was available to expand fixed broadband service into additional unserved high-cost areas of the country. There were 103 winning bidders and the total amount of support that will be provided to these bidders over the 10-year term is \$1.5 billion. Winning bidders must build out their broadband networks within the winning geographic areas (specific census block groups covering 713,176 locations in 45 states) within the first six years of the support term. CBT and Hawaiian Telcom were both winning bidders. As a result, CBT will receive \$1.1 million to extend its broadband service to 342 unserved locations and Hawaiian Telcom will receive \$18.2 million to build to 3,936 unserved locations. CBT and Hawaiian Telcom auction support distributions began in May 2019 and will continue until May 2029. The build out to all funded auction locations must be completed by December 31, 2025.

In January 2020, the FCC adopted a Report and Order establishing the Rural Digital Opportunity Fund ("RDOF"), which will be used to distribute \$20.4 billion over ten years to expand broadband in areas that remain unserved at the conclusion of the CAF II price cap support program. The funds will be awarded via two reverse auctions. The Phase I auction (Auction 904) began on October 29, 2020 and concluded on November 25, 2020 with 180 winning bidders for a 10-year support amount of \$9.23 billion to serve over 5 million locations. The remaining \$11 billion will be distributed via a second auction to be held at a later date when more accurate broadband availability data becomes available. Cincinnati Bell was announced as the winning bidder for \$26.9 million of support over the 10-year period to reach 11,131 locations in Hawaii, Indiana, Kentucky and Ohio. Cincinnati Bell assigned the Hawaii winning bids (\$24.3 million for 8,049 locations) to Hawaiian Telcom and the Indiana, Kentucky and Ohio winning bids (\$2.6 million for 3,082 locations) to Cincinnati Bell Telephone. The funding will be distributed in monthly installments over a 10-year period with buildout milestones beginning in 2024 and concluding in 2029.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the \$1 trillion Infrastructure Investment and Jobs Act (Public Law No. 117-58) (“IIJA”), which contains \$65 billion for various broadband initiatives. The broadband funding includes \$42.5 billion which will be distributed by the National Telecommunications and Information Administration (“NTIA”) to states for awards to public and private entities to expand broadband deployment to currently unserved or underserved areas. This NTIA funding cannot be released until the FCC releases an updated broadband map as it was charged to do by Congress in the March 2020 Broadband DATA Act (Public Law No. 116-130). The first iteration of the new broadband map was released by the FCC in November 2022. A nationwide public challenge process is currently underway and will be used to improve the accuracy of the map before the NTIA funding is released. An updated version of the map for use by NTIA is expected to be released in late second quarter 2023. In the meantime, the Company is closely monitoring the federal and state procedural rules drafting processes and continues to evaluate initiatives that will lay the foundation for potential participation once the funding is allocated to the states. The Company will pursue opportunities for funding where it deems it to be beneficial.

The IIJA replaced the COVID-19 Emergency Broadband Benefits (“EBB”) with a longer term low-income broadband assistance program called the Affordable Connectivity Program (“ACP”) effective December 31, 2021. Congress appropriated \$14.2 billion for the ACP and consumers were transitioned from the EBB program during the first quarter of 2022. Under the ACP, participating providers must make all of their broadband plans available to qualifying consumers and cannot reject a consumer due to unpaid balances the consumer may have with the provider. Because the ACP will be available on all broadband offerings and the IIJA requires more specific measures to increase awareness of the availability of the program, participation rates have increased significantly relative to the EBB program. Both Cincinnati Bell Telephone and Hawaiian Telcom are participating in the ACP.

Intercarrier Compensation

In October 2011, in conjunction with its reform of the USF high cost support program, the FCC adopted comprehensive reforms to the switched access and reciprocal compensation rules that govern the means by which carriers compensate one another for use of their networks. The end point of the reforms is a bill-and-keep system under which all per-minute intercarrier charges are eliminated.

Terminating switched access and reciprocal compensation rates were phased out over a six-year period that concluded in 2018 for price cap carriers including CBT and Hawaiian Telcom. The plan contains a mechanism that enables ILECs to recover some of the lost revenue from increased end-user charges, which CBT and Hawaiian Telcom have utilized to the fullest extent possible. On October 9, 2020, the FCC released a Report and Order transitioning originating access charges for toll free calls to bill-and-keep over a three-year period. The Order does not provide a specific recovery mechanism for price cap companies to replace this lost revenue, finding instead that these companies can increase their existing Subscriber Line Charge or Access Recovery Charge to the extent they are otherwise able to do so. The impact on the Company due to this change has been minimal. CBT will adjust rates where possible to minimize the impact in future years as the phase-in continues.

Special Access/Business Data Services

In April 2017, based upon data collected from incumbent and competitive carriers, the FCC adopted a Report and Order finding that the market for all packet-based services, Ethernet services, TDM services above the DS3 level, and DS1 and DS3 transport services is competitive in all geographic markets and should no longer be subject to price regulation. Price regulation of TDM services of DS3 or below terminating to end users depends upon the competitive status of the county in which the service is provided. The FCC designated counties as competitive or non-competitive for these TDM end user services based upon historical data submitted by providers and purchasers of BDS in response to a mandatory data request issued in 2012 and supplemented with cable broadband deployment data submitted by providers in the FCC’s semi-annual broadband deployment report. Price regulation was eliminated for these TDM end user services in competitive counties. In non-competitive counties, price regulation continues, although carriers are permitted to offer contract tariffs and volume and term discounts. The Order required all price cap companies to remove all competitive BDS services from their tariffs by August 2020. The list of competitive and non-competitive counties released by the FCC designated all but two of the counties in the Company’s CBT ILEC territory as competitive, and in Hawaii, four of the five counties were deemed competitive. In November 2017, Hawaiian Telcom filed an application with the FCC to discontinue offering BDS services in Kalawao County (the non-competitive county). This application was granted in January 2018, and Hawaiian Telcom subsequently filed to detariff all BDS services statewide except for special federal government services, which were detariffed effective August 1, 2020. On August 1, 2020, CBT eliminated its tariffs for BDS services offered in its competitive counties which is nearly all of its BDS revenue.

Unbundled Network Elements

Under rules adopted pursuant to the Telecommunications Act of 1996, ILECs were required to unbundle the components of their network and provide the unbundled network elements ("UNEs") to requesting competitive local exchange carriers at cost-based rates set by state public utility commissions in the 1990's. The rules also required ILECs to resell their voice service to requesting competitive carriers at wholesale rates set by state regulators. Since 2019, the FCC has taken significant steps to eliminate the ILEC unbundling obligations. On July 10, 2019, in response to a forbearance petition filed by USTelecom – The Broadband Association ("USTelecom"), the FCC granted forbearance for unbundled DS1 and DS3 transport, and on August 2, 2019, it granted forbearance from UNE loop and resale requirements. Specifically, it granted forbearance from the unbundling requirements for DS1 and DS3 transport along routes where competitive fiber is present within a half mile of the ILEC wire center endpoints that trigger the unbundling obligation. As it relates to UNE loops and resale, forbearance was granted for analog voice-grade copper loops and the avoided-cost resale requirements. Finally, on October 27, 2020, the FCC adopted a Report and Order eliminating DS0 loops in densely populated areas, DS1 and DS3 loops in areas with sufficient competition, and dark fiber loops near competitive fiber networks. All of the orders allow for a transition period during which existing UNEs can be maintained and new UNEs can be ordered. While Cincinnati Bell's ILECs may benefit from the ability to charge competitive commercially negotiated prices for these facilities and services, the Company's competitive carrier operations could see increased prices for such facilities currently purchased from other ILECs. As a result, the Company is reviewing its current UNE purchases to determine where to transition to commercial agreements for these facilities versus deploying its own facilities and will pursue the most cost effective solution in each market.

IP Transition

In late 2013, the FCC opened a proceeding to explore how to transition from the legacy circuit-switched TDM networks to Internet Protocol ("IP") networks. Examination of the myriad of technical, legal and policy issues surrounding the IP transition moved to the forefront during 2014, and during 2015 and 2016, the FCC adopted several orders imposing additional requirements on service providers seeking to transition their networks from copper to fiber. However, during the second quarter of 2017, the FCC opened several proceedings aimed at removing barriers to wireline and wireless broadband deployment and proposed reversing several of the additional requirements imposed in 2015 and 2016. Following this review, in November 2017, the FCC revised its rules to streamline the ILEC copper retirement process and the approval process for discontinuing legacy TDM service to speed the transition from legacy copper-based TDM services to IP services. It also reformed the pole attachment rules to make it easier for providers to attach equipment necessary for next-generation networks. In 2018, the FCC adopted additional changes aimed at streamlining the pole attachment process and preempting state and local processes considered to be detrimental to broadband deployment, particularly the small cells that will be used for 5G networks. The Company does not anticipate any significant financial impact due to these proceedings, although the streamlined processes will help facilitate a smooth transition as the Company migrates from its legacy copper network to a fiber-based IP network.

Citizens Band Radio Service Spectrum Auction

The FCC conducted an auction of over 22,000 county-sized Priority Access Licenses ("PALs") in the 3550-3650 MHz portion of the Citizens Band Radio Service ("CBRS") 3.5 GHz spectrum band. This auction (Auction 105), commenced on July 23, 2020 and ended on August 25, 2020. This auction offered up to seven PALs in each county-based license area, for a total of 22,631 PALs nationwide. Each PAL consists of a 10-megahertz unpaired channel in the 3.55-3.65 GHz band. Cincinnati Bell was the winning bidder for 56 PALs (23 in Ohio, 20 in Kentucky, and 13 in Hawaii) at a total cost of \$6.2 million. During 2021, Cincinnati Bell assigned the Hawaii licenses to Hawaiian Telcom and the Kentucky and Ohio licenses to Cincinnati Bell Telephone. The licenses have a 10-year build out term.

Broadband Internet Access/Net Neutrality

In an order adopted in 2005, the FCC provided wireline carriers the option of offering broadband Internet access as a non-regulated information service (comparable treatment to cable modem Internet access at that time) or as a regulated telecommunications service. In 2007, CBT and Hawaiian Telcom elected the non-regulated information service designation for broadband Internet access service. The FCC also ruled that wireless broadband service was a non-regulated information service, placing it on the same regulatory footing as other broadband services such as cable modem service and wireline DSL service.

In conjunction with the adoption of the 2005 wireline broadband Internet access order, the FCC adopted a policy statement intended to ensure that broadband networks are widely deployed, open, affordable, and accessible to all consumers. In April 2010, the D.C. Circuit Court of Appeals issued an opinion finding that an FCC enforcement action regarding Comcast's network management practices exceeded the FCC's authority, causing the FCC to reassess its approach to crafting net neutrality rules. In December 2010, the FCC adopted net neutrality rules that required broadband providers to publicly disclose network management practices, restricted them from blocking Internet content and applications, and prohibited fixed broadband providers from engaging in unreasonable discrimination in transmitting traffic. In January 2014, the D.C. Circuit Court of Appeals vacated the net neutrality order's anti-blocking and anti-discrimination requirements finding that they were akin to common carrier regulation. However, the Court upheld the transparency and disclosure requirements and found that the FCC has general authority under Section 706 of the Communications Act to promulgate rules to encourage broadband deployment. In response to the Court's decision, the FCC adopted new rules in February 2015 under which it reclassified broadband Internet access as a telecommunications service under Title II of the Communications Act. Although these new rules were appealed by numerous parties, in June 2016, the D.C. Circuit Court of Appeals upheld the FCC's new rules in their entirety. In November 2016, the FCC adopted an order establishing broadband privacy and security requirements for Internet service providers using its authority under Title II. The restrictive new privacy rules diverged from the Federal Trade Commission framework that had for years set the standard for protecting Internet users' privacy.

In March 2017, Congress adopted a resolution under the Congressional Review Act to invalidate the new broadband privacy and security rules approved by the FCC in November 2016. In December 2017, the FCC issued a Declaratory Ruling restoring the information service classification of broadband Internet access service that existed prior to 2015 and affirmed that broadband consumer protection authority resides with the Federal Trade Commission. In the accompanying *Restoring Internet Freedom Order*, the FCC required that Internet service providers disclose information about their practices relative to blocking, throttling, paid prioritization, or affiliated prioritization. Challenges to the *Restoring Internet Freedom Order* were largely rejected by the D.C. Circuit Court of Appeals. In October 2020, the FCC adopted an Order on Remand reaffirming its decision on the three discrete issues that had been remanded to it by the Court.

Once the FCC has a full contingent of five commissioners with the Democrats holding the majority, we expect that the Commission will once again open a proceeding on net neutrality and broadband privacy.

Robocalls

During 2019, the FCC took several steps to mitigate the impact of illegal robocalls and spoofed calls on consumers and businesses, including the Chairman calling on the largest voice service providers to "voluntarily" adopt the secure telephone identity revisited signature-based handling of asserted information using tokens ("STIR/SHAKEN") call authentication standards developed by the Alliance for Telecommunications Industry Standards ("ATIS"). In addition, in December 2019, Congress passed and President Trump signed into law the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act ("Pallone-Thune TRACED Act"). Under the Pallone-Thune TRACED Act, within 18 months, all voice service providers must implement the STIR/SHAKEN framework in their IP networks and take reasonable measures to implement an effective call authentication framework in their non-IP networks. During 2020, the FCC adopted several Orders to implement the provisions of the Pallone-Thune TRACED Act that require voice service providers to take proactive steps to mitigate the origination of illegal robocalls from their networks. The Company continues to take all steps necessary to comply with the new requirements.

State - Ohio and Kentucky - CBT, the Company's ILEC in Ohio and Kentucky, moved from rate of return regulation to alternative regulation plans for its local services in 1994. These alternative regulation plans restricted CBT's ability to increase the price of basic local service and related services, but eliminated any earnings cap associated with traditional rate of return regulation. Under alternative regulation, price increases and enhanced flexibility for some services partially offset the effect of fixed pricing for basic local service and reduced pricing for other, primarily wholesale services.

In Ohio, statutory changes enacted by the Ohio General Assembly in 2005 gave the Public Utilities Commission of Ohio (“PUCO”) the authority to provide ILECs with pricing flexibility for basic local rates upon a showing that consumers have sufficient competitive alternatives (House Bill 218). As a result of that legislation, the Company received authority from the PUCO to increase its rates for basic local exchange service in eight of its Ohio exchanges. In September 2010, the Ohio General Assembly passed Substitute Senate Bill 162, which revised state policy concerning the provision of telecommunications service, repealed Ohio's alternative regulation legislation, and authorized additional pricing flexibility for ILEC basic local exchange service (“BLES” - a standalone access line not bundled with other services) upon a competitive showing by the ILEC. CBT filed an application for pricing flexibility under the new rules and, in January 2011, received authority to increase the monthly rate for a standalone local service line throughout its Ohio serving area by \$1.25 annually. Nearly all other retail services were removed from rate regulation, including local service lines bundled with other services. Substitute SB 162 also provided cost savings and revenue opportunities resulting from revision of the PUCO's retail rules and service standards beginning in January 2011. In June 2015, House Bill 64 was enacted, which included provisions that could relieve ILECs from their carrier of last resort obligations, pending the outcome of the FCC's IP Transition proceeding. As part of the provisions of HB 64, the PUCO is currently conducting a process that would assist in the identification of BLES customers that might not have a competitive alternative should the ILEC withdraw BLES as part of its transitioning from a circuit-switched TDM network to an IP Network. The 2015 rules have the potential to provide CBT with substantial regulatory relief in Ohio in the future; however, there is no impact in the near-term. Finally, in December 2018, the General Assembly passed House Bill 402 giving ILECs the ability to increase the monthly BLES rate by \$2.00 annually and allowed them to seek approval for complete rate deregulation of BLES lines beginning in 2023 upon a demonstration that the ILEC has lost more than 50% of its access lines. CBT anticipates seeking approval for this rate deregulation during 2023. The 2018 legislation also limited the PUCO's authority over other aspects of telecom regulation, including eliminating the PUCO's authority to review and approve mergers and acquisitions for telecom companies.

In Kentucky, CBT entered into an alternative regulation plan in July 2006 under terms established by the Kentucky General Assembly in House Bill No. 337. Under this plan, BLES prices were capped in exchange for earnings freedom and pricing flexibility on other retail services. The caps on BLES prices expired in July 2011 providing CBT with flexibility to increase rates for basic local exchange service. In March 2015, the General Assembly passed House Bill 152, which removed the Public Service Commission's authority to regulate terms, conditions, rates or availability of any retail service in urban exchanges (greater than 15,000 Households) for a modifying utility. In March 2017, the General Assembly passed Senate Bill 10, which extended the same privileges as HB 152 to all exchanges, thus providing CBT with nearly complete deregulation for all retail services in Kentucky.

In Hawaii, the legislature and the Hawaii Public Utilities Commission (“HPUC”) have taken steps over the last decade to reduce rate regulation of some of the services of the Company's Hawaiian Telcom subsidiaries.

In 2009 and 2010, the Hawaii State Legislature required the HPUC to treat all intrastate retail telecommunications services, including intrastate toll (*i.e.*, inter island), central exchange (Centrex), most residential and business local exchange services, integrated service digital network (ISDN) private lines and special assemblies, and directory assistance, as “fully competitive” under the HPUC's rules with certain qualifications. As a result, HPUC approval and cost support filings were no longer required to establish or reduce rates or to bundle service offerings; however, all service offerings were required to be priced above the service's long run incremental cost and HPUC retained the ability to suspend and investigate any offering. In 2012, the Hawaii State Legislature passed legislation that gave Hawaiian Telcom pricing flexibility to increase tariffed intrastate rates for any retail telecommunications service without approval from the HPUC, with the exception of basic exchange service (*i.e.*, single line residential and single line business services).

In May 2019, the Hawaii State Legislature granted nearly full pricing flexibility to telecommunications carriers, including Hawaiian Telcom, for intrastate telecommunications services. Rate changes for retail telecommunications services no longer need to be filed with and approved by the HPUC except for any price increase greater than \$6.50 on an annual basis for basic exchange services in counties with a population of less than 500,000. In addition, the traditional cost-of-service regulatory framework that required cost support for retail telecommunications service offerings and pricing above a service's long run incremental cost are no longer applicable; however, the HPUC retains the ability to investigate any offering. The legislation also eliminated the requirements for providers of fully competitive retail telecommunications services to obtain HPUC approval for financing and the sale or encumbrance of regulated property and assets, except when such sale or encumbrance occurs as part of a merger or consolidation with any other public utility. Additional relief was also granted on reporting affiliated transactions and accidents.

Based on these regulatory reforms, the Company can now compete more effectively in Hawaii by making decisions based on marketplace dynamics and other economic information.

Cable Franchises - Ohio, Kentucky and Indiana - The states of Ohio and Indiana permit statewide video service authorization. The Company is now authorized by Ohio and Indiana to provide service in its self-described territory with only 10-day notification to the local government entity and other providers. The authorization can be amended to include additional territory upon notification to the state. A franchise agreement with each local franchising authority is required in Kentucky. The Company has agreements with fifty-three franchising authorities in Kentucky.

Hawaii - In Hawaii, cable franchises must be approved by the Hawaii Department of Commerce and Consumer Affairs. Since 2011, the Company's Hawaiian Telcom Services Company, Inc. subsidiary has held a cable franchise authorizing it to provide video services throughout the island of Oahu.

Recently Issued Accounting Standards

Refer to Note 2 of the consolidated financial statements for further information on recently issued accounting standards.

Private Securities Litigation Reform Act of 1995 Safe Harbor Cautionary Statement

This Form 10-K contains "forward-looking" statements, as defined in federal securities laws including the Private Securities Litigation Reform Act of 1995, which are based on our current expectations, estimates, forecasts and projections. Statements that are not historical facts, including statements concerning plans, objectives, goals, strategies, future events, future revenues or performance, financing needs, plans or intentions relating to acquisitions and restructuring, and business trends are forward-looking statements. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "will," "may," "proposes," "potential," "could," "should," "outlook," or variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of future financial performance, anticipated growth and trends in businesses, and other characterizations of future events or circumstances are forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this report. The following important factors, among other things, could cause or contribute to actual results being materially and adversely different from those described or implied by such forward-looking statements, including, but not limited to:

- volatile geopolitical turmoil, including popular uprisings, regional conflicts, terrorism and war could result in market instability, which could negatively impact our business results;
- global health crises, such as the COVID-19 pandemic, have had an impact on the Company's supply chain and could have a material impact on our customers and our vendors, which could adversely impact our business results and financial condition;
- our commitment to Net Zero emissions in company operations by 2040 will be subject to significant costs and regulations which could impact our business operations, processes, and reputation;
- the Company operates in highly competitive industries, and customers may not continue to purchase products or services, which would result in reduced revenue and loss of market share;
- the Company may be unable to grow its revenues and cash flows despite the initiatives it has implemented;
- if the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings;
- failure to anticipate the need to introduce new products and services or to compete with new technologies may compromise the Company's success in our industries;
- the Company's access lines, which generate a significant portion of its cash flows and profits, are decreasing in number. If the Company continues to experience access line losses similar to the past several years, its revenues, earnings and cash flows from operations may be adversely impacted;
- negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content resulting in increased costs;
- maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's market share and ability to generate revenue;

- the Company's failure to meet performance standards under its agreements could result in customers terminating their relationships with the Company or customers being entitled to receive financial compensation, leading to reduced revenues and/or increased costs;
- the Company generates a substantial portion of revenue by serving a limited geographic area;
- one large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows;
- increases in broadband usage may cause network capacity limitations resulting in service disruptions or reduced capacity for customers;
- an IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business;
- weather conditions, natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations;
- the Company depends on a number of third-party providers and the loss of or problems with one or more of these providers may impede the Company's growth, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations;
- a failure of back-office information technology systems could adversely affect the Company's results of operations and financial condition;
- we may be liable for the material that content providers distribute over our networks;
- our ability to attract and retain qualified personnel could disrupt our business and affect the Company's ability to meet key financial and business objects;
- if the Company fails to extend or renegotiate its collective bargaining agreements with its labor unions when they expire, or if the Company's unionized employees were to engage in a strike or other work stoppage, the Company's business and operating results could be materially harmed;
- the Company's debt could limit its ability to fund operations, raise additional capital, and fulfill its obligations, which, in turn, would have a material adverse effect on the Company's businesses and prospects generally;
- the Company's Credit Agreement and other indebtedness impose significant restrictions on the Company;
- the Company depends on its revolving credit facility and receivables facility to provide for its short-term financing requirements in excess of amounts generated by operations, and the availability of those funds may be reduced or limited;
- the servicing of the Company's indebtedness is dependent on its ability to generate cash, which could be impacted by many factors beyond the Company's control;
- the Company may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on terms favorable to the Company, if at all;
- growing inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations;
- the uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition;
- adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' equity and liquidity;
- the Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets;

- changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows;
- the regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, and threaten our operating licenses;
- third parties may claim that the Company is infringing upon their intellectual property, and the Company could suffer significant litigation or licensing expenses or be prevented from selling products;
- third parties may infringe upon the Company's intellectual property, and the Company may expend significant resources enforcing its rights or suffer competitive injury;
- the Company could be subject to a significant amount of litigation, which could require the Company to pay significant damages or settlements; and
- the Company could incur significant costs resulting from complying with, or potential violations of, environmental, health and human safety laws.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Company does not undertake any obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk*Interest Rate Risk*

The Company borrows funds at a combination of fixed and variable rates. The Company has exposure to interest rate risk, primarily in the form of variable-rate borrowings from its Term B-1 Loans, Term B-2 Loans, Revolving Credit Facility due 2026, Receivables Facility, Paniolo fiber assets financing arrangement and Digital Access Ohio Advance, as well as changes in current rates compared to that of its fixed rate debt. Borrowings under the Credit Agreement use the secured overnight financing rate (“SOFR”) as administered by the Federal Reserve Bank of New York as the benchmark for establishing the rate of interest. In the second quarter of 2022, the Receivables Facility was amended to replace the use of LIBOR with SOFR. Debt under the Paniolo fiber assets financing arrangement uses LIBOR as one of the benchmarks for establishing the rate of interest. Upon the discontinuation of LIBOR, the benchmark rate of interest for the Paniolo fiber assets financing arrangement will transition to SOFR in accordance with the terms of the arrangement. Borrowings under the Digital Access Ohio Advance use the long term applicable federal rate.

LIBOR is the subject of recent regulatory guidance and proposals for reform. On November 30, 2020, ICE Benchmark Administration (“IBA”), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom’s Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021, for only the one week and two month U.S. Dollar LIBOR tenors, and on June 30, 2023, for all other U.S. Dollar LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021.

The Company's management periodically employs derivative and other financial instruments to manage exposure to interest rate risk and variable cash flows. The use of these types of instruments to hedge a portion of our exposure to changes in interest rates carries additional risks, such as counterparty credit risk and the legal enforceability of hedging contracts.

The Company had \$110.2 million principal amount of fixed-rate debt outstanding as of December 31, 2022, excluding debt with a variable rate that is effectively fixed by related interest rate hedge contracts. The estimated aggregate fair market value of this debt was \$98.2 million as of December 31, 2022. At December 31, 2022, the weighted average interest rate on fixed-rate debt is 6.5%.

At December 31, 2022, \$375.0 million of our variable-rate debt was subject to non-designated floating-to-fixed interest rate swaps and \$375.0 million of our variable-rate debt was subject to non-designated interest rate cap agreements. If the underlying SOFR rate increases or decreases by 100 basis points, the aggregate fair market value of the swaps at December 31, 2022 would increase by \$10.9 million or decrease by \$11.3 million. If the underlying SOFR rate increases or decreases by 100 basis points, the aggregate fair market value of the caps at December 31, 2022 would increase by \$8.4 million or decrease by \$7.2 million.

At December 31, 2022, the Company had remaining variable-rate borrowings not protected by non-designated interest rate swaps and interest rate caps of \$821.6 million. The estimated aggregate fair market value of this debt was \$813.8 million as of December 31, 2022. At December 31, 2022, the weighted average interest rate on this variable-rate debt was 6.7%. A hypothetical increase or decrease of 100 basis to the market interest rates associated with this variable-rate debt would result in our annual interest expense increasing or decreasing by \$6.8 million.

For further information, see Footnote 10 to the accompanying consolidated financial statements contained in “Part II. Item 8. Financial Statements and Supplementary Data.”

Foreign Currency Risk

IT Services and Hardware currently has business operations in Canada, the U.K. and India, and foreign currency risk might arise in the future. We do not currently employ forward contracts or other financial instruments to mitigate foreign currency risk.

Commodity Price Risk

Certain of our operating costs are subject to price fluctuations caused by the volatility of the underlying commodity prices, such as gas utilized primarily by our field operations group, and network and building materials, such as steel, fiber and copper, used in the construction of our networks.

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For the year ended December 31, 2022, the periods January 1, 2021 through September 7, 2021 and September 8, 2021 through December 31, 2021 and the year ended December 31, 2020:

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Financial statement schedules other than those listed above have been omitted because the required information is contained in the financial statements and notes thereto, or because such schedules are not required or applicable.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Cincinnati Bell Inc. and its subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control system is designed to produce reliable financial statements in conformity with accounting principles generally accepted in the United States.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)*. Based on this assessment, management has concluded that, as of December 31, 2022, the Company's internal control over financial reporting is effective based on those criteria.

March 22, 2023

/s/ Leigh R. Fox

Leigh R. Fox

Chief Executive Officer

/s/ Joshua T. Duckworth

Joshua T. Duckworth

Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cincinnati Bell Inc. and its subsidiaries (Successor) (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of operations, of comprehensive income (loss), of equity (deficit), and of cash flows for the year ended December 31, 2022 and for the period from September 8, 2021 to December 31, 2021, including the related notes and financial statement schedule listed in the accompanying index for the year ended December 31, 2022 and for the period from September 8, 2021 to December 31, 2021 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and for the period from September 8, 2021 to December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment - Network Reporting Unit

As described in Notes 1 and 6 to the consolidated financial statements, the Company's consolidated goodwill balance was \$723.5 million as of December 31, 2022 and the goodwill associated with the Network segment was \$545.9 million. The Network reporting unit goodwill represents a majority of the Network segment goodwill. Goodwill is tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired using either a qualitative or quantitative approach. An impairment loss is measured as the excess of the carrying value of a reporting unit over its fair value, not to exceed the carrying amount of goodwill. The fair value of a reporting unit is based on a combination of valuation methods, including both income-based and market-based methods. The income approach relies on management's estimates of future revenue growth rates, terminal growth rates, EBITDA margin assumption, and discount rates. The market approach requires the determination of an appropriate peer group, which is utilized to derive estimated fair values based on selected market multiples.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Network reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to (a) future revenue growth rates, terminal growth rate, EBITDA margin assumption, and discount rate for the income approach and (b) peer group determination and market multiples selection for the market approach; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the fair value estimate of the Network reporting unit; (ii) evaluating the appropriateness of the valuation methods; (iii) testing the completeness and accuracy of underlying data used in the methods; and (iv) evaluating the significant assumptions used by management related to (a) future revenue growth rates, terminal growth rate, EBITDA margin assumption, and discount rate for the income approach and (b) peer group determination and market multiple selections for the market approach. Evaluating management's assumptions related to future revenue growth rates and EBITDA margin assumption involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the Company's valuation methods and (ii) the reasonableness of management's assumptions related to terminal growth rate, discount rate, peer group determination, and market multiples selection.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio

March 22, 2023

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, of comprehensive income (loss), of equity (deficit) and of cash flows including the related notes and financial statement schedule listed in the accompanying index of Cincinnati Bell, Inc. (Predecessor) (the “Company”) for the period from January 1, 2021 to September 7, 2021 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and cash flows of the Company for the period from January 1, 2021 to September 7, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio

May 19, 2022

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Board of Directors of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive income (loss), equity (deficit) and cash flows of Cincinnati Bell Inc. and subsidiaries (the "Company") for the year ended December 31, 2020, and the related notes and the schedule for the year ended December 31, 2020 listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 25, 2021

We began serving as the Company's auditor in 2005. In 2021, we became the predecessor auditor.

Cincinnati Bell Inc.
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 9.4	\$ 5.6
Receivables, less allowances of \$12.0 and \$3.6	447.8	450.2
Inventory, materials and supplies	103.4	57.1
Prepaid expenses	45.7	50.4
Other current assets	25.7	9.1
Total current assets	632.0	572.4
Property, plant and equipment, net	2,116.8	1,966.6
Operating lease right-of-use assets	73.1	44.3
Goodwill	723.5	646.3
Intangible assets, net	829.1	928.3
Deferred income tax assets	2.2	5.3
Other noncurrent assets	58.9	35.6
Total assets	\$ 4,435.6	\$ 4,198.8
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 45.0	\$ 19.7
Accounts payable	492.5	399.2
Unearned revenue and customer deposits	81.6	83.2
Accrued taxes	14.5	25.3
Accrued interest	2.0	1.9
Accrued payroll and benefits	52.5	41.9
Other current liabilities	47.8	45.5
Total current liabilities	735.9	616.7
Long-term debt, less current portion	1,656.0	1,428.9
Operating lease liabilities	66.1	40.2
Pension and postretirement benefit obligations	138.9	141.1
Pole license agreement obligation	43.6	46.2
Deferred income tax liabilities	98.2	139.6
Other noncurrent liabilities	118.6	96.0
Total liabilities	2,857.3	2,508.7
Equity		
Additional paid-in capital	1,716.1	1,716.1
Accumulated deficit	(158.1)	(27.2)
Accumulated other comprehensive income	19.5	1.2
Shareowners' equity - controlling interest	1,577.5	1,690.1
Noncontrolling interests	0.8	—
Total equity	1,578.3	1,690.1
Total liabilities and equity	\$ 4,435.6	\$ 4,198.8

The accompanying notes are an integral part of the consolidated financial statements.

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions)

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Revenue	\$ 1,796.0	\$ 554.4	\$ 1,138.7	\$ 1,559.8
Costs and expenses				
Cost of services and products, excluding items below	987.8	302.1	619.5	802.0
Selling, general and administrative, excluding items below	392.4	115.4	243.4	346.5
Depreciation and amortization	497.1	144.6	194.9	293.4
Loss on impairment of long-lived assets	2.7	—	—	—
Restructuring and severance related charges	2.0	0.6	1.2	16.9
Transaction and integration costs	11.3	0.8	54.8	35.0
Gain on sale of assets, net	—	—	(2.8)	—
Total operating costs and expenses	1,893.3	563.5	1,111.0	1,493.8
Operating (loss) income	(97.3)	(9.1)	27.7	66.0
Interest expense	90.1	28.3	89.1	134.2
Other components of pension and postretirement benefit plans (benefit) expense	(7.8)	(4.7)	6.4	14.1
Loss on extinguishment of debt, net	—	2.1	10.7	—
Other (income) expense, net	(13.6)	(0.3)	19.7	(1.2)
Loss before income taxes	(166.0)	(34.5)	(98.2)	(81.1)
Income tax benefit	(35.1)	(7.3)	(16.9)	(25.5)
Net loss	(130.9)	(27.2)	(81.3)	(55.6)
Preferred stock dividends	—	—	7.6	10.4
Net loss applicable to common shareowners	\$ (130.9)	\$ (27.2)	\$ (88.9)	\$ (66.0)

The accompanying notes are an integral part of the consolidated financial statements.

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Net loss	\$ (130.9)	\$ (27.2)	\$ (81.3)	\$ (55.6)
Other comprehensive income (loss), net of tax:				
Foreign currency translation (loss) gain	(6.2)	(1.4)	1.2	2.2
Cash flow hedges:				
Unrealized loss on cash flow hedges arising during the period, net of tax of \$0.0, (\$3.4)	—	—	(0.1)	(11.4)
Reclassification adjustment for net losses included in net income, net of tax of \$5.8, \$2.0	—	—	19.7	6.4
Defined benefit plans:				
Net gain (loss) arising from remeasurement during the period, net of tax of \$7.8, \$0.8, \$1.8, (\$0.8)	25.1	2.6	6.0	(2.7)
Amortization of prior service benefits included in net income, net of tax of (\$0.4), (\$0.6)	—	—	(1.3)	(1.9)
Amortization of net actuarial (gain) loss included in net income, net of tax of (\$0.2), \$3.6, \$4.4	(0.6)	—	12.0	14.9
Reclassification adjustment for pension settlement charges included in net income, net of tax of \$0.9	—	—	—	2.9
Total other comprehensive income, net of tax	18.3	1.2	37.5	10.4
Total comprehensive loss	<u>\$ (112.6)</u>	<u>\$ (26.0)</u>	<u>\$ (43.8)</u>	<u>\$ (45.2)</u>

The accompanying notes are an integral part of the consolidated financial statements.

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(in millions)

Successor	Controlling Interest									
	6 ³ / ₄ % Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount						
Balance at September 8, 2021	—	\$ —	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net loss	—	—	—	—	—	(27.2)	—	(27.2)	—	(27.2)
Other comprehensive income	—	—	—	—	—	—	1.2	1.2	—	1.2
Capital contributions by Red Fiber Parent LLC	—	—	—	—	1,716.1	—	—	1,716.1	—	1,716.1
Balance at December 31, 2021	—	—	—	—	1,716.1	(27.2)	1.2	1,690.1	—	1,690.1
Net loss	—	—	—	—	—	(130.9)	—	(130.9)	—	(130.9)
Other comprehensive income	—	—	—	—	—	—	18.3	18.3	—	18.3
Partner contribution to Digital Access Ohio	—	—	—	—	—	—	—	—	0.8	0.8
Balance at December 31, 2022	—	\$ —	—	\$ —	\$ 1,716.1	\$ (158.1)	\$ 19.5	\$ 1,577.5	\$ 0.8	\$ 1,578.3
Predecessor										
Balance at December 31, 2019	3.1	\$ 129.4	50.4	\$ 0.5	\$ 2,676.2	\$ (2,776.0)	\$ (170.1)	\$ (140.0)	\$ —	\$ (140.0)
Net loss	—	—	—	—	—	(55.6)	—	(55.6)	—	(55.6)
Other comprehensive income	—	—	—	—	—	—	10.4	10.4	—	10.4
Shares issued under employee plans	—	—	0.3	—	—	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(1.1)	—	—	(1.1)	—	(1.1)
Stock-based compensation	—	—	—	—	5.6	—	—	5.6	—	5.6
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)	—	(10.4)
Balance at December 31, 2020	3.1	129.4	50.7	0.5	2,670.3	(2,831.6)	(159.7)	(191.1)	—	(191.1)
Net loss	—	—	—	—	—	(81.3)	—	(81.3)	—	(81.3)
Other comprehensive income	—	—	—	—	—	—	37.5	37.5	—	37.5
Shares issued under employee plans	—	—	0.2	—	—	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(2.0)	—	—	(2.0)	—	(2.0)
Stock-based compensation	—	—	—	—	4.3	—	—	4.3	—	4.3
Equity-based award modification	—	—	—	—	(10.2)	—	—	(10.2)	—	(10.2)
Dividends on preferred stock	—	—	—	—	(7.6)	—	—	(7.6)	—	(7.6)
Balance at September 7, 2021	3.1	\$ 129.4	50.9	\$ 0.5	\$ 2,654.8	\$ (2,912.9)	\$ (122.2)	\$ (250.4)	\$ —	\$ (250.4)

The accompanying notes are an integral part of the consolidated financial statements.

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Cash flows from operating activities				
Net loss	\$ (130.9)	\$ (27.2)	\$ (81.3)	\$ (55.6)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	497.1	144.6	194.9	293.4
Loss on impairment of long-lived assets	2.7	—	—	—
Loss on extinguishment of debt	—	2.1	10.7	—
Provision for loss on receivables	8.4	3.6	2.1	14.7
Unrealized gain on interest rate swaps	(13.7)	—	—	—
Noncash portion of interest expense (income)	5.4	(0.5)	4.0	5.5
Deferred income taxes	(42.3)	(8.6)	(21.1)	(27.7)
Pension and other postretirement payments (in excess of) less than expense	(16.1)	(7.6)	(0.2)	1.0
Stock-based compensation	—	—	4.3	5.6
Other, net	(1.3)	(0.1)	(5.2)	0.4
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(9.1)	(138.8)	51.1	(74.9)
(Increase) decrease in inventory, materials, supplies, prepaid expenses and other current assets	(48.1)	(11.8)	(29.4)	5.0
Increase in accounts payable	69.2	25.6	49.1	15.8
(Decrease) increase in accrued and other current liabilities	(1.4)	(19.5)	2.8	6.8
(Increase) decrease in other noncurrent assets	(5.2)	(8.4)	2.1	13.7
Increase in other noncurrent liabilities	6.5	21.6	8.8	2.4
Net cash provided by (used in) operating activities	321.2	(25.0)	192.7	206.1
Cash flows from investing activities				
Capital expenditures	(482.8)	(127.0)	(165.2)	(223.6)
Acquisition of business, net of cash acquired	(65.5)	(1,620.7)	—	—
Purchase of indefinite-lived intangibles	(6.8)	—	—	—
Acquisition of Paniolo fiber assets	—	(1.7)	(50.5)	—
Wireless spectrum license purchase	—	—	—	(6.4)
Proceeds from sale of assets	2.3	—	9.1	3.5
Other, net	(0.9)	0.8	(0.1)	0.1
Net cash used in investing activities	(553.7)	(1,748.6)	(206.7)	(226.4)
Cash flows from financing activities				
Capital contributions by Red Fiber Parent LLC	—	1,716.1	—	—
Proceeds from issuance of long-term debt	2.7	1,145.0	23.0	—
Net increase in corporate credit facility with initial maturities less than 90 days	223.0	—	7.0	10.0
Proceeds from borrowings on Receivables Facility	1,150.8	467.5	695.4	939.1
Payments on Receivables Facility	(1,116.9)	(497.7)	(693.4)	(888.9)
Repayment of debt	(20.3)	(1,004.2)	(13.4)	(22.4)
Debt issuance costs	(0.7)	(55.9)	(0.8)	(0.7)
Dividends paid on preferred stock	—	(2.4)	(7.8)	(10.4)
Other, net	0.8	—	(2.0)	(1.1)
Net cash provided by financing activities	239.4	1,768.4	8.0	25.6
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.1)	0.1	—	0.3
Net increase (decrease) in cash, cash equivalents and restricted cash	6.8	(5.1)	(6.0)	5.6
Cash, cash equivalents and restricted cash at beginning of period	6.1	11.2	17.2	11.6

Cash, cash equivalents and restricted cash at end of period

\$ 12.9

\$ 6.1

\$ 11.2

\$ 17.2

The accompanying notes are an integral part of the consolidated financial statements.

Cincinnati Bell Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Accounting Policies

Organization — On March 13, 2020, the Company (as defined below), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Red Fiber Parent LLC, a Delaware limited liability company (“Parent”), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent (“Merger Sub”). On September 7, 2021 (the “Closing Date” or “Merger Date”), upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the Ohio General Corporation Law (the “OGCL”), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the “Merger”). At the effective time of the Merger (the “Effective Time”), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent. As of the date of this filing, the Company has ceased to be a registrant (see Note 12), however due to contractual terms in certain indentures, the Company is required to voluntarily file with the U.S. Securities and Exchange Commission (“SEC”).

As a result of the Merger, for accounting purposes, Parent is the acquirer and Cincinnati Bell Inc. is the acquiree and accounting predecessor. The financial statement presentation includes the financial statements of historical Cincinnati Bell Inc. as “Predecessor” for periods prior to the Closing Date and of the Company as “Successor” for the periods after the Closing Date. In connection with the Merger and the related accounting determination, the Company has elected to apply push-down accounting and reflect in its financial statements the fair value of its assets and liabilities. The Consolidated Financial Statements and footnotes include a black line division between the columns titled “Predecessor” and “Successor” to signify that the amounts shown for the periods prior to and following the Merger are not comparable. The Company has elected to record all expenses that were contingent on the closing of the Merger in the Predecessor period. See Note 4 for additional information on the Merger.

Description of Business — Cincinnati Bell Inc. and its consolidated subsidiaries (“Cincinnati Bell,” “we,” “our,” “us” or the “Company”) provides diversified telecommunications and technology services. For ease of reference, the terms “Cincinnati Bell,” “we,” “our Company,” “the Company,” “us,” or “our” as used in this report refer to both the Predecessor and the Successor and their respective subsidiaries. The Company generates a large portion of its revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in these, or a portion of these, limited operating territories could have a disproportionate effect on our business, financial condition, results of operations and cash flows compared to similar companies of a national scope and similar companies operating in different geographic areas.

As of December 31, 2022, we operate our business through the following segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

The Company has approximately 5,800 employees as of December 31, 2022. Approximately 22% of total employees are covered by collective bargaining agreements with the Communications Workers of America (“CWA”) and the International Brotherhood of Electrical Workers (“IBEW”) Local 1357. The effective dates for collective bargaining agreements with the CWA and IBEW range through the second quarter of 2026 and third quarter of 2028, respectively.

Basis of Presentation — The consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the SEC and, in the opinion of management, include all adjustments necessary for a fair presentation of the results of operations, comprehensive income, financial position and cash flows for each period presented.

Basis of Consolidation — The consolidated financial statements include the consolidated accounts of Cincinnati Bell Inc. and its majority-owned subsidiaries over which it exercises control. Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Use of Estimates — The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates. Significant items subject to such estimates and judgments include: the carrying value of property, plant and equipment; the valuation of credit losses for receivables and deferred income taxes; reserves recorded for income tax exposures; assets and liabilities related to employee benefits; the valuation of deferred costs under Accounting Standards Codification (“ASC”) 606, “Revenue Recognition”; purchase price allocation for acquired businesses; and the valuation of intangible assets and goodwill. In the normal course of business, the Company is also subject to various regulatory and tax proceedings, lawsuits, claims and other matters. The Company believes adequate provision has been made for all such asserted and unasserted claims in accordance with GAAP. Such matters are subject to many uncertainties and outcomes that are not predictable with assurance. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in our financial statements prospectively from the date of the change in estimate.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of Accounting Standards Codification 805 (“ASC 805”), “Business Combinations,” which requires the recording of net assets of acquired businesses at fair value. In developing fair value estimates for acquired assets and assumed liabilities, management analyzes a variety of factors including market data, estimated future cash flows of the acquired operations, industry growth rates, current replacement cost for fixed assets, and market rate assumptions for contractual obligations. Such a valuation requires management to make significant estimates and assumptions, particularly with respect to the intangible assets. In addition, any contingent consideration is presented at fair value at the date of acquisition, and transaction costs are expensed as incurred. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period. See Note 4 for disclosures related to mergers and acquisitions.

Variable Interest Entity — The Company holds a controlling interest in a limited liability company, Digital Access Ohio LLC (“DAO”), that is considered a variable interest entity (“VIE”) in accordance with ASC 810-10 “Consolidation.” The Company is the primary beneficiary of DAO as it has the power over the activities that most significantly impact the economic performance of DAO and has the obligation to absorb expected losses and the right to receive expected benefits that could be significant to DAO. As a result, the Company consolidated DAO, and all significant intercompany accounts have been eliminated. DAO is consolidated with the equity owned by the other joint venture member shown as noncontrolling interests in our Consolidated Balance Sheets. For the year ended December 31, 2022, results of operations of DAO were nominal. The Company will continue to assess whether it has a controlling financial interest and whether it is the primary beneficiary at each reporting period.

Cash, Cash Equivalents and Restricted Cash — Cash consists of funds held in bank accounts. Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Restricted cash as of December 31, 2022 consists of funds held in an escrow account related to a cost method investment and funds invested by Agile IWG Holdings, LLC (“Agile”) in a new entity that commenced operations in the fourth quarter of 2022. Restricted cash as of December 31, 2021 consists of funds held in an escrow account related to a cost method investment. Restricted cash in the Predecessor period consists of funds held in an escrow account associated with the acquisition of substantially all of the operating assets of Paniolo Cable Company, LLC (“Paniolo”). See Note 4 for further information related to this transaction. Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statements of Cash Flows. A reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheets follows:

(dollars in millions)	Successor		Predecessor
	December 31, 2022	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 9.4	\$ 5.6	\$ 12.2
Restricted cash included in Other noncurrent assets	3.5	0.5	5.0
Cash, cash equivalents and restricted cash per Consolidated Statements of Cash Flows	\$ 12.9	\$ 6.1	\$ 17.2

Receivables — Receivables consist principally of trade receivables from customers and are generally unsecured and due within 21 - 90 days. The Company has receivables with one customer, Verizon Communications Inc., which make up 21% and 26% of the outstanding accounts receivable balance at December 31, 2022 and 2021, respectively. Unbilled receivables arise from services rendered but not yet billed. As of December 31, 2022 and 2021, unbilled receivables totaled \$66.9 million and \$70.8 million, respectively. Expected credit losses related to trade receivables are recorded as an allowance for credit losses in the Consolidated Balance Sheets. The Company establishes the allowances for uncollectible accounts using percentages of aged accounts receivable balances to reflect the historical average of credit losses as well as specific provisions for certain identifiable, potentially uncollectible balances. When internal collection efforts on accounts have been exhausted, the accounts are written off and the associated allowance for uncollectible accounts is reduced. As of the Merger Date, the Company measured their receivables at fair value in accordance with ASC 805.

Factoring Arrangements — In the second quarter of 2018, the Company executed an amendment of its Receivables Facility that includes an option for Cincinnati Bell Funding LLC (“CBF”) to sell certain receivables, on a non-recourse basis, directly to PNC Bank. The terms of the factoring arrangement provides for the factoring of certain receivables, which are purchased at the face amount of the receivable discounted at the annual rate of LIBOR plus a bank determined spread on the purchase date. In the second quarter of 2022, the Company executed an amendment of its Receivables Facility, which replaced LIBOR with SOFR, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York. Sales of accounts receivable are reflected as a reduction of "Receivables, less allowances" in the Consolidated Balance Sheets as they meet the applicable criteria in ASC 860, "Transfers and Servicing." The fees recorded in relation to such sales of accounts receivable were \$1.8 million in 2022 and immaterial in 2021, and are included in "Selling, general, and administrative" in the Consolidated Statements of Operations. As of December 31, 2022, the outstanding balance of receivables sold under the terms of the factoring agreement was \$56.8 million. As of December 31, 2021, there was no outstanding balance of receivables sold under the terms of the factoring agreement. See Note 7 for further information related to the Receivables Facility.

Inventory, Materials and Supplies — Inventory, materials and supplies consists of network components, various telephony and IT equipment to be sold to customers, maintenance inventories, and other materials and supplies, which are carried at the lower of average cost or market.

Property, Plant and Equipment — Property, plant and equipment is stated at original cost and presented net of accumulated depreciation and impairment losses. Property, plant and equipment owned by the Company on the Merger Date was stated at fair value in accordance with ASC 805, “Business Combinations.” Maintenance and repairs are charged to expense as incurred while improvements, which extend an asset's useful life or increase its functionality, are capitalized and depreciated over the asset's remaining life. The majority of the Network segment’s network property, plant and equipment used to generate its voice and data revenue is depreciated using the group method, which develops a depreciation rate annually based on the average useful life of a specific group of assets rather than for each individual asset as would be utilized under the unit method. Provision for depreciation of other property, plant and equipment, except for leasehold improvements, is based on the straight-line method over the estimated economic useful life. Depreciation of leasehold improvements is based on a straight-line method over the lesser of the economic useful life of the asset or the term of the lease, including optional renewal periods if renewal of the lease is reasonably assured.

Additions and improvements, including interest and certain labor costs incurred during the construction period, are capitalized. The Company records the fair value of a legal liability for an asset retirement obligation in the period it is incurred. The estimated removal cost is initially capitalized and depreciated over the remaining life of the underlying asset. The associated liability is accreted to its present value each period. Once the obligation is ultimately settled, any difference between the final cost and the recorded liability is recognized as gain or loss on disposition.

Goodwill — Goodwill represents the excess of the purchase price consideration over the fair value of net assets acquired and recorded in connection with business acquisitions. Goodwill is allocated at the business segment level. Goodwill is tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired using either a qualitative or quantitative approach. An impairment loss is measured as the excess of the carrying value of a reporting unit over its fair value, not to exceed the carrying amount of goodwill. For the year ended in 2022, to calculate fair value of the reporting units, management used a combination of methods, including both income-based and market-based methods. The income approach relies on estimates of future revenue growth rates, terminal growth rates, EBITDA margin assumptions, and discount rates. The market approach requires the determination of an appropriate peer group, which is utilized to derive estimated fair values based on selected market multiples. No impairment losses were recognized in goodwill for the year ended in 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Indefinite-Lived Intangible Assets — Intangible assets represent purchased assets that lack physical substance but can be separately distinguished from goodwill because of contractual or legal rights, or because the asset is capable of being separately sold or exchanged. Federal Communications Commission (“FCC”) licenses for wireless spectrum and other perpetual licenses represent indefinite-lived intangible assets. The Company may renew the wireless licenses in a routine manner every ten years for a nominal fee, provided the Company continues to meet the service and geographic coverage provisions required by the FCC. Intangible assets not subject to amortization are tested for impairment annually, or when events or changes in circumstances indicate that the asset might be impaired. No impairment losses were recognized on indefinite-lived intangible assets for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Long-Lived Assets — Management reviews the carrying value of property, plant and equipment and other long-lived assets, including intangible assets with definite lives, when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized when the estimated future undiscounted cash flows expected to result from the use of an asset (or group of assets) and its eventual disposition is less than its carrying amount. An impairment loss is measured as the amount by which the asset's carrying value exceeds its estimated fair value. Long-lived intangible assets are amortized based on the estimated economic value generated by the asset in future years. For the year ended December 31, 2022, the Company recorded a loss on impairment of long-lived assets of \$2.7 million related to the impairment of leasehold improvements at the Company's headquarters. In addition, amortization of the remaining leasehold improvements at the Company's headquarters will be accelerated to reflect the update to management's estimate of the remaining useful life. No impairment losses were recognized on long-lived assets for the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Cost Method Investments — Certain of our cost method investments do not have readily determinable fair values. The carrying value of these investments was \$8.0 million and \$7.0 million as of December 31, 2022 and 2021, respectively, and was included in "Other noncurrent assets" in the Consolidated Balance Sheets. Investments are reviewed annually to determine if changes in circumstances exist that would indicate the carrying value may not be recoverable. If indicators are present then an analysis is performed to determine if carrying value exceeds the estimated fair value. A nominal impairment was recognized for the cost method investments for the year ended December 31, 2022. No impairment losses were recognized for cost method investments for the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Leases — The Company adheres to lease accounting principles described in ASC 842, "Leases." Under ASC 842, the Company determines if an arrangement is a lease at inception based on the facts and circumstances present. In lease transactions where the Company acts as the lessor, the lease component is accounted for in accordance with ASC 842, and the non-lease component is accounted for in accordance with ASC 606. Although separation of lease and non-lease components is required, certain practical expedients are available that release the Company from this requirement. Adoption of the practical expedient allows the Company to account for each lease component and the related non-lease component together as a single component provided that the timing and patterns of revenue recognition for the components are the same and the combined, single unit of account would be classified as an operating lease. The Company's operating leases for certain services that include Customer Premise Equipment, including handsets and set-top boxes, have lease and non-lease components. In these arrangements, management has concluded that the non-lease components are the predominant characteristic, and, as a result, the Company has elected to account for these arrangements as one single non-lease component recorded as "Revenue" in the Consolidated Statements of Operations in accordance with ASC 606.

Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

The Company's lease terms include options to extend, terminate or buyout the lease when it is reasonably certain that we will exercise that option. Leases that have contract prices based on variable factors, such as power usage, are recognized as variable lease expense in the period in which the obligation for those payments are incurred. Lease expense for variable lease payments is recognized on a straight-line basis over the lease term.

Revenue Recognition — The Company adheres to revenue recognition principles described in ASC 606. Under ASC 606, revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. A good or service is considered to be transferred when the customer obtains control.

Revenue derived from foreign operations was approximately 7% of consolidated revenue in 2022. Revenue derived from foreign operations was approximately 6% of consolidated revenue for both the Successor period and the Predecessor period included within 2021. Revenue derived from foreign operations was approximately 5% of consolidated revenue in 2020.

Network — Revenues from local telephone, special access, internet product and video services, which are billed monthly prior to performance of service, are not recognized upon billing or cash receipt but rather are deferred until the service is provided. Consumer long distance, switched access and other usage based charges are billed monthly in arrears. Network bills service revenue in regular monthly cycles, which are spread throughout the days of the month. As the last day of each billing cycle rarely coincides with the end of the reporting period for usage-based services such as long distance and switched access, we must estimate service revenues earned but not yet billed. These estimates are based upon historical usage, and we adjust these estimates during the period in which actual usage is determinable, typically in the following reporting period.

Pricing of local voice services is generally subject to oversight by both state and federal regulatory commissions. Such regulation also covers services, competition, and other public policy issues. Various regulatory rulings and interpretations could result in increases or decreases to revenue in future periods.

For long-term indefeasible right of use, or IRU, contracts for fiber circuit capacity, the Company may receive up-front payments for services to be delivered for a period of up to 25 years. In these situations, the Company defers the revenue and amortizes it on a straight-line basis to earnings over the term of the contract. See Note 3 for further information.

IT Services and Hardware — Revenue is generally recognized as the service is provided. Maintenance on telephony equipment is deferred and recognized ratably over the term of the underlying customer contract, generally one to three years.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is either shipped or delivered in accordance with the terms of the contract. Installation service revenue is generally recognized when installation is complete. We sell equipment and installation services on both a combined and standalone basis.

For the sale of hardware within the Infrastructure Solutions category, the Company evaluated whether it is the principal (in which case we report revenues on a gross basis) or the agent (in which case we report revenues on a net basis). The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services.

Advertising Expenses — Costs related to advertising are expensed as incurred. Advertising costs were \$25.1 million for the year ended 2022, \$7.1 million and \$12.8 million for the Successor and Predecessor periods in 2021, respectively, and \$15.6 million for the year ended December 31, 2020.

Legal Expenses — In the normal course of business, the Company is involved in various claims and legal proceedings. Legal costs incurred in connection with loss contingencies are expensed as incurred. Legal claim accruals are recorded once determined to be both probable and estimable.

Income, Operating, and Regulatory Taxes

Income taxes — The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as various foreign, state and local jurisdictions. The provision for income taxes is based upon income in the consolidated financial statements, rather than amounts reported on the income tax return. The income tax provision consists of an amount for taxes currently payable and an amount for tax consequences deferred to future periods. Deferred income taxes are provided for temporary differences between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at rates then in effect. Valuation allowances are recorded to reduce deferred tax assets to amounts that are more likely than not to be realized. The ultimate realization of the deferred income tax assets depends upon the ability to generate future taxable income during the periods in which basis differences and other deductions become deductible and prior to the expiration of the net operating loss carryforwards.

Previous tax filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires.

Operating taxes — Certain operating taxes such as property, sales, use, and gross receipts taxes are reported as expenses in operating income primarily within cost of services. These taxes are not included in income tax expense because the amounts to be paid are not dependent on our level of income. Liabilities for audit exposures are established based on management's assessment of the probability of payment. The provision for such liabilities is recognized as either property, plant and equipment, operating tax expense, or depreciation expense depending on the nature of the audit exposure. Upon resolution of an audit, any remaining liability not paid is released against the account in which it was originally recorded.

Regulatory taxes — The Company incurs federal and state regulatory taxes on certain revenue producing transactions. We are permitted to recover certain of these taxes by billing the customer; however, collections cannot exceed the amount due to the federal regulatory agency. These federal regulatory taxes are presented in revenue and cost of services on a gross basis because, while the Company is required to pay the tax, it is not required to collect the tax from customers and, in fact, does not collect the tax from customers in certain instances. The amounts recorded as revenue totaled \$32.9 million for the year ended December 31, 2022, \$13.2 million and \$27.2 million in the Successor and Predecessor periods in 2021, respectively, and \$32.2 million for the year ended December 31, 2020. The amounts recorded as expense totaled \$36.9 million for the year ended December 31, 2022, \$13.7 million and \$32.1 million in the Successor and Predecessor periods in 2021, respectively, and \$34.2 million for the year ended December 31, 2020. We record all other federal taxes collected from customers on a net basis.

Stock-Based Compensation — Compensation cost is recognized for all share-based awards to employees and non-employee directors. We value all share-based awards to employees at fair value on the date of grant and expense this amount over the requisite service period, generally defined as the applicable vesting period. For awards which contain a performance condition, compensation expense is recognized over the service period, when achievement of the performance condition is deemed probable. The fair value of stock options and stock appreciation rights is determined using the Black-Scholes option-pricing model using assumptions such as volatility, risk-free interest rate, expected holding period and dividends. The fair value of stock awards is based on the Company's closing share price on the date of grant. For all share-based payments, the Company accounts for forfeitures as they occur. Actual forfeiture activity reduces the total fair value of the awards to be recognized as compensation expense. When an award is granted to an employee who is retirement eligible, the compensation cost is recognized over the service period up to the date that the employee first becomes eligible to retire.

In connection with the consummation of the Merger, certain previously granted stock-based awards vested on the Closing Date per the terms of the change of control clauses in each plan and were paid at the share purchase price of \$15.50. As a result, the following awards vested and were paid on the date of acquisition: (i) time-based restricted stock units and performance-based stock units associated with the 2019 – 2021 long-term incentive plan granted under the 2017 Long-Term Incentive Plan; (ii) time-based restricted stock units granted to non-employee directors in 2020 under the 2017 Stock Plan for Non-Employee Directors; and (iii) time-based restricted stock units granted under the Hawaiian Telcom 2010 Equity Incentive Plan in the first quarter of 2018 which the Company assumed responsibility for the eventual payout upon the acquisition of Hawaiian Telcom. Due to the accelerated vesting and cash payment of these awards, the Company recorded additional compensation expense of \$9.3 million to "Selling, general and administrative" expense in the Predecessor period of 2021 on the Consolidated Statements of Operations. As of December 31, 2022 and 2021, there are no outstanding awards granted under the 2017 Long-Term Incentive Plan, 2017 Stock Plan for Non-Employee Directors and Hawaiian Telcom 2010 Equity Incentive Plan.

Pension and Postretirement Benefit Plans — The Company maintains qualified and non-qualified defined benefit pension plans, and also provides postretirement healthcare and life insurance benefits for eligible employees. We recognize the overfunded or underfunded status of the defined benefit pension and other postretirement benefit plans as either an asset or liability. Changes in the funded status of these plans are recognized as a component of comprehensive income (loss) in the year they occur. Pension and postretirement healthcare and life insurance benefits earned during the year and interest on the projected benefit obligations are accrued and recognized currently in net periodic benefit cost. Prior service costs and credits are amortized over the average remaining life expectancy of plan participants or remaining service period, based upon whether plan participants are mostly retirees or active employees. Net gains or losses resulting from differences between actuarial estimates or from changes in actuarial assumptions are recognized as a component of annual net periodic benefit cost. Pension and postretirement benefit plans were remeasured as of the Merger Date. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average life expectancy of the participant group for the Cincinnati pension plans and Hawaii pension plans, the average life expectancy of retirees for the Cincinnati postretirement plans and the average remaining service period of active employees for the Hawaii postretirement plans.

Derivative Financial Instruments — The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the Consolidated Balance Sheets at fair value and recognizing the resulting gains or losses as adjustments to the Consolidated Statements of Operations or "Accumulated Other Comprehensive Income." The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of "Accumulated Other Comprehensive Income" in stockholder's equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. Derivatives that do not qualify as hedges are adjusted to fair value through earnings in the current period. All cash flows associated with the Company's derivative instruments are classified as operating activities in the Consolidated Statements of Cash Flows.

Fair Value Measurements — Fair value of financial and non-financial assets and liabilities is defined as the price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is utilized to measure certain investments on a recurring basis. Fair value measurements are also utilized to determine the initial value of assets and liabilities acquired in a business combination, to perform impairment tests, and for disclosure purposes.

Management uses quoted market prices and observable inputs to the maximum extent possible when measuring fair value. In the absence of quoted market prices or observable inputs, fair value is determined using valuation models that incorporate assumptions that a market participant would use in pricing the asset or liability.

Fair value measurements are classified within one of three levels, which prioritize the inputs used in the methodologies of measuring fair value for assets and liabilities, as follows:

Level 1 — Quoted market prices for identical instruments in an active market;

Level 2 — Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs); and

Level 3 — Unobservable inputs that reflect management's determination of assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including our own data.

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

Foreign Currency Translation and Transactions — The financial position of foreign subsidiaries is translated at the exchange rates in effect at the end of the period, while revenues and expenses are translated at average rates of exchange during the period. Gains or losses from translation of foreign operations where the local currency is the functional currency are included as components of accumulated other comprehensive income. Gains and losses arising from foreign currency transactions are recorded in "Other (income) expense, net" in the period incurred.

2. Recently Issued Accounting Standards

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within *Income Taxes (740)*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities, and is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020. Most amendments within ASU 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted the standard effective January 1, 2021. The Company has evaluated the amendments that must be applied on a retrospective or modified retrospective basis and concluded that no adjustments are necessary. The Company has applied all other amendments on a prospective basis, and the changes did not have a material effect on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. ASU 2020-04 was amended in December 2022 by the provisions of ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848. These amendments are effective as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2024. The Company does not expect the standard to have a material effect on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

3. Revenue

The Network segment provides products and services to both consumer and enterprise customers that can be categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati, Enterprise Fiber or Legacy. The products and services within these three categories can be further categorized as either Data, Voice, Video or Other. Fioptics and Legacy revenue include both consumer and commercial customers. Enterprise Fiber revenue includes ethernet and dedicated internet access services that are provided to enterprise customers. Enterprise Fiber also includes revenue associated with the Southeast Asia to United States ("SEA-US") trans-Pacific submarine cable system, which was acquired in conjunction with the acquisition of Hawaiian Telcom in the third quarter of 2018, and connects Indonesia, the Philippines, Guam, Hawaii and the mainland United States. Subsequent to the Company's acquisition of Agile, services provided by Agile are also included in Enterprise Fiber.

Residential customers have implied month-to-month contracts, while commercial customers, with the exception of contracts associated with the SEA-US cable system, typically have contracts with a duration of one to five years and automatically renew on a month-to-month basis. Customers are invoiced on a monthly basis for services rendered. Contracts for projects that are included within the Other revenue stream are typically short in duration and less than one year. Contracts associated with the SEA-US cable system typically range from 15 to 25 years and payment is prepaid.

The IT Services and Hardware segment provides a full range of Information Technology ("IT") solutions, including Communications, Cloud and Consulting services. IT Services and Hardware customers enter into contracts that have a typical duration of one to five years, with varied renewal options at the end of the term. Customers are invoiced on a monthly basis for services rendered. The IT Services and Hardware segment also provides enterprise customers with Infrastructure Solutions, which includes the sale of hardware and maintenance contracts. These contracts are typically satisfied in less than twelve months and revenue is recognized at a point in time.

The Company has elected the practical expedient described in ASC 606-10-32-18 that allows an entity to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects that the period of time between the transfer of a promised good or service to the customer and when the customer pays for such good or service will be one year or less. Customers are typically billed immediately upon the rendering of services or the delivery of products. Payment terms for customers are between 30 and 120 days. Subsequent to the acquisition of Hawaiian Telcom, the Company began recognizing a financing component associated with the up-front payments for services to be delivered under indefeasible right of use ("IRU") contracts for fiber circuit capacity. The IRU contracts are associated with the SEA-US cable system and other dedicated fiber routes. The IRU contracts typically have a duration ranging from 15 to 25 years.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, or a series of distinct goods or services, and is the unit of account defined in ASC Topic 606. The transaction price identified in the contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Contract modifications for changes to services provided are routine throughout the term of our contracts. In most instances, contract modifications are for the addition or reduction of services that are distinct, and price changes are based on the stand-alone selling price of the service and, as such, are accounted for on a prospective basis as a new contract.

Goods and services are sold individually, or a contract may include multiple goods or services. For contracts with multiple goods and services, the contract transaction price is allocated to each performance obligation using the stand-alone selling price of each distinct good or service in the contract.

Certain customers of the Company may receive cash-based rebates based on volume of sales, which are accounted for as variable consideration. Potential rebates are considered at contract inception in our estimate of transaction price based on the projected volume of sales. Estimates are reassessed quarterly.

Performance obligations are satisfied either over time as services are performed or at a point in time. Substantially all of our service revenue is recognized over time. For services transferred over time, the Company has elected the practical expedient to recognize revenue based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are provided evenly over the month and are substantially the same over the life of the contract. As the Company has elected the practical expedients detailed at ASC 606-10-50-13, revenue for these unsatisfied performance obligations that will be billed in future periods has not been disclosed.

As of December 31, 2022, our estimated revenue, including a financing component, expected to be recognized in the future related to performance obligations associated with customer contracts that are unsatisfied (or partially unsatisfied) is \$180.0 million. Approximately 60% of this revenue is related to an IRU contract entered into in the Successor period of 2021 to provide dedicated fiber routes for a period of 20 years (see Note 9). Certain IRU contracts extend for periods of up to 30 years and are invoiced at the beginning of the contract term. The revenue from such contracts is recognized over time as services are provided over the contract term. The expected revenue to be recognized for existing IRU contracts is as follows:

(dollars in millions)

2023	\$	15.2
2024		16.9
2025		16.9
2026		17.3
2027		17.2
Thereafter		96.5

Network

The Company has identified four distinct performance obligations in the Network segment, namely Data, Voice, Video and Other. For each of the Data, Voice and Video services, service is delivered to the customer continuously and in a substantially similar manner for each period of the agreement, the customer takes full control over the services as the service is delivered, and as such, Data, Voice and Video are identified to be a series of distinct services. Services provided by the Network segment can be categorized into three main categories that include Fioptics, Enterprise Fiber and Legacy, each of which may include one or more of the aforementioned performance obligations. Data services include high-speed internet access, digital subscriber lines, ethernet, routed network services, SONET (Synchronous Optical Network), dedicated internet access, wavelength, digital signal and IRU revenue. Voice services include traditional and fiber voice lines, switched access, digital trunking and consumer long distance calling. Video services are offered through our fiber network to residential and commercial customers based on various standard plans with the opportunity to add premium channels. To receive video services, customers are required to use the Company's set top boxes that are billed as part of the monthly recurring service. Set top boxes are not considered a separate performance obligation from video because the equipment is necessary for the service to operate and the customer has no alternative use for the equipment.

Services and products not included in Data, Voice or Video are included in Other revenue and are comprised of wire care, wire time and materials projects, subsidized fiber build projects and advertising. Transfer of control of these services and products is evaluated on an individual project basis and can occur over time or at a point in time.

The Company uses multiple methods to determine stand-alone selling prices in the Network segment. For Data, Video and Voice products in Fioptics, market rate is the primary method used to determine stand-alone selling prices. For Data performance obligations under the Enterprise Fiber category, and Voice, Data and Other performance obligations under the Legacy category, stand-alone selling prices are determined based on a list price, discount off of list price, a tariff rate, a margin percentage range, or a minimum margin percentage.

IT Services and Hardware

The Company has identified four distinct performance obligations in the IT Services and Hardware segment. These performance obligations are Communications, Cloud, Consulting and Infrastructure Solutions. Communications services are monthly services that include data and VoIP services, tailored solutions that include converged IP communications of data, voice, video and mobility applications, enterprise long distance, MPLS (Multi-Protocol Label Switching) and conferencing services. Cloud services include storage, backup, disaster recovery, SLA-based monitoring and management, cloud computing and cloud consulting. Consulting services provide customers with IT staffing, consulting and emerging technology solutions. Infrastructure Solutions includes the sale of hardware and maintenance contracts as well as installation projects.

For the sale of hardware, the Company evaluated whether it is the principal or the agent. The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services. Based on this assessment, the performance obligation is to arrange a sale of hardware between the vendor and the customer. In the instance where there is an issue with the hardware, the Company coordinates with the manufacturer to facilitate a return in accordance with the standard manufacturer warranty. Hardware returns are not significant to the Company.

Within the IT Services and Hardware segment, stand-alone selling prices for the four performance obligations are determined based on either a margin percentage range, minimum margin percentage or discount from standard price list if it is determined to be representative of stand-alone selling price.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is shipped or delivered in accordance with the terms of the contract. For certain projects within Communications and Consulting, revenue is recognized when the customer communicates acceptance of the services performed. For contracts with freight on board shipping terms, management has elected to account for shipping and handling as activities to fulfill the promise to transfer the good, and therefore, has not evaluated whether shipping and handling activities are promised services to its customers.

Contract Balances

The Company recognizes incremental fulfillment costs as an asset when installation expenses are incurred as part of performing the agreement for Voice, Video and Data product offerings in the Network segment in which the contract life is longer than one year. These fulfillment costs are amortized ratably over the expected life of the customer, which is representative of the expected period of benefit of the asset capitalized. The expected life of the customer is determined utilizing the average churn rate for each product. The Company calculates average churn based on the historical average customer life. We also recognize an asset for incremental fulfillment costs for certain Cloud and Communications services in the IT Services and Hardware segment that require us to incur installation and provisioning expenses. The asset recognized for Cloud and Communication services is amortized over the average contract life. Churn rates and average contract life are reviewed on an annual basis. Fulfillment costs are capitalized to "Other noncurrent assets." The related amortization expense is recorded to "Cost of services and products."

The Company recognizes an asset for the incremental costs of acquiring a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs related to Voice, Video, Data and certain Communications and Cloud services meet the requirements to be capitalized. The contract asset established for the costs of acquiring a contract is recorded to "Other noncurrent assets." Sales incentives are amortized ratably over the period that services are delivered using either an average churn rate or average contract term, both representative of the expected period of benefit of the asset capitalized. Customer churn rates and average contract term assumptions are reviewed on an annual basis. The related amortization expense is recorded to "Selling, general and administrative."

Management has elected to use the practical expedient detailed in ASC 340-40-25-4 to expense any costs to fulfill a contract and costs to obtain a contract as they are incurred when the amortization period would be one year or less. This practical expedient has been applied to fulfillment costs that include installation costs associated with wiring projects and certain Cloud services. In addition, this practical expedient has been applied to acquisition costs associated with revenue from certain Communications projects.

The following table presents the activity for the Company's contract assets:

(dollars in millions)	Fulfillment Costs			Successor Cost of Acquisition			Total Contract Assets		
	IT Services and Hardware		Total Company	IT Services and Hardware		Total Company	IT Services and Hardware		Total Company
	Network			Network			Network		
Balance as of September 8, 2021 (remeasured upon Merger)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Additions	0.7	0.8	1.5	3.5	0.4	3.9	4.2	1.2	5.4
Amortization	—	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.2)	(0.2)	(0.4)
Balance as of December 31, 2021	0.7	0.7	1.4	3.3	0.3	3.6	4.0	1.0	5.0
Additions	2.2	2.6	4.8	11.3	1.6	12.9	13.5	4.2	17.7
Amortization	(0.4)	(0.6)	(1.0)	(2.6)	(0.9)	(3.5)	(3.0)	(1.5)	(4.5)
Balance as of December 31, 2022	\$ 2.5	\$ 2.7	\$ 5.2	\$ 12.0	\$ 1.0	\$ 13.0	\$ 14.5	\$ 3.7	\$ 18.2

(dollars in millions)	Fulfillment Costs			Predecessor Cost of Acquisition			Total Contract Assets		
	IT Services and Hardware		Total Company	IT Services and Hardware		Total Company	IT Services and Hardware		Total Company
	Network			Network			Network		
Balance as of December 31, 2019	\$ 8.0	\$ 4.1	\$ 12.1	\$ 14.8	\$ 2.3	\$ 17.1	\$ 22.8	\$ 6.4	\$ 29.2
Additions	3.6	2.2	5.8	9.4	3.5	12.9	13.0	5.7	18.7
Amortization	(8.1)	(2.4)	(10.5)	(8.4)	(2.2)	(10.6)	(16.5)	(4.6)	(21.1)
Balance as of December 31, 2020	3.5	3.9	7.4	15.8	3.6	19.4	19.3	7.5	26.8
Additions	2.5	2.6	5.1	7.2	0.4	7.6	9.7	3.0	12.7
Amortization	(5.2)	(1.9)	(7.1)	(6.7)	(1.1)	(7.8)	(11.9)	(3.0)	(14.9)
Balance as of September 7, 2021	\$ 0.8	\$ 4.6	\$ 5.4	\$ 16.3	\$ 2.9	\$ 19.2	\$ 17.1	\$ 7.5	\$ 24.6

Fulfillment costs and costs of acquisition were remeasured in the Successor period of 2021 in accordance with ASC 805.

The Company recognizes a liability for cash received up-front for IRU contracts. At December 31, 2022 and 2021, \$3.2 million and \$2.2 million, respectively, of contract liabilities were included in "Other current liabilities." At December 31, 2022 and 2021, \$74.2 million and \$57.2 million, respectively, of contract liabilities were included in "Other noncurrent liabilities."

Disaggregated Revenue

The following table presents revenues disaggregated by product and service lines:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Data	\$ 523.3	\$ 156.2	\$ 334.6	\$ 479.4
Video	193.6	60.4	131.8	193.8
Voice	230.8	76.4	177.3	262.8
Other	46.6	10.8	20.5	33.6
Total Network	994.3	303.8	664.2	969.6
Consulting	339.4	105.5	193.6	196.0
Cloud	101.7	31.9	66.4	86.2
Communications	222.3	68.5	149.1	215.0
Infrastructure Solutions	164.5	53.4	83.3	119.4
Total IT Services and Hardware	827.9	259.3	492.4	616.6
Intersegment revenue	(26.2)	(8.7)	(17.9)	(26.4)
Total revenue	\$ 1,796.0	\$ 554.4	\$ 1,138.7	\$ 1,559.8

The following table presents revenues disaggregated by contract type:

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
(dollars in millions)				
Network				
Products and services transferred at a point in time	\$ 27.3	\$ 8.0	\$ 15.8	\$ 27.9
Products and services transferred over time	947.7	289.3	635.3	922.0
Intersegment revenue	19.3	6.5	13.1	19.7
Total Network	994.3	303.8	664.2	969.6
IT Services and Hardware				
Products and services transferred at a point in time	167.2	59.4	90.1	127.9
Products and services transferred over time	653.8	197.7	397.5	482.0
Intersegment revenue	6.9	2.2	4.8	6.7
Total IT Services and Hardware	827.9	259.3	492.4	616.6
Total Revenue				
Total products and services transferred at a point in time	194.5	67.4	105.9	155.8
Total products and services transferred over time	1,601.5	487.0	1,032.8	1,404.0
Total revenue	\$ 1,796.0	\$ 554.4	\$ 1,138.7	\$ 1,559.8

4. Mergers and Acquisitions

Acquisition by Red Fiber Parent LLC

On September 7, 2021, pursuant to the Merger Agreement and in accordance with the applicable provisions of the OGCL, Parent completed the acquisition of Cincinnati Bell in an all cash transaction valued at approximately \$3.1 billion, including assumption of debt of \$1,357.1 million. Upon the Effective Time, the separate existence of Merger Sub ceased and the Company survived the Merger as a wholly owned subsidiary of Parent.

Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive \$15.50 per share in cash, without interest. Trading of the Company's Common Shares was suspended on the New York Stock Exchange ("NYSE") and the Common Shares were subsequently delisted from the NYSE. Additionally, the Company redeemed Depositary Shares simultaneously with the redemption of the 6³/₄% Preferred Shares, at a redemption price of \$50 per Depositary Share (equivalent to \$1,000 per 6³/₄% Preferred Share), and the Depositary Shares were subsequently delisted from the NYSE.

The Company accounted for this transaction as a business combination in accordance with the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values, using primarily Level 3 inputs, as described in Note 1, as of the Merger Date. Transaction costs of the acquirer are not included as a component of consideration transferred but are accounted for as expenses in the period in which such costs are incurred, or, if related to the issuance of debt, capitalized as debt issuance costs. Acquisition-related transaction costs incurred as part of the Merger, primarily included advisory, legal and accounting fees.

The valuation of the assets acquired and liabilities assumed was based on estimated fair values at the Merger Date. The allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed reflect various fair value estimates and analyses, including work performed by third-party valuation specialists. The determination of the final purchase price allocation to specific assets acquired and liabilities assumed is complete.

The purchase price for Cincinnati Bell Inc. consisted of the following:

(dollars in millions)

Cash consideration for Cincinnati Bell Inc. stock	\$	807.3
Cash consideration for preferred stock		155.2
Cash consideration for debt repayment		658.2
Total purchase price	\$	<u>1,620.7</u>

Based on fair value estimates, the purchase price has been allocated to individual assets acquired and liabilities assumed as follows:

<u>(dollars in millions)</u>	<u>Cincinnati Bell Inc.</u>
Assets acquired	
Cash	\$ 11.2
Receivables	318.5
Inventory, materials and supplies	56.4
Prepaid expenses	5.6
Other current assets	40.5
Property, plant and equipment	1,950.8
Operating lease right-of-use assets	42.3
Goodwill	651.0
Intangible assets	969.6
Deferred tax assets	6.9
Other noncurrent assets	20.2
Total assets acquired	<u>4,073.0</u>
Liabilities assumed	
Current portion of long-term debt	11.8
Accounts payable	381.1
Unearned revenue and customer deposits	51.2
Accrued taxes	24.6
Accrued interest	19.4
Accrued payroll and benefits	49.3
Other current liabilities	75.0
Long-term debt, less current portion	1,378.0
Operating lease liabilities	38.6
Pension and postretirement benefit obligations	151.6
Pole license agreement obligation	46.7
Deferred income tax liability	153.6
Other noncurrent liabilities	71.4
Total liabilities assumed	<u>2,452.3</u>
Net assets acquired	<u>\$ 1,620.7</u>

During the second quarter of 2022, the Company recorded measurement period adjustments considered to be immaterial in nature which impacted "Property, plant and equipment," "Goodwill," and "Deferred income tax liability." In the third quarter of 2022, an adjustment was recorded to reflect the Merger's impact on state and local tax apportionment which resulted in an increase to "Deferred income tax liability" and to "Goodwill" of \$4.3 million. During the fourth quarter of 2021, the Company recorded measurement period adjustments with the offset recorded as an increase or decrease to "Goodwill" which were considered to be immaterial in nature. Measurement period adjustments were applied retrospectively to the Merger Date.

In connection with this acquisition, the Company recorded goodwill attributable to increased access to a diversified customer base, acquired workforce in the United States, Canada, United Kingdom and India with industry expertise and expected synergies. The goodwill related to this acquisition is not deductible for tax purposes. The Company recorded definite-lived intangible assets related to the customer relationships, trade names and technology and an indefinite-lived intangible asset related to FCC licenses. The fair value of the most significant identified intangible assets, customer relationships and trade names, were valued using the multi-period excess earnings method and relief from royalty method, under the income approach. The Company applied judgment which involved the use of significant assumptions with respect to revenue growth rates, customer attrition rate, discount rate and terminal growth rate in relation to the customer relationships and royalty rates and discount rate in relation to the trade names. The fair values of the identifiable intangible assets acquired on the Merger Date were as follows:

<u>(dollars in millions)</u>	<u>Fair Value</u>	<u>Useful Lives</u>
Customer relationships	\$ 850.0	15 years
Trade names	108.0	3 to 10 years
Technology	5.0	7 years
FCC licenses and spectrum usage rights	6.6	Indefinite
Total identifiable intangible assets	<u>\$ 969.6</u>	

Transaction costs were expensed as incurred and recorded to “Transaction and integration costs” on the Consolidated Statements of Operations. Cincinnati Bell Inc. incurred transaction costs associated with the Merger Agreement of \$1.2 million in 2022, \$0.8 million and \$54.6 million in the Successor and Predecessor periods of 2021, respectively, and \$9.8 million in 2020. Transaction costs of \$44.0 million that were paid on the Merger Date were recorded in the Predecessor period of 2021 and included as an assumed liability. Additionally, \$2.9 million of severance associated with a change of control clause in an employee’s contract was recorded in the Predecessor period of 2021 with the final payments completed in 2022. Transaction-related bonuses of \$5.3 million were also recorded in the Predecessor period of 2021 but due to timing of payroll, were paid prior to the Merger Date.

Additional expenses recorded in the Predecessor period of 2021 include certain stock-based compensation awards that were accelerated upon the Merger Date, which resulted in an expense of \$9.3 million that was recorded to SG&A, and Loss on Extinguishment of Debt of \$10.7 million due to the repayment of the Corporate Credit Agreement at the Effective Time. Stock-based compensation was paid on the Merger Date and included in the cash consideration for Cincinnati Bell Inc. stock.

Prior to entering into the Merger Agreement, the Company previously entered into an Agreement and Plan of Merger, dated December 21, 2019, (as amended from time to time, the “Brookfield Merger Agreement”) with affiliates of the Brookfield Infrastructure Group (“Brookfield”), the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into the Merger Agreement. In connection with the termination of the Brookfield Merger Agreement in the first quarter of 2020, the Company paid to an affiliate of Brookfield a termination fee of \$24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in “Transaction and integration costs” on the Consolidated Statements of Operations in the Predecessor period of 2020.

Acquisition of Paniolo Fiber Assets

On August 31, 2021, the Company acquired substantially all of the operating assets of Paniolo Cable Company, LLC (the “Paniolo Acquisition”), previously held by the bankruptcy estate of Paniolo, which include inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii as well as central offices and landing stations for the submarine fiber. The Company accounted for the Paniolo Acquisition as an asset acquisition under ASC 805-10-55 “Business Combinations” because the assets acquired from Paniolo do not include an assembled workforce, and the gross value of the assets acquired meets the screen test in ASC 805-10-55-5A related to substantially all of the fair value being concentrated in a single asset or group of assets (i.e., the fiber infrastructure assets) and, thus, the assets are not considered a business. The acquisition of Paniolo’s assets augments the Company’s existing backbone network and increases the Company’s total submarine and terrestrial fiber footprint by more than 400 miles.

The aggregate purchase price paid upon closing of the Paniolo Acquisition after transactional costs was \$52.3 million, consisting of \$29.3 million in cash and \$23.0 million in committed purchase money financing. The assets are recorded as network equipment and buildings in “Property, plant and equipment, net” on the Consolidated Balance Sheets. As of December 31, 2022, \$0.5 million and \$21.8 million of the committed purchase money financing was recorded in “Current portion of long-term debt” and “Long-term debt, less current portion,” respectively, on the Consolidated Balance Sheets. As of December 31, 2021, \$0.5 million and \$22.3 million of the committed purchase money financing was recorded in “Current portion of long-term debt” and “Long-term debt, less current portion,” respectively, on the Consolidated Balance Sheets.

Acquisition of Agile IWG Holdings, LLC

On May 2, 2022 (“Agile Acquisition Date”), the Company acquired Agile, based in Canton, Ohio for total cash consideration of \$65.5 million. Agile delivers customers, primarily located in Ohio and Pennsylvania, with middle mile, last mile and campus connectivity services through hybrid fiber wireless networks that are designed, built and managed by Agile.

The cash portion of the purchase price was funded through borrowings under the Receivables Facility and the Revolving Credit Facility (see Note 7).

The valuation of the assets acquired and liabilities assumed is based on estimated fair values at the Agile Acquisition Date. The allocation disclosed below is considered preliminary in nature due to the ongoing work by management, with the assistance of third party experts, to refine the fair value estimates. The Company considers the allocation and fair value estimates of property, plant and equipment, ROU Assets and Liabilities, Intangible Assets and Goodwill to be preliminary in nature as of December 31, 2022. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired as of the Agile Acquisition Date while the measurement period remains open. Measurement period adjustments related to the acquisition of Agile will be applied retrospectively to the Agile Acquisition Date.

The Company incurred \$2.1 million in acquisition expenses related to the Agile acquisition in 2022. No expenses related to the Agile acquisition were recorded in the Predecessor period in 2021 or the Successor period in 2021. These expenses are recorded in "Transaction and integration costs" on the Consolidated Statements of Operations.

Based on fair value estimates, the purchase price has been allocated on a preliminary basis to individual assets acquired and liabilities assumed as follows:

(dollars in millions)	Agile
Assets acquired	
Receivables and other current assets	\$ 1.8
Property, plant and equipment	10.2
Operating lease right-of-use assets	27.8
Intangible assets	19.4
Goodwill	39.4
Total assets acquired	98.6
Liabilities assumed	
Accrued expenses and other current liabilities	2.5
Operating lease liabilities	25.7
Deferred income tax liability	4.4
Other noncurrent liabilities	0.5
Total liabilities assumed	33.1
Net assets acquired	\$ 65.5

In connection with this acquisition, the Company recorded goodwill attributable to a diversified customer base and acquired workforce with industry expertise. The goodwill related to this acquisition is not deductible for tax purposes.

During the third quarter of 2022, the Company recorded measurement period adjustments for Agile to reflect refinements in fair value estimates in addition to a working capital adjustment of \$0.4 million that increased the purchase price to \$65.5 million. Most significant adjustments recorded were related to the acquired operating leases included in "Operating lease right-of-use assets" and "Operating lease liabilities," deferred tax liabilities included in "Other noncurrent liabilities" and "Intangible assets." The offset to these adjustments were recorded as a net decrease to "Goodwill." In the fourth quarter of 2022, a measurement period adjustment was recorded to reflect the tax impact on the estimated fair value of property, plant and equipment and intangible assets acquired which resulted in an increase to "Deferred income tax liability" and to "Goodwill" of \$4.4 million. In addition, the Company recorded a measurement period adjustment considered to be immaterial in nature which impacted "Receivables and other current assets" and "Goodwill" in the fourth quarter of 2022.

Based on fair value estimates, the identifiable intangible assets acquired are as follows:

(dollars in millions)	Fair Value	Useful Lives
Customer relationships	\$ 16.0	15 years
Trade names	2.3	10 years
Technology	1.1	7 years
Total identifiable intangible assets	\$ 19.4	

5. Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

(dollars in millions)	December 31,		Depreciable Lives (Years)
	2022	2021	
Land and rights-of-way	\$ 132.8	\$ 132.3	20 – Indefinite
Buildings and leasehold improvements	201.3	183.5	5 – 40
Network equipment	1,970.5	1,566.9	2 – 50
Office software, furniture, fixtures and vehicles	135.2	109.8	2 – 14
Construction in process	112.2	72.2	n/a
Gross value	2,552.0	2,064.7	
Accumulated depreciation	(435.2)	(98.1)	
Property, plant and equipment, net	\$ 2,116.8	\$ 1,966.6	

In connection with the Merger, a fair value step-up of \$162.1 million was recorded to property, plant and equipment (“PP&E”). The estimated fair value of the PP&E was determined using Level 3 inputs within the fair value hierarchy, as described in Note 1. A combination of cost and market approaches were used to estimate the fair values of the PP&E as of the Merger Date. See Note 4 for additional information regarding the Merger.

In 2022, the Company identified an error in depreciation expense primarily related to capitalized office software costs resulting in the overstatement of depreciation expense. The Company recorded an after-tax adjustment of \$10.5 million, of which \$4.0 million related to the 2021 successor period. The impact of the out of period correction is immaterial to the current annual and 2021 successor period consolidated financial statements.

Depreciation expense on PP&E, including assets accounted for as finance leases, totaled \$375.7 million in 2022, \$103.2 million and \$185.0 million in the Successor and Predecessor periods of 2021, respectively, and \$279.0 million in 2020. The portion of depreciation expense associated with cost of providing services was 91% in 2022, 84% and 85% for the Successor and Predecessor periods of 2021, respectively, and 86% in 2020. There are numerous assets included within network equipment resulting in a range of depreciable lives between 2 and 50 years, the majority of which fall within the range of 7 to 22 years.

The Company recorded a loss on impairment of long-lived assets of \$2.7 million in the third quarter of 2022 related to the impairment of leasehold improvements at the Company’s headquarters. No asset impairment losses were recognized on PP&E in the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

6. Goodwill and Intangible Assets

Goodwill

The changes in the Company's goodwill consisted of the following:

(dollars in millions)	Successor		
	IT Services and Hardware	Network	Total Company
Goodwill, balance as of September 8, 2021 (remeasured upon Merger)	\$ —	\$ —	\$ —
Activity during the year			
Merger	157.4	488.9	646.3
Goodwill, balance as of December 31, 2021	157.4	488.9	646.3
Activity during the year:			
Adjustments to prior year Merger	2.5	2.2	4.7
Acquisition of Agile	—	39.4	39.4
Adjustments to postretirement and other benefit obligations (Note 11)	19.6	15.4	35.0
Currency translations	(1.9)	—	(1.9)
Goodwill, balance as of December 31, 2022	\$ 177.6	\$ 545.9	\$ 723.5

(dollars in millions)	Predecessor		
	IT Services and Hardware	Network	Total Company
Goodwill, balance as of December 31, 2020	\$ 149.1	\$ 12.4	\$ 161.5
Activity during the year			
Currency translations	0.7	—	0.7
Goodwill, balance as of September 7, 2021	\$ 149.8	\$ 12.4	\$ 162.2

As mentioned in Note 4, in connection with the Merger, the Company's assets and liabilities were measured at fair value as of the date of the Merger. The allocation of goodwill to our Network reporting unit and IT Services and Hardware reporting unit is complete at December 31, 2022. In addition, goodwill in the Network segment increased by \$39.4 million due to the acquisition of Agile. See Note 4 for further information related to the Agile acquisition.

No impairment losses were recognized in goodwill for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020. During the annual review performed in the fourth quarter of 2022, we completed a Step 1 or Quantitative assessment and determined that the fair value of our reporting units exceeded their carrying amounts, including goodwill and, therefore, goodwill was not impaired.

Intangible Assets

The Company's intangible assets consisted of the following:

	December 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
(dollars in millions)						
Intangible assets subject to amortization						
Customer relationships	\$ 862.1	\$ (140.7)	\$ 721.4	\$ 850.0	\$ (36.2)	\$ 813.8
Trade names	109.5	(20.5)	89.0	108.0	(5.0)	103.0
Technology	6.0	(1.0)	5.0	5.0	(0.2)	4.8
Total	977.6	(162.2)	815.4	963.0	(41.4)	921.6
Intangible assets not subject to amortization						
FCC licenses and spectrum usage rights	6.9	—	6.9	6.7	—	6.7
Perpetual licenses	6.8	—	6.8	—	—	—
Total intangible assets	\$ 991.3	\$ (162.2)	\$ 829.1	\$ 969.7	\$ (41.4)	\$ 928.3

In connection with the Merger, the Company recorded \$963.0 million of finite-lived intangible assets and \$6.6 million of indefinite-lived intangible assets representing the fair values at the Merger Date. As a result of the acquisition of Agile, the Company recorded \$19.4 million of finite-lived intangible assets representing preliminary fair value at the Agile Acquisition Date. See Note 4 for additional information regarding the Merger and the acquisition of Agile. The change in gross carrying amounts for finite-lived intangible assets is also due to foreign currency translation on finite-lived intangible assets denominated in foreign currency. The finite-lived intangible assets are amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

During the third quarter of 2020, the Company participated in Auction 105 conducted by the FCC for Priority Access Licenses of the Citizens Band Radio Service Spectrum ("CBRS"). The Company was the winning bidder of 56 wireless spectrum licenses in 17 Greater Cincinnati, Dayton and Hawaiian counties that allow the Company to further expand broadband coverage across its operating footprint. The licenses were transferred to the Company in the fourth quarter of 2020. The Company elected to perform a qualitative impairment assessment in the fourth quarter of 2022 and concluded that the CBRS priority access licenses are not impaired.

During the fourth quarter of 2022, the Company purchased perpetual licenses for a block of IP addresses to be used as the Company continues to extend our fiber network and add internet subscribers.

The Company's finite-lived intangible assets recorded in the Predecessor period were established in connection with completed acquisitions. They were amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

The amortization expense for finite-lived intangible assets was \$121.4 million in 2022, \$41.4 million and \$9.9 million in the Successor and Predecessor periods in 2021, respectively, and \$14.4 million in 2020. No impairment losses were recognized on intangible assets for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

The estimated useful lives for each finite-lived intangible asset class are as follows:

Customer relationships	15 years
Trade names	3 to 10 years
Technology	7 years

The annual estimated amortization expense for future years is as follows:

(dollars in millions)

Year ended December 31,

2023	\$	114.7
2024		105.4
2025		93.6
2026		86.5
2027		79.3
Thereafter		335.9
Total	<u>\$</u>	<u>815.4</u>

7. Debt and Other Financing Arrangements

The Company's debt consists of the following:

(dollars in millions)

Current portion of long-term debt:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit Agreement - Term B-1 Loans	\$ 5.0	\$ 5.0
Credit Agreement - Term B-2 Loans	6.5	6.5
7 1/4% Notes due 2023 ⁽¹⁾	22.8	—
Paniolo Fiber Assets Financing Arrangement	0.5	0.5
Other financing arrangements	0.3	0.5
Finance lease liabilities	9.9	7.2
Current portion of long-term debt	<u>45.0</u>	<u>19.7</u>

Long-term debt, less current portion:

Receivables Facility	186.9	153.6
Credit Agreement - Revolving Credit Facility	223.0	—
Credit Agreement - Term B-1 Loans	490.0	495.0
Credit Agreement - Term B-2 Loans	637.0	643.5
7 1/4% Notes due 2023 ⁽¹⁾	—	24.0
Various Cincinnati Bell Telephone notes ⁽¹⁾	96.4	97.5
Paniolo Fiber Assets Financing Arrangement	21.8	22.3
Digital Access Ohio Advance	0.9	—
Other financing arrangements	—	0.4
Finance lease liabilities	43.1	42.3
	<u>1,699.1</u>	<u>1,478.6</u>
Net unamortized discount	(4.3)	(4.9)
Unamortized note issuance costs	(38.8)	(44.8)
Long-term debt, less current portion	<u>1,656.0</u>	<u>1,428.9</u>
Total debt	<u>\$ 1,701.0</u>	<u>\$ 1,448.6</u>

(1) As of December 31, 2022, the net carrying amounts of the 7 1/4% Notes due 2023 and Various Cincinnati Bell Telephone notes included unamortized fair value adjustments related to the Merger of \$0.5 million and \$8.5 million, respectively. As of December 31, 2021, the net carrying amounts of the 7 1/4% Notes due 2023 and Various Cincinnati Bell Telephone notes included unamortized fair value adjustments related to the Merger of \$1.7 million and \$9.6 million, respectively. Each adjustment is being amortized over the life of the respective notes and is recorded as a reduction of interest expense.

Credit Agreement (effective 2021)

In connection with the Merger Agreement, at the Effective Time (the date on which the Effective Time occurred, the “Closing Date”), the Company entered into a new Credit Agreement (the “Credit Agreement”) and terminated the former Corporate Credit Agreement. The Credit Agreement initially provided for (i) a five-year \$275 million senior secured revolving credit facility, including both a letter of credit subfacility of up to \$40 million and a swingline loan subfacility of up to \$10 million (the “Revolving Credit Facility due 2026”) and (ii) a seven-year \$150 million senior secured term loan facility (the “Term B-1 Loans”). The Revolving Credit Facility due 2026 matures in September 2026 and the Term B-1 Loans mature in September 2028. Borrowings under the Term B-1 Loans were used to refinance existing company indebtedness, finance a portion of the fees and expenses relating to the acquisition of the Company and the establishment of the Credit Agreement, and for working capital and general corporate purposes. Borrowings under the Revolving Credit Facility due 2026 may be used to provide ongoing working capital as well as for other general corporate purposes of the Company.

The Company (i) incurred deferred financing costs of \$32.0 million related to the issuance of the Term B-1 Loans and capitalized as a reduction to the outstanding debt balances as of the Merger Date and (ii) incurred deferred financing costs of \$6.1 million related to the issuance of the Revolving Credit Facility due 2026 and capitalized to “Other noncurrent assets” on the Consolidated Balance Sheets as of the Merger Date.

In November 2021, the Company entered into an Amendment (the “Amendment No. 1”) to the Credit Agreement to provide for, among other things, (i) a \$125.0 million upside to the Revolving Credit Facility due 2026, increasing the total commitments under the Revolving Credit Facility due 2026 to \$400.0 million, (ii) a \$350.0 million incremental increase to the Term B-1 Loans (the “Incremental Term B-1 Loans Increase”), increasing the aggregate principal amount of Term B-1 Loans to \$500.0 million, and (iii) the incurrence of a new tranche of \$650.0 million aggregate principal amount of senior secured term loans (the “Term B-2 Loans”). The proceeds of the Incremental Term B-1 Loans Increase and the Term B-2 Loans were used by the Company to redeem in full all of the Company’s existing 7.000% Senior Notes due 2024 (the “2024 Notes”) and 8.000% Senior Notes due 2025 (the “2025 Notes”), and to pay fees and expenses in connection thereto. The Term B-2 Loans mature in November 2028. The Amendment No. 1 also extended the maturity of all Term B-1 Loans to November 2028 and reduced the interest applicable to the Term B-1 Loans and the Revolving Credit Facility due 2026. At December 31, 2022, borrowings under the Revolving Credit Facility due 2026 were \$223.0 million, leaving \$177.0 million available. The Amendment No. 1 also provided for the transition of the benchmark rate of interest under the Credit Agreement from LIBOR to Term SOFR.

As a result of the Amendment No. 1 in 2021, the Company incurred deferred financing costs of \$4.3 million and \$9.7 million related to the Incremental Term B-1 Loans Increase and the Term B-2 Loans, respectively, and capitalized the amounts as a reduction to the outstanding debt balances in 2021. In addition, the Company incurred deferred financing costs of \$1.3 million related to increasing the capacity of the Revolving Credit Facility due 2026 and capitalized the amount to “Other noncurrent assets” on the Consolidated Balance Sheets in 2021.

Borrowings under the Term B-1 Loans will, following the Amendment No. 1, bear interest, initially, at a rate equal to, at the Company’s option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 0.5%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its “prime rate” in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) plus 1.00%, plus, in any such case, 2.50%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.50%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Term B-1 Loans will be in the range of 3.25% and 3.50% (for SOFR loans) and 2.25% and 2.50% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio (as defined in the Credit Agreement) for the most recent four fiscal quarter period for which financial statements have been delivered.

Borrowings under the Term B-2 Loans will bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) plus 1.00%, plus, in any such case, 2.25%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.25%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Term B-2 Loans will be in the range of 3.00% and 3.25% (for SOFR loans) and 2.00% and 2.25% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered.

Borrowings under the Revolving Credit Facility due 2026 will, following the Amendment No. 1, bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) rate plus 1.00%, plus, in any such case, 2.00%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.00%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Revolving Credit Facility due 2026 will be in the range of 2.75% and 3.00% (for SOFR loans) and 1.75% and 2.00% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered.

The base rate is subject to a 0.00% floor. The Adjusted Term SOFR is subject to a floor equal to (i) for the Revolving Credit Facility due 2026, 0.00%, (ii) for the Term B-1 Loans, 0.25% and (iii) for the Term B-2 Loans, 0.50%.

In addition, the Company will be required to pay a commitment fee on any unused portion of the Revolving Credit Facility due 2026 at a rate of 0.50% per annum, or, if the Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered is equal to or less than 3.25 to 1.00, 0.375% per annum. The Company will also pay customary letter of credit fees, including a fronting fee equal to 0.125% per annum of the dollar equivalent of the maximum amount available to be drawn under all outstanding letters of credit, as well as customary issuance and administration fees.

One of the syndicated lenders in the Credit Agreement is a cooperative bank owned by its customers. Annually, this bank distributes patronage in the form of cash and stock in the cooperative based on the Company's average outstanding loan balance. The Company will recognize the patronage, generally as declared, in "Other (income) expense, net." The stock component will be recognized at its stated cost basis.

The Company may voluntarily repay and reborrow outstanding loans under the Revolving Credit Facility due 2026 at any time without a premium or a penalty, other than customary "breakage" costs with respect to SOFR revolving loans.

Guarantors and Security Interests, Credit Agreement

All obligations under the Term B-1 Loans, Term B-2 Loans and Revolving Credit Facility due 2026 are unconditionally guaranteed by the direct parent of the Company and each of the existing and future direct and indirect material, wholly-owned domestic subsidiaries of the Company, subject to certain exceptions (including for Cincinnati Bell Funding LLC, Cincinnati Bell Funding Canada Ltd. (and any other similar special purpose receivables financing subsidiary), the Company's joint ventures, subsidiaries prohibited by applicable law or contractual obligation from becoming guarantors, immaterial subsidiaries, unrestricted subsidiaries, foreign subsidiaries, and other customary exceptions as more fully described in the Credit Agreement). Obligations outstanding under the Credit Agreement are secured by perfected first priority pledges of and security interests in (i) the equity interests of the Company held by its direct parent and (ii) substantially all of the assets of the Company and each subsidiary guarantor (subject to customary exceptions as more fully described in the Credit Agreement), including equity interests of each subsidiary guarantor under the Credit Agreement.

Corporate Credit Agreement (effective 2017)

In connection with the Merger Agreement, at the Effective Time, the outstanding loans under the Corporate Credit Agreement, dated as of October 2, 2017, were paid in full together with accrued interest and unpaid fees. As a result of the Company terminating the Corporate Credit Agreement, certain previously deferred costs and unamortized discount associated with the Corporate Credit Agreement's Revolving Credit Facility and Tranche B Term Loan due 2024 were written off in the Predecessor period of 2021. The loss on extinguishment of debt associated with the transaction was \$10.7 million.

Accounts Receivable Securitization Facility

Cincinnati Bell Inc. and certain of its subsidiaries have an accounts receivable securitization facility ("Receivables Facility"). In the second quarter of 2022, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions including the replacement of LIBOR with SOFR, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York. The Receivables Facility is subject to renewal in June 2023 and has a termination date in June 2024. The maximum borrowing limit for loans and letters of credit under the Receivables Facility is \$215.0 million in the aggregate. The available borrowing capacity is calculated monthly based on the quantity and quality of outstanding accounts receivable and thus may be lower than the maximum borrowing limit. At December 31, 2022, the available borrowing capacity was \$215.0 million. Of the total borrowing capacity of \$215.0 million, there were \$186.9 million of outstanding borrowings and \$19.3 million of outstanding letters of credit, leaving \$8.8 million available as of December 31, 2022.

Interest on the Receivables Facility is based on the SOFR rate plus 1.4%. The average interest rate on the Receivables Facility was 3.3% in 2022. The Company pays letter of credit fees on letters of credit drawn under the securitization facility and also pays commitment fees on the unused portion of the total facility.

Under this agreement, certain U.S. and Canadian subsidiaries, as originators, sell their respective trade receivables on a continuous basis to Cincinnati Bell Funding LLC ("CBF") or Cincinnati Bell Funding Canada Ltd. ("CBFC"), wholly-owned consolidated subsidiaries of the Company. Although CBF and CBFC are wholly-owned consolidated subsidiaries of the Company, CBF and CBFC are legally separate from the Company and each of the Company's other subsidiaries. Upon and after the sale or contribution of the accounts receivable to CBF or CBFC, such accounts receivable are legally assets of CBF and CBFC and, as such, are not available to creditors of other subsidiaries or the parent company. The Receivables Facility includes an option for CBF to sell, rather than borrow against, certain receivables on a non-recourse basis. As of December 31, 2022, the outstanding balance of certain accounts receivable sold, rather than borrowed against, was \$56.8 million.

The transferors sell their respective trade receivables on a continuous basis to CBF or CBFC. In turn, CBF or CBFC grants, without recourse, a senior undivided interest in the pooled receivables to various purchasers, including commercial paper conduits, in exchange for cash while maintaining a subordinated undivided interest in the form of over-collateralization in the pooled receivables. The transferors have agreed to continue servicing the receivables for CBF and CBFC at market rates; accordingly, no servicing asset or liability has been recorded.

For the purposes of consolidated financial reporting, the Receivables Facility is accounted for as secured financing. Because CBF and CBFC have the ability to prepay the Receivables Facility at any time by making a cash payment and effectively repurchasing the receivables transferred pursuant to the facility, the transfers do not qualify for "sale" treatment on a consolidated basis under ASC 860, "Transfers and Servicing."

On January 31, 2023, the Company, together with certain of its U.S. and Canadian subsidiaries, made certain amendments (the "Amendments") to the Company's Receivables Facility. The Amendments amend the Receivables Facility to, among other things: (i) increase the total maximum borrowing capacity to \$280.0 million, (ii) separate the Receivable Facility into two separate facilities, with (A) the existing Receivable Facility (the "Network Receivables Facility"), as amended by the Amendments, covering receivables originated by certain U.S. subsidiaries of the Company including Cincinnati Bell Telephone Company LLC, Hawaiian Telcom Communications, Inc. and certain of their respective subsidiaries having a maximum borrowing capacity of \$55.0 million and (B) a new facility (the "CBTS Receivable Facility") covering receivables originated by certain U.S. and Canadian subsidiaries of the Company including CBTS Technology Solutions LLC and OnX Enterprise Solutions Ltd. having a maximum borrowing capacity of \$225.0 million, (iii) move the receivables monetization arrangements from the Network Receivables Facility to the CBTS Receivable Facility, and (iv) make applicable technical and conforming changes thereto. In addition, the Amendments extend the renewal dates of each facility to January 2025 and the termination dates of each facility to January 2026.

In conjunction with the Amendments, certain U.S. subsidiaries, as originators, began selling their respective trade receivables on a continuous basis to CBTS Funding LLC ("CBTSF"), a wholly-owned consolidated subsidiary of the Company. Although CBTSF is a wholly-owned consolidated subsidiary of the Company, CBTSF is legally separate from the Company and each of the Company's other subsidiaries. Upon and after the sale or contribution of the accounts receivable to CBTSF, such accounts receivable are legally assets of CBTSF and, as such, are not available to creditors of other subsidiaries or the parent company.

In addition, certain of our variable rate debt, including debt under the Paniolo fiber assets financing arrangement (defined below), uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. Upon the discontinuation of LIBOR, the benchmark rate of interest for the Paniolo fiber assets financing arrangement will transition to SOFR in accordance with the terms of the arrangement.

7 1/4% Notes due 2023

In 1993, the Company issued \$50.0 million of 7 1/4% Notes due 2023 ("7 1/4% Notes"). The indenture related to the 7 1/4% Notes does not subject the Company to restrictive financial covenants, but it does contain a covenant providing that if the Company incurs certain liens on its property or assets, the Company must secure the outstanding 7 1/4% Notes equally and ratably with the indebtedness or obligations secured by such liens. The liens under the Credit Agreement resulted in the 7 1/4% Notes being secured equally and ratably with the collateral granted by the Company (but not its subsidiaries) that secures the obligations under the Credit Agreement.

Interest on the 7 1/4% Notes is payable semi-annually on June 15 and December 15. The Company may not redeem the 7 1/4% Notes prior to maturity. The indenture governing the 7 1/4% Notes provides for customary events of default, including for failure to make any payment when due and for one or more defaults of any other existing debt instruments that exceeds \$20.0 million, in the aggregate.

Cincinnati Bell Telephone Notes

In 1998, CBT's predecessor issued \$150.0 million in aggregate principal of 6.30% unsecured senior notes due 2028 (the "CBT Notes"), which are guaranteed on a subordinated basis by the Company but not its subsidiaries. The indenture related to the CBT Notes does not subject the Company or CBT to restrictive financial covenants, but it does contain a covenant providing that if CBT incurs certain liens on its property or assets, CBT must secure the outstanding CBT Notes equally and ratably with the indebtedness or obligations secured by such liens. The liens under the Credit Agreement resulted in the CBT Notes being secured equally and ratably with the collateral granted by CBT that secures the obligations under the Credit Agreement.

The maturity date of the CBT notes is in 2028, and the CBT Notes may be redeemed at any time at a redemption price equal to the greater of 100% of the principal amount of the CBT Notes to be redeemed or the sum of the present values of the remaining scheduled payments of principal and interest to maturity, plus accrued interest to the redemption date. The indenture governing the CBT Notes provides for customary events of default, including for failure to make any payment when due and for one or more defaults of any other existing debt instruments of the Company or CBT that exceeds \$20.0 million, in the aggregate.

Paniolo Fiber Assets Financing Arrangement

In connection with the Paniolo Acquisition in the third quarter of 2021, the Company's wholly-owned subsidiary, Hawaiian Telcom Inc. ("HTI"), entered into a purchase money financing agreement to finance a portion of the Paniolo Acquisition. The Paniolo fiber assets financing arrangement provides for a five-year \$23.0 million loan secured by the Paniolo assets acquired in the transaction. Borrowings under the Paniolo fiber assets financing arrangement bear interest at a rate per annum equal to LIBOR plus 3.0%. Upon the discontinuation of LIBOR, the benchmark rate of interest will transition to SOFR in accordance with the terms of the arrangement. The Company guarantees HTI's borrowings under the Paniolo fiber assets financing arrangement.

Digital Access Ohio Advance

The Company holds an interest in DAO (Note 1), which entered into a secured promissory note ("Digital Access Ohio Advance") to finance a portion of DAO's operations. The Digital Access Ohio Advance matures in July 2033, and the total borrowings shall not exceed \$20.0 million in the aggregate. Borrowings under the Digital Access Ohio Advance bear interest at a rate per annum equal to the long term applicable federal rate plus 1.0%. The interest will continue to accrue and is due either upon maturity in July 2033 or upon repayment if that occurs prior to the maturity date. The Company guarantees DAO's borrowings under the Digital Access Ohio Advance. In the fourth quarter of 2022, DAO received initial funding resulting in borrowings under the Digital Access Ohio Advance of \$0.9 million.

Finance Lease Liabilities

Finance lease liabilities represent our obligation for certain leased assets, including vehicles and various equipment. These leases generally contain renewal or buyout options.

Debt Maturity Schedule

The following table summarizes our annual principal maturities of debt and other financing arrangements for the five years subsequent to December 31, 2022, and thereafter:

(dollars in millions)	Debt	Other financing arrangements
Year ended December 31,		
2023	\$ 34.3	\$ 0.3
2024	198.9	—
2025	12.0	—
2026	255.3	—
2027	11.5	—
Thereafter	1,169.8	—
	<u>1,681.8</u>	<u>0.3</u>
Net unamortized discount	(4.3)	—
Unamortized note issuance costs	(38.8)	—
Total debt	<u>\$ 1,638.7</u>	<u>\$ 0.3</u>

Deferred Financing Costs

Deferred financing costs are costs incurred in connection with obtaining long-term financing and renewing revolving credit agreements. Deferred financing costs are amortized on the effective interest method. The Company incurred deferred financing costs of \$0.1 million related to amending the Receivables Facility in 2022. In the Predecessor period of 2021, the Company incurred deferred financing costs of \$1.0 million related to consent solicitation fees incurred for the Company's notes and amending and renewing revolving credit agreements. As a result of the Company terminating the Corporate Credit Agreement, deferred financing costs of \$1.2 million and \$6.1 million associated with the Corporate Credit Agreement's Revolving Credit Facility and Tranche B Term Loan due 2024, respectively, were written off in the Predecessor period of 2021. In the Successor period of 2021, the Company incurred deferred financing costs of \$53.4 million associated with the issuance and the Amendment No. 1 of the Credit Agreement. In addition, the Company incurred deferred financing costs in the Successor period of 2021 of \$3.9 million related to the consent fees paid to the holders of the 2024 Notes and 2025 Notes. The Company wrote-off deferred financing costs associated with the extinguishment of debt of \$3.6 million in the Successor period of 2021.

The Company records costs incurred in connection with obtaining revolving credit agreements as an asset. As of December 31, 2022 and 2021, deferred financing costs recorded to "Other non-current assets" totaled \$5.3 million and \$7.0 million, respectively. Amortization of deferred financing costs, included in "Interest expense" in the Consolidated Statements of Operations, totaled \$7.1 million in 2022, \$2.0 million and \$4.2 million in the Successor and Predecessor periods in 2021, respectively, and \$5.9 million in 2020.

Debt Covenants

Credit Agreement

The Credit Agreement has a financial covenant that requires the Company to maintain a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of 5.75 to 1.00 when the utilization under the Revolving Credit Facility due 2026 exceeds 35%. In addition, the Credit Agreement contains customary affirmative and negative covenants, including but not limited to, restrictions on the Company's ability to incur additional indebtedness, create liens, pay dividends, make certain investments, and prepay other indebtedness, sell, transfer, lease, or dispose of assets and enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions.

The Credit Agreement contains customary events of default (which are in some cases subject to certain exceptions, thresholds and grace periods), including, but not limited to, nonpayment of principal or interest, failure to perform or observe covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, certain bankruptcy-related events or proceedings, final monetary judgments or orders, ERISA defaults, invalidity of loan documents or guarantees, and certain change of control events. If the Company was to violate any of its covenants and was unable to obtain a waiver, it would be considered a default. If the Company was in default under the Credit Agreement, no additional borrowings under the Revolving Credit Facility due 2026 would be available until the default was waived or cured.

The Term B-1 Loans and Term B-2 Loans are subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility due 2026, except that a breach of the financial covenants will not result in an event of default under the Term B-2 Loans unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility due 2026 have terminated their commitments under the Revolving Credit Facility due 2026 and accelerated the loans then outstanding under the Revolving Credit Facility due 2026 in response to such breach in accordance with the terms and conditions of the Credit Agreement.

Extinguished Notes

In the fourth quarter of 2021, the Company redeemed all of the \$650 million of 7% Senior Notes due 2024 and \$350 million of 8% Senior Notes due 2025 at redemption prices of 101.750% and 104.000%, respectively, primarily using proceeds from the Incremental Term B-1 Loans Increase and the Term B-2 Loans. As a result, the Company recorded a loss on extinguishment of debt of \$2.1 million in the fourth quarter of 2021.

8. Leases

Lessee Disclosures

The Company primarily leases real estate for offices, retail stores and central offices, as well as equipment, cell towers, designated space on third party towers and fleet vehicles. The Company leases its real estate for terms between 1 and 55 years, its equipment for terms between 3 and 5 years, its cell towers for terms between 2 and 21 years, its designated space on third party cell towers for terms between 2 and 55 years and its vehicles for terms of 5 years. Our leases have various expiration dates through 2071, some of which include options to extend the leases for up to 15 years.

Upon adoption of ASC 842 on January 1, 2019, the Company elected not to recognize leases with terms of one-year or less on the balance sheet. The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Supplemental balance sheet information related to the Company's leases was as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2022	December 31, 2021
Operating lease assets, net of amortization	Operating lease right-of-use assets	\$ 73.1	\$ 44.3
Finance lease assets, net of amortization	Property, plant and equipment, net	16.5	10.7
Operating lease liabilities:			
Current operating lease liabilities	Other current liabilities	12.7	9.6
Noncurrent operating lease liabilities	Operating lease liabilities	66.1	40.2
Total operating lease liabilities		<u>78.8</u>	<u>49.8</u>
Finance lease liabilities:			
Current finance lease liabilities	Current portion of long-term debt	9.9	7.2
Noncurrent finance lease liabilities	Long-term debt, less current portion	43.1	42.3
Total finance lease liabilities		<u>\$ 53.0</u>	<u>\$ 49.5</u>

The components of lease expense were as follows:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Operating lease cost	\$ 14.6	\$ 4.3	\$ 8.1	\$ 13.0
Short-term lease cost	0.3	0.1	0.2	0.3
Variable lease cost	3.6	1.1	2.3	2.6
Finance lease cost:				
Depreciation on leased assets	4.7	2.0	4.5	7.0
Interest on lease liabilities	3.5	1.2	2.9	4.5
Total lease cost	<u>\$ 26.7</u>	<u>\$ 8.7</u>	<u>\$ 18.0</u>	<u>\$ 27.4</u>

Supplemental cash flow information related to leases was as follows:

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
(dollars in millions)				
Supplemental Cash Flows Information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from finance leases	\$ 3.4	\$ 1.2	\$ 2.9	\$ 4.4
Operating cash flows from operating leases	\$ 11.1	\$ 3.4	\$ 7.2	\$ 12.1
Financing cash flows from finance leases	\$ 8.3	\$ 3.9	\$ 9.9	\$ 16.6
Right-of-use assets obtained in exchange for lease obligations:				
New operating leases	\$ 12.2	\$ 5.4	\$ 11.5	\$ 12.6
New finance leases	\$ 12.3	\$ 2.0	\$ 3.8	\$ 7.7

Additional quantitative information related to leases was as follows:

	December 31, 2022	December 31, 2021
Weighted Average Remaining Lease Term		
Operating leases	12.06 years	7.30 years
Finance leases	5.67 years	6.96 years
Weighted Average Discount Rate		
Operating leases	5.85%	5.27%
Finance leases	7.23%	6.99%

Future minimum lease payments under non-cancellable leases as of December 31, 2022 are as follows:

(dollars in millions)	Operating Leases	Finance Leases
Year ended December 31,		
2023	\$ 15.3	\$ 13.3
2024	13.0	12.1
2025	11.0	9.3
2026	9.3	7.5
2027	7.5	7.6
Thereafter	62.9	15.7
Total future minimum lease payments	119.0	65.5
Less imputed interest	(38.8)	(12.5)
Total	\$ 80.2	\$ 53.0

As of December 31, 2022, we have additional future payments on operating leases that have not yet commenced for \$1.4 million. These leases will commence in 2023 and have lease terms of seven to ten years.

Sale-Leaseback Disclosures

On August 31, 2021, the Company simultaneously exercised its bargain purchase option on real property located in Cincinnati, Ohio, previously classified as a finance lease, and sold it to a third party for \$9.1 million. Net proceeds from the transactions were approximately \$6.6 million after transactional costs. Concurrently with the sale, the Company entered into an operating lease arrangement with the third party purchaser of the property for a portion of the building to maintain use of the location as an office space. The transaction qualified for sale-leaseback accounting in accordance with ASC 842, and the Company recognized a gain on the sale of \$2.8 million in August, 2021. The Company recorded an operating lease right-of-use asset and liability of \$7.7 million related to the leaseback agreement on September 1, 2021.

Lessor Disclosures

The Company has operating leases related to its dark fiber arrangements for terms between 1 and 30 years. Our leases have various expiration dates through 2048, some of which include options to extend the lease. The Company recorded lease income related to operating lease payments of \$3.0 million in 2022, \$0.9 million and \$2.0 million in the Successor and Predecessor periods of 2021, respectively, and \$2.9 million in 2020.

The Company owns the underlying assets associated with its operating leases and records them in "Property, plant and equipment, net" on the Consolidated Balance Sheets.

Future minimum lease payments to be received under non-cancellable leases as of December 31, 2022 are as follows:

<u>(dollars in millions)</u>	<u>Operating Leases</u>	
Year ended December 31,		
2023	\$	2.6
2024		2.3
2025		2.2
2026		2.2
2027		2.1
Thereafter		12.4
Total future minimum lease payments		23.8
Less imputed interest		(7.4)
Total	\$	16.4

9. Commitments and Contingencies

Other Installment Financing Arrangements

Prior to the acquisition of Hawaiian Telcom in July 2018, Hawaiian Telcom had an open dispute related to jointly-owned utility poles. Each of the electric utilities for the four counties in the State of Hawaii had separate agreements with Hawaiian Telcom for the joint ownership and maintenance of utility poles along with other third parties, such as the State of Hawaii. The agreements set forth various circumstances requiring pole removal, installation and replacement and the sharing of costs among the joint pole owners. The agreements allowed for the cost of work done by one joint pole owner to be shared by the other joint pole owners based on the apportionment of costs in the agreements. Generally, the electric utilities had maintained, replaced and installed the majority of the jointly-owned poles and had billed the other joint pole owners for their respective share of the costs. Hawaiian Telcom had a disagreement with the common owner of the utilities in three of the counties in Hawaii regarding the amount the utilities were requesting for their share of the capitalized costs.

The agreement approved by the Hawaii Public Utilities Commission in October 2018 provided for the transfer of Hawaiian Telcom's ownership responsibility of the poles to Hawaiian Electric Company ("HEC") and Hawaiian Telcom to pay a fixed annual fee to HEC for continued use of the poles. The agreement, referred to as the Pole License Agreement, has a duration of 10 years at a fixed rate with two renewal options each for five year terms. Due to the continuing involvement by the Company, this transaction does not meet the requirements to be accounted for as a sale-leaseback, and therefore it has been treated as a financing obligation. In connection with the Merger, the carrying value of the financing obligation was remeasured and includes a fair value step-up of \$12.2 million recorded as of the Merger Date (see Note 10). As of December 31, 2022, the Company has a liability recorded of \$46.6 million related to the payments for the use of the poles, of which \$3.0 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets. As of December 31, 2021, the Company had a liability recorded of \$48.7 million related to the payments for the use of the poles, of which \$2.5 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets.

The IT Services and Hardware segment entered into an agreement in June 2018 for a building to use in its data center operations. Structural improvements were made to the facility in excess of normal tenant improvements and, as such, we are deemed the accounting owner of the facility. The term of the agreement for the building shell is a duration of 10 years with two renewal options each with a two-year term. In connection with the Merger, the carrying value of the financing obligation was remeasured and includes a fair value step-up of \$0.7 million recorded as of the Merger Date (see Note 10). As of December 31, 2022, the Company has a liability of \$3.5 million related to the financing arrangement, of which \$0.6 million is recognized within "Other current liabilities" and \$2.9 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets. As of December 31, 2021, the Company had a liability of \$4.4 million related to the financing arrangement, of which \$0.6 million is recognized within "Other current liabilities" and \$3.8 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets.

The future minimum payments under the base agreements, as well as the renewal options for each arrangement which the Company expects to exercise, are as follows:

(dollars in millions)

Year ended December 31,		
2023	\$	6.1
2024		5.8
2025		5.8
2026		5.8
2027		5.8
Thereafter		40.3
Total future minimum financing obligation payments		69.6
Less imputed interest		(19.5)
Total	\$	50.1

Trans-Pacific Submarine Cable

Commensurate with the acquisition of Hawaiian Telecom, the Company gained access to the SEA-US cable. In August 2014, Hawaiian Telecom joined several other telecommunication companies to form a consortium to build and operate the SEA-US cable. The total system cost was \$235.0 million and was primarily composed of a supply contract with the lead contractor. The Company has a fractional ownership in the system and recognizes its fractional share at cost. In addition, the Company constructed a cable landing station in Hawaii and provides cable landing services. The system was completed in August 2017.

The Company has excess capacity on its share of the SEA-US cable that it makes available to other carriers for a fee. The Company has contracted and expects to enter into additional IRU agreements with other carriers for use of this excess fiber circuit capacity. The Company may receive up-front payments for services to be delivered over a period of up to 25 years. The Company has a remaining obligation related to the sale of capacity and other services of \$18.1 million and \$19.5 million at December 31, 2022 and 2021, respectively, recorded in "Other noncurrent liabilities" and \$1.4 million and \$1.3 million at December 31, 2022 and 2021, respectively, recorded in "Other current liabilities" in the Consolidated Balance Sheets, which was previously received in up-front payments. The Company is recognizing revenue for the cable on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the up-front payments as the contract terms range up to 25 years.

Dedicated Fiber Agreement

In the Predecessor period of the third quarter of 2021, the Company entered into an IRU agreement to provide dedicated fiber routes for a period of 20 years. During 2022, the Company incurred costs of \$2.2 million, related to the dedicated fiber route build, with all such costs capitalized. Nominal costs were incurred by the Company in 2021. As of December 31, 2022, the Company has a liability of \$52.9 million for services to be delivered related to up-front payments previously received, of which \$1.4 million is recorded in "Other current liabilities" and \$51.5 million is recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. As of December 31, 2021, the Company had a liability of \$33.2 million for services to be delivered related to an up-front payment received upon consummation of the agreement, of which \$0.5 million was recorded in "Other current liabilities" and \$32.7 million was recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. The Company will receive additional up-front payments for the remaining contract revenue upon completing certain milestones related to the build of the dedicated fiber routes. Revenue for the IRU agreement will be recognized on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the up-front payments as the contract term is 20 years.

Asset Retirement Obligations

Asset retirement obligations exist for certain assets. In conjunction with the acquisition of Hawaiian Telecom, the Company recognized certain asset retirement obligations related to underground tanks and environmental remediation that will occur prior to the retirement of certain assets. These obligations are recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. Additionally, the Company recognizes certain asset retirement obligations related to data center leases which are recorded in "Accounts payable" in the Consolidated Balance Sheets.

The following table presents the activity for the Company's asset retirement obligations:

	Successor	Successor	Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
(dollars in millions)			
Balance, beginning of period	\$ 7.3	\$ 7.3	\$ 6.7
Liabilities incurred	—	—	0.4
Liabilities settled	(0.4)	(0.1)	—
Accretion expense	0.3	0.1	0.2
Balance, end of period	\$ 7.2	\$ 7.3	\$ 7.3

Indemnifications

During the normal course of business, the Company makes certain indemnities, commitments, and guarantees under which it may be required to make payments in relation to certain transactions. These include (a) intellectual property indemnities to customers in connection with the use, sale, and/or license of products and services, (b) indemnities to customers in connection with losses incurred while performing services on their premises, (c) indemnities to vendors and service providers pertaining to claims based on negligence or willful misconduct of the Company, (d) indemnities involving the representations and warranties in certain contracts, and (e) outstanding letters of credit which totaled \$19.3 million as of December 31, 2022. In addition, the Company has made contractual commitments to several employees providing for payments upon the occurrence of certain prescribed events. The majority of these indemnities, commitments, and guarantees do not provide for any limitation on the maximum potential for future payments that the Company could be obligated to make.

As permitted under Ohio law, the Company has agreements whereby the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification period is for the lifetime of the officer or director. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits the Company's exposure and enables the Company to recover a portion of any future amounts paid. As a result of the Company's insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2022 or 2021.

Purchase Commitments

The Company has purchase commitments and blanket purchase requisitions related to certain goods and services. These agreements typically range from one to three years. As of December 31, 2022 and 2021, the minimum commitments associated with these arrangements that are noncancellable in nature, are not considered significant. The Company generally has the right to cancel open purchase orders prior to delivery and to terminate the contracts without cause.

Litigation

Cincinnati Bell and its subsidiaries are subject to various lawsuits, actions, proceedings, claims and other matters asserted under laws and regulations in the normal course of business. We believe the liabilities accrued for legal contingencies in our consolidated financial statements, as prescribed by GAAP, are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims, tax examinations, and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in our consolidated financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2022, cannot be reasonably determined.

10. Financial Instruments and Fair Value Measurements

Cash Flow Hedging

Cash Flow Hedges Not Designated as Hedging Instruments

The Company uses non-designated cash flow hedges including interest rate swap agreements and interest rate cap agreements to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Interest rate swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between parties. Interest rate caps provide that the counterparty will pay the purchaser at the end of each contractual period in which the index interest rate exceeds the contractually agreed upon cap rate.

In the second quarter of 2022, the Company entered into three forward starting non-amortizing interest rate swaps to convert variable rate debt to fixed rate debt. The interest rate swaps have notional amounts of \$175.0 million, \$115.0 million and \$85.0 million resulting in interest payments based on an average fixed rate per swap of 2.9185%, 2.8520% and 2.8605%, respectively, plus the applicable margin per the requirements in the Credit Agreement. The interest rate swaps expire in May 2026.

In the second quarter of 2022, the Company entered into two interest rate cap agreements to limit exposure to interest rate risk on variable rate debt. The interest rate caps each have a cap rate of 3.0% with notional amounts of \$200.0 million and \$175.0 million and deferred premiums of \$6.7 million and \$5.3 million, respectively. The deferred premiums will be paid on a monthly basis over the term of the respective interest rate cap. The interest rate caps expire in May 2026.

The fair value of the Company's interest rate swaps and interest rate caps are impacted by the credit risk of both the Company and its counterparties. The Company has agreements with its derivative financial instrument counterparties that contain provisions providing that if the Company defaults on the indebtedness associated with its derivative financial instruments, then the Company could also be declared in default on its derivative financial instruments obligations. In addition, the Company minimizes nonperformance risk on its derivative instruments by evaluating the creditworthiness of its counterparties, which are limited to major banks and financial institutions.

The Company does not apply hedge accounting to the interest rate swaps and interest rate caps and records all mark-to-market adjustments directly to "Other (income) expense, net" in the Consolidated Statements of Operations. The fair values of the interest rate swaps and interest rate caps are categorized as Level 2 in the fair value hierarchy as they are based on well-recognized financial principles and available market data.

As of December 31, 2022, the fair values of the interest rate swaps and interest rate caps are recorded in the Consolidated Balance Sheets as follows:

<u>(dollars in millions)</u>	<u>Balance Sheet Location</u>	<u>December 31, 2022</u>	<u>Quoted Prices in Active Markets Level 1</u>	<u>Significant Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Assets:					
Interest Rate Swap	Other current assets	\$ 7.2	\$ —	\$ 7.2	\$ —
Interest Rate Swap	Other noncurrent assets	\$ 5.1	\$ —	\$ 5.1	\$ —
Interest Rate Cap	Other current assets	\$ 3.8	\$ —	\$ 3.8	\$ —
Liabilities:					
Interest Rate Cap	Other noncurrent liabilities	\$ 2.4	\$ —	\$ 2.4	\$ —

The following table summarizes the location of gains in the Consolidated Statements of Operations that were recognized during the year ended December 31, 2022, in addition to the derivative contract type:

<u>(dollars in millions)</u>	<u>Statement of Operations Location</u>	<u>Year ended December 31, 2022</u>
Interest Rate Swap	Other (income) expense, net	\$ (11.7)
Interest Rate Cap	Other (income) expense, net	\$ (0.3)

Interest Rate Hedges

In the second quarter of 2018, the Company entered into one forward starting non-amortizing interest rate swap with a notional amount of \$300.0 million to convert variable rate debt to fixed rate debt. The interest rate swap became effective in June 2018 with an expiration date in June 2023. The interest rate swap resulted in interest payments based on an average fixed rate of 2.938% plus the applicable margin per the requirements in the Company's former Corporate Credit Agreement.

In the first quarter of 2019, the Company entered into three forward starting non-amortizing interest rate swaps, with a notional amount of \$89.0 million each, to convert variable rate debt to fixed rate debt. The interest rate swaps became effective in March 2019 with expiration dates in March 2024. The interest rate swaps resulted in interest payments based on an average fixed rate per swap of 2.275%, 2.244% and 2.328% plus the applicable margin per the requirements in the Company's former Corporate Credit Agreement.

Upon inception, the interest rate swaps were designated as cash flow hedges under ASC 815, with gains and losses, net of tax, measured on an ongoing basis recorded in accumulated other comprehensive loss. The fair value of the interest rate swaps was categorized as Level 2 in the fair value hierarchy as they were based on well-recognized financial principles and available market data.

The Company terminated four interest rate swaps in the Predecessor period of the third quarter of 2021 in connection with the repayment in full of the Term Loan B under the Company's former Corporate Credit Agreement that occurred as part of the Merger Agreement.

The amount of gains recognized in Accumulated Other Comprehensive Income ("AOCI") (effective portion) net of reclassifications into earnings is as follows:

<u>(dollars in millions)</u>	<u>Successor Year Ended December 31, 2022</u>	<u>Successor September 8, 2021 to December 31, 2021</u>	<u>Predecessor January 1, 2021 to September 7, 2021</u>
Interest Rate Swap	\$ —	\$ —	\$ 5.3

The amount of losses reclassified from AOCI into earnings is as follows:

(dollars in millions)	Statement of Operations Location	Successor		Predecessor
		Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Interest Rate Swap	Other (income) expense, net	\$ —	\$ —	\$ (20.1)
Interest Rate Swap	Interest expense	\$ —	\$ —	\$ (5.4)

Disclosure on Financial Instruments

The carrying values of the Company's financial instruments approximate the estimated fair values as of December 31, 2022 and December 31, 2021, except for the Company's long-term debt and other financing arrangements. The carrying and fair values of these items are as follows:

(dollars in millions)	December 31, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion*	\$ 1,686.5	\$ 1,647.0	\$ 1,443.0	\$ 1,443.0
Other financing arrangements	50.1	45.3	53.1	51.7

* Excludes finance leases, other financing arrangements and note issuance costs

In connection with the Merger, the carrying values of the Company's long-term debt and other financing arrangements include fair value adjustments as of the Merger Date. The fair value of our long-term debt was based on closing or estimated market prices of the Company's debt at December 31, 2022 and December 31, 2021, which is considered Level 2 of the fair value hierarchy. The fair value of the other financing arrangements was calculated using a discounted cash flow model that incorporates current borrowing rates for obligations of similar duration, which is considered Level 3 of the fair value hierarchy. As of December 31, 2022, the current borrowing rate was estimated by applying the Company's credit spread to the risk-free rate for a similar duration borrowing.

11. Pension and Postretirement Plans

Savings Plans

The Company sponsors several defined contribution plans covering substantially all employees. The Company's contributions to the plans are based on matching a portion of the employee contributions. Both employer and employee contributions are invested in various investment funds at the direction of the employee. Employer contributions to the defined contribution plans were \$13.9 million in 2022, \$4.0 million and \$9.7 million in the Successor and Predecessor periods of 2021, respectively, and \$13.1 million in 2020.

Pension and Postretirement Plans

In connection with the Merger, the Company remeasured the pension and postretirement projected benefit obligations as of the Merger Date. As a result, the Company's pension and postretirement benefit obligations decreased \$22.3 million and \$4.3 million, respectively. The decrease in the benefit obligations was primarily driven by changes in the discount rate as well as gains to record pension assets to fair value. Additionally, actuarial gains (losses) and prior service costs (benefits) recorded in "Accumulated other comprehensive loss" of \$101.6 million were remeasured as of the Merger Date.

Unrecognized actuarial net gains and losses for the Cincinnati Plans (defined below) and the Hawaii Plans (defined below) are primarily generated by differences between assumed and actual rates of return on invested assets, changes in discount rates and healthcare costs. Additionally, in Hawaii, a favorable amendment to the postretirement health and life insurance plan generated unrecognized gains in the twelve months ended December 31, 2022. Because gains and losses reflect refinements in estimates, as well as real changes in economic values, and because some gains in one period may be offset by losses in another or vice versa, we are not required to recognize these gains and losses in the periods that they occur. Instead, if the gains and losses exceed a 10% corridor defined in the accounting literature, the excess is amortized over a defined term. In conjunction with remeasuring the pension and postretirement benefit obligations as of the Merger Date, the amortization period for the Cincinnati pension plans in the Successor period was updated to amortize the excess over the average remaining life expectancy of plan participants from the average future working lifetime which was utilized in the Predecessor period. This change did not have an impact in the 2021 Successor period as gains or losses were not generated until December 31, the next measurement date. Additionally in the Successor period, the market-related value of assets is equal to the fair market value. Previously, the market-related value of assets was determined using a five-year moving market average method. Except for these changes described related to the Cincinnati pension plans, no other changes to methodology were made in the Successor period as a result of the Merger.

Cincinnati Plans

The Company sponsors three noncontributory defined benefit pension plans: one for eligible management employees, one for non-management employees, and one supplemental, nonqualified, unfunded plan for certain former senior executives (collectively the "Cincinnati Plans"). The management pension plan is a cash balance plan in which the pension benefit is determined by a combination of compensation-based credits and annual guaranteed interest credits. The non-management pension plan is also a cash balance plan in which the combination of service and job-classification-based credits and annual interest credits determine the pension benefit. Benefits for the supplemental plan are based on eligible pay, adjusted for age and service upon retirement. We fund both the management and non-management plans in an irrevocable trust through contributions, which are determined using the traditional unit credit cost method. We also use the traditional unit credit cost method for determining pension cost for financial reporting purposes.

During 2020, the management pension plan made lump sum payments of \$6.0 million resulting in a reduction of the plan benefit obligation of \$6.0 million. The Company recorded a pension settlement cost of \$2.3 million in 2020 as a result of the lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost.

The Company also provides healthcare and group life insurance benefits for eligible retirees. We fund healthcare benefits and other group life insurance benefits using Voluntary Employee Benefit Association ("VEBA") trusts. It is our practice to fund amounts as deemed appropriate from time to time. Contributions are subject to Internal Revenue Service ("IRS") limitations developed using the traditional unit credit cost method. The actuarial expense calculation for our postretirement health plan is based on numerous assumptions, estimates, and judgments including healthcare cost trend rates and cost sharing with retirees. Retiree healthcare benefits were phased out as of December 31, 2018 for all employees, with the exception of a small group of grandfathered employees. The postretirement health plan also includes liabilities associated with employees who have special death benefits only.

Hawaii Plans

The Company sponsors one noncontributory defined benefit plan for union employees, one cash balance pension plan for nonunion employees, and two postretirement health and life insurance plans for Hawaiian Telcom employees (collectively the "Hawaii Plans").

During 2022, Hawaiian Telcom's pension plans made lump sum payments of \$7.5 million resulting in a reduction of the plan benefit obligation of \$7.5 million and a nominal pension settlement cost. During 2021, Hawaiian Telcom's pension plans made lump sum payments of \$1.9 million in the Successor period and \$7.4 million in the Predecessor period resulting in a reduction of the plan benefit obligation of \$1.9 million and \$7.4 million, respectively. The Company recorded a nominal pension settlement gain in the Successor period as a result of the sum of the service cost and the interest cost component of the net pension cost exceeding lump sum payments to the plan participants. The Company recorded a pension settlement cost of \$0.4 million in the Predecessor period as a result of lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost. During 2020, Hawaiian Telcom's pension plans made lump sum payments of \$15.1 million resulting in a reduction of the plan benefit obligation of \$15.1 million and a pension settlement cost of \$1.5 million.

In the third quarter of 2022, the Company identified a correction related to the Hawaiian Telcom postretirement health and life insurance plans liability. The adjustment resulted in an increase to the "Postretirement and Other Benefits liability" of \$45.9 million, an increase to "Goodwill" of \$35.0 million and reduction to "Deferred income tax liabilities" of \$10.9 million on the Consolidated Balance Sheets. The impact of the correction is immaterial to current and prior period financial statements. The postretirement health and life insurance plan was amended in the fourth quarter of 2022 to limit the amount of Medicare Part-B premium reimbursements to the standard amount resulting in an actuarial gain of \$4.7 million recorded to "Accumulated other comprehensive income."

Components of Net Periodic Cost

The following information relates to noncontributory defined benefit pension plans, postretirement healthcare plans, and life insurance benefit plans for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and for the year ended December 31, 2020 for the Cincinnati Plans and the Hawaii Plans. In accordance with ASU 2017-07, only the service cost component of net benefit cost is eligible for capitalization, which was immaterial for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and for the year ended December 31, 2020.

Pension and postretirement (benefits) costs for these plans were comprised of:

	Pension Benefits				Postretirement and Other Benefits			
	Successor		Predecessor		Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
<i>(dollars in millions)</i>								
Service cost	\$ —	\$ —	\$ —	\$ —	\$ 0.8	\$ 0.1	\$ 0.3	\$ 0.4
Interest cost on projected benefit obligation	16.3	4.7	10.2	18.8	4.2	0.8	1.8	3.7
Expected return on plan assets	(27.5)	(10.2)	(19.9)	(29.0)	—	—	—	—
Amortization of:								
Prior service benefit	—	—	—	—	(0.2)	—	(1.7)	(2.5)
Actuarial loss (gain)	—	—	16.0	18.1	(0.6)	—	—	1.2
Pension settlement charges	—	—	—	3.8	—	—	—	—
Pension/postretirement (benefit) cost	\$ (11.2)	\$ (5.5)	\$ 6.3	\$ 11.7	\$ 4.2	\$ 0.9	\$ 0.4	\$ 2.8

Amortization of prior service benefit and actuarial loss (gain) in the year ended December 31, 2022 and in the Predecessor periods represent reclassifications from accumulated other comprehensive income.

The following are the weighted-average assumptions used in measuring the net periodic cost of the pension and postretirement benefits:

Cincinnati Plans	Pension Benefits				Postretirement and Other Benefits			
	Successor		Predecessor		Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Discount rate	2.70 %	2.60 %	2.40 %	3.10 %	2.80 %	2.60 %	2.40 %	3.20 %
Expected long-term rate of return	5.80 %	6.00 %	6.00 %	6.00 %	—	—	—	—
Cash balance interest credit rate	4.00 %	4.00 %	4.00 %	4.00 %	—	—	—	—
Future compensation growth rate	—	—	—	—	—	—	—	—

Hawaii Plans	Pension Benefits				Postretirement and Other Benefits			
	Successor		Predecessor		Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Discount rate	3.90 %	2.50 %	2.30 %	2.80 %	3.70 %	2.80 %	2.60 %	3.30 %
Expected long-term rate of return	5.00 %	6.00 %	6.00 %	6.00 %	—	—	—	—
Cash balance interest credit rate	1.90 %	1.10 %	1.20 %	2.00 %	—	—	—	—
Future compensation growth rate	—	—	—	—	—	—	—	—

The expected long-term rate of return on plan assets, developed using the building block approach, for each of the plans is based on the mix of investments held directly by the plans and the current view of expected future returns, which is influenced by historical averages. Changes in actual asset return experience and discount rate assumptions can impact the Company's operating results, financial position and cash flows.

The Company utilized the Pri-2012/MP-2021 mortality tables published by the Society of Actuaries to measure the benefit obligations as of December 31, 2022 and 2021.

Benefit Obligation and Funded Status

Changes in the plans' benefit obligations and funded status are as follows:

	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
<i>(dollars in millions)</i>						
Change in benefit obligation:						
Benefit obligation at beginning of period	\$ 611.9	\$ 633.3	\$ 674.1	\$ 100.9	\$ 102.8	\$ 109.6
Service cost	—	—	—	0.8	0.1	0.3
Interest cost	16.3	4.7	10.2	4.2	0.8	1.8
Hawaii Plan Adjustment	—	—	—	45.9	—	—
Plan Amendment	—	—	—	(4.7)	—	—
Actuarial (gain) loss (a) (b)	(146.3)	(11.4)	(17.0)	(37.1)	(0.6)	(4.0)
Benefits paid	(34.9)	(12.8)	(26.6)	(9.8)	(2.4)	(5.4)
Settlements (c)	(7.5)	(1.9)	(7.4)	—	—	—
Other	—	—	—	2.2	0.2	0.5
Benefit obligation at end of period	\$ 439.5	\$ 611.9	\$ 633.3	\$ 102.4	\$ 100.9	\$ 102.8
Change in plan assets:						
Fair value of plan assets at beginning of period	\$ 559.2	\$ 571.8	\$ 570.6	\$ 3.3	\$ 3.3	\$ 3.1
Actual (loss) return on plan assets	(128.3)	1.3	32.5	0.1	—	0.1
Employer contributions	2.1	0.8	2.7	7.3	2.4	5.1
Benefits paid	(34.9)	(12.8)	(26.6)	(7.5)	(2.4)	(5.0)
Settlements (c)	(7.5)	(1.9)	(7.4)	—	—	—
Fair value of plan assets at end of period	390.6	559.2	571.8	3.2	3.3	3.3
Unfunded status	\$ (48.9)	\$ (52.7)	\$ (61.5)	\$ (99.2)	\$ (97.6)	\$ (99.5)

- (a) The actuarial (gain) recorded during the year ended December 31, 2022 and in the Successor and Predecessor periods in 2021 for the pension plans was primarily driven by an increase in the discount rate in each of the respective periods.
- (b) The actuarial (gain) recorded for the year ended December 31, 2022 for the postretirement plans was primarily driven by an increase in the discount rate, updated census data and the result of actual versus expected benefit payments. The actuarial (gain) recorded in the Successor and Predecessor periods in 2021 for the postretirement plans was primarily due to an increase in the discount rate and the result of actual versus expected benefit payments.
- (c) Participant elections to take lump sum payments that exceeded the settlement accounting threshold and have been categorized as settlements.

The following are the weighted-average assumptions used in accounting for and measuring the projected benefit obligations:

Cincinnati Plans

	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Discount rate	5.40 %	2.70 %	2.60 %	5.40 %	2.80 %	2.60 %
Cash balance interest credit rate	4.00 %	4.00 %	4.00 %	—	—	—
Future compensation growth rate	—	—	—	—	—	—

Hawaii Plans

	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Discount rate	5.40 %	2.70 %	2.50 %	5.50 %	2.90 %	2.80 %
Cash balance interest credit rate	5.10 %	1.30 %	1.10 %	—	—	—
Future compensation growth rate	—	—	—	—	—	—

The assumed healthcare cost trend rate used to measure the postretirement health benefit obligation is shown below:

Cincinnati Plans	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Healthcare cost trend	6.50 %	6.50 %	6.50 %
Rate to which the cost trend is assumed to decline (ultimate trend rate)	4.80 %	4.50 %	4.50 %
Year the rates reach the ultimate trend rate	2032	2026	2025

The projected benefit obligation is recognized in the Consolidated Balance Sheets as follows:

(dollars in millions)	Pension Benefits		Postretirement and Other Benefits	
	December 31,		December 31,	
	2022	2021	2022	2021
Accrued payroll and benefits (current liability)	\$ 1.5	\$ 2.0	\$ 8.1	\$ 7.8
Pension and postretirement benefit obligations (noncurrent liability)	47.4	50.7	91.1	89.8
Total	\$ 48.9	\$ 52.7	\$ 99.2	\$ 97.6

Amounts recognized in "Accumulated other comprehensive income" in the Consolidated Balance Sheets which have not yet been recognized in net pension costs consisted of the following:

(dollars in millions)	Pension Benefits		Postretirement and Other Benefits	
	December 31,		December 31,	
	2022	2021	2022	2021
Prior service (cost) benefit, net of tax of (\$0.2)	—	—	(0.6)	—
Actuarial (loss) gain, net of tax of (\$1.6), \$0.7, \$10.2, \$0.1	(5.1)	2.0	32.8	0.6
Total	\$ (5.1)	\$ 2.0	\$ 32.2	\$ 0.6

Amounts recognized in "Accumulated other comprehensive income" on the Consolidated Statements of Equity (Deficit) and the Consolidated Statements of Comprehensive Income (Loss) are shown below:

(dollars in millions)	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Prior service cost recognized:						
Reclassification adjustments	\$ —	\$ —	\$ —	\$ 4.7	\$ —	\$ (1.7)
Actuarial gain (loss) recognized:						
Reclassification adjustments	—	—	15.6	(0.8)	—	—
Actuarial (loss) gain arising during the period	(9.4)	2.7	29.5	37.6	0.7	4.0

Plan Assets, Investment Policies and Strategies

Cincinnati and Hawaii Plans

The primary investment objective for the trusts holding the assets of the pension and postretirement plans is preservation of capital with a reasonable amount of long-term growth and income without undue exposure to risk. The investment follows a glide path approach toward liability-driven investing that shifts a higher portfolio weighting to fixed income as the plan's funded status increases. The current target allocations for the pension plan assets are 40% equity securities and 60% investment grade fixed income securities with the exception of the Hawaii pension plan for union employees that is 30% equity securities and 70% investment grade fixed income securities as a result of its funded status. Equity securities are primarily held in the form of passively managed funds that seek to track the performance of a benchmark index. Equity securities include investments in growth and value common stocks of companies located in the United States, which represents approximately 50% of the equity securities held by the pension plans at December 31, 2022, as well as stock of international companies located in both developed and emerging markets around the world. Fixed income securities primarily include holdings of funds, which generally invest in a variety of intermediate and long-term investment grade corporate bonds from diversified industries and U.S. Treasuries. The postretirement plan assets held by the Cincinnati plan are currently invested in a group insurance contract.

The fair values of the pension plan assets at December 31, 2022 and 2021 by asset category are as follows:

(dollars in millions)	December 31, 2022	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	\$ 71.5	\$ 71.5	\$ —	\$ —
International equity index funds	74.5	74.5	—	—
Fixed income bond funds	244.5	244.5	—	—
Fixed income short-term money market funds	0.1	0.1	—	—
Group insurance contract	3.2	—	—	—
Total	\$ 393.8	\$ 390.6	\$ —	\$ —
(dollars in millions)	December 31, 2021	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	\$ 104.8	\$ 104.8	\$ —	\$ —
International equity index funds	101.8	101.8	—	—
Fixed income bond funds	350.7	350.7	—	—
Fixed income short-term money market funds	1.9	1.9	—	—
Group insurance contract	3.3	—	—	—
Total	\$ 562.5	\$ 559.2	\$ —	\$ —

The fair values of Level 1 investments are based on quoted prices in active markets.

The group insurance contract is valued at contract value plus accrued interest and has not been included in the fair value hierarchy but is included in the totals above.

There were no contributions to our qualified pension plans in 2022 and the Successor period in 2021. Contributions to our qualified pension plans were \$0.9 million in the Predecessor period in 2021 and \$5.5 million in 2020. Contributions to our non-qualified pension plans were \$2.2 million in 2022, \$0.8 million in the Successor period in 2021, \$1.8 million in the Predecessor period in 2021 and \$2.2 million in 2020.

Based on current assumptions, contributions are expected to be nominal to the qualified plans and approximately \$2 million to the non-qualified plans in 2023. Management expects to make cash payments of approximately \$7 million related to its postretirement health plans in 2023.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next ten years:

<u>(dollars in millions)</u>	<u>Pension Benefits</u>	<u>Postretirement and Other Benefits</u>	<u>Medicare Subsidy Receipts</u>
2023	\$ 47.2	\$ 8.2	\$ (0.1)
2024	46.1	8.1	(0.1)
2025	44.8	8.0	(0.1)
2026	41.5	7.8	(0.1)
2027	39.2	7.7	(0.1)
Years 2028 - 2032	166.9	36.3	(0.2)

12. Equity

Pursuant to the Merger Agreement, Parent acquired all of the equity interests in the Company. In connection with the consummation of the Merger Agreement, each of our issued and outstanding Common Shares was converted to \$15.50 in cash per Common Share and paid to the shareholders.

The Company redeemed each of our issued and outstanding Depositary Shares simultaneously with the redemption of the 6 ³/₄% Preferred Shares at a redemption price of \$50 per Depositary Share (equivalent to \$1,000 per 6 ³/₄% Preferred Share).

Effective October 18, 2021, Parent amended and restated the Articles of Incorporation of Cincinnati Bell to reduce the number of authorized shares from 96,000,000 Common Shares to 100 Common Shares, each with \$0.01 par value. As of December 31, 2022 and 2021, Parent is the sole shareholder of the Company's 100 Common Shares.

Accumulated Other Comprehensive Income (Loss)

Shareowners' equity - controlling interest includes accumulated other comprehensive income (loss) that is comprised of pension and postretirement unrecognized prior service benefit (cost) and unrecognized actuarial (gain) loss, and foreign currency translation gain (loss). Shareowners' equity - controlling interest also includes an accumulated other comprehensive loss recorded in the Predecessor periods for unrealized loss on cash flow hedges arising during the period.

The changes in accumulated other comprehensive income (loss) by component were as follows:

(dollars in millions)

Successor	Unrecognized Net Periodic Pension and Postretirement Benefit (Cost)	Unrealized Loss on Cash Flow Hedges, Net	Foreign Currency Translation Gain (Loss)	Total
Balance as of September 8, 2021 (remeasured upon Merger)	\$ —	\$ —	\$ —	\$ —
Remeasurement of benefit obligations	2.6	—	—	2.6
Foreign currency loss	—	—	(1.4)	(1.4)
Balance as of December 31, 2021	\$ 2.6	\$ —	\$ (1.4)	\$ 1.2
Remeasurement of benefit obligations	25.1	—	—	25.1
Reclassifications, net	(0.6) ^(a)	—	—	(0.6)
Foreign currency loss	—	—	(6.2)	(6.2)
Balance as of December 31, 2022	\$ 27.1	\$ —	\$ (7.6)	\$ 19.5
Predecessor				
Balance as of December 31, 2020	\$ (138.8)	\$ (19.7)	\$ (1.2)	\$ (159.7)
Remeasurement of benefit obligations	6.0	—	—	6.0
Reclassifications, net	10.7 ^(a)	19.7 ^(b)	—	30.4
Unrealized loss on cash flow hedges arising during the period, net	—	(0.1) ^(c)	—	(0.1)
Foreign currency gain	—	—	1.2	1.2
Balance as of September 7, 2021	\$ (122.1)	\$ (0.1)	\$ —	\$ (122.2)

- (a) These reclassifications are included in the other components of net periodic pension and postretirement benefit plans expense and represent amortization of prior service benefit and actuarial (gain) loss, net of tax. The other components of net periodic pension and postretirement benefit plans expense are recorded in "Other components of pension and postretirement benefit plans (benefit) expense" on the Consolidated Statements of Operations. See Note 11 for further disclosures.
- (b) These reclassifications are reported within "Interest expense" and "Other (income) expense, net" on the Consolidated Statements of Operations when the hedged transactions impact earnings.
- (c) The unrealized loss, net on cash flow hedges represents the change in the fair value of the derivative instruments that occurred during the period, net of tax. See Note 10 for further disclosures.

13. Income Taxes

Income tax expense (benefit) for continuing operations consisted of the following:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Current:				
Federal	\$ —	\$ —	\$ —	\$ (1.4)
State and local	0.6	(0.4)	0.7	0.6
Foreign	6.4	1.6	3.1	3.5
Total current	7.0	1.2	3.8	2.7
Deferred:				
Federal	(37.9)	(9.2)	(16.1)	(13.8)
State and local	2.7	7.4	(3.8)	7.7
Foreign	(3.1)	(0.7)	(0.8)	(1.3)
Total deferred	(38.3)	(2.5)	(20.7)	(7.4)
Valuation allowance	(3.8)	(6.0)	—	(20.8)
Total	\$ (35.1)	\$ (7.3)	\$ (16.9)	\$ (25.5)

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate for each period:

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
U.S. federal statutory rate	21.0%	21.0%	21.0%	21.0%
State and local income taxes, net of federal income tax	3.1	2.1	2.5	1.4
Transaction costs	—	(0.4)	(4.1)	(8.6)
Non-Deductible meals and entertainment	(0.3)	(0.2)	(0.3)	(0.4)
State net operating loss adjustments	(4.4)	(18.4)	—	(9.5)
Change in valuation allowance, net of federal income tax	2.3	17.5	—	25.7
Change in uncertain tax positions	—	0.1	—	2.5
Other differences, net	(0.5)	(0.4)	(1.9)	(0.6)
Effective tax rate	21.2%	21.3%	17.2%	31.5%

The income tax (benefit) provision was charged to continuing operations or accumulated other comprehensive income as follows:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Income tax (benefit) provision related to:				
Continuing operations	\$ (35.1)	\$ (7.3)	\$ (16.9)	\$ (25.5)
Accumulated other comprehensive income	7.6	0.8	10.8	2.4

The components of our deferred tax assets and liabilities were as follows:

(dollars in millions)	December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss carryforwards	\$ 227.6	\$ 258.3
Finance and operating lease obligations	21.6	22.6
Pension and postretirement benefits	35.8	36.0
Employee benefits	4.7	5.8
Interest limitation	16.7	4.9
State tax credit	8.0	8.6
Other	23.4	24.4
Total deferred tax assets	337.8	360.6
Valuation allowance	(15.7)	(18.4)
Total deferred tax assets, net of valuation allowance	\$ 322.1	\$ 342.2
Deferred tax liabilities:		
Property, plant and equipment and intangibles	\$ (410.5)	\$ (475.5)
Other	(7.6)	(1.0)
Total deferred tax liabilities	(418.1)	(476.5)
Net deferred tax liabilities	\$ (96.0)	\$ (134.3)

As of December 31, 2022, the Company had \$969.8 million of federal net operating loss carryforwards with a deferred tax asset value of \$203.6 million and \$24.0 million in deferred tax assets related to state and local net operating loss carryforwards. On its 2022 income tax return to be filed in 2023, the Company expects to utilize the \$55.8 million tranche of Federal operating loss carryforwards that would otherwise expire. U.S. tax laws limit the annual utilization of net operating loss carryforwards of acquired entities but the Company expects to fully utilize the net operating loss carryforwards.

The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2022, there are sufficient sources of future taxable income (e.g. reversing deferred tax liabilities) for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration.

As of December 31, 2022 and 2021, the Company had valuation allowances of \$15.7 million and \$18.4 million, respectively, recorded against other deferred tax assets consisting primarily of state and local net operating loss carryforwards and state credits. Management has concluded that it is more likely than not that it will realize all other deferred tax assets.

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is \$19.0 million at both December 31, 2022 and December 31, 2021. Accrued interest and penalties on income tax uncertainties were immaterial as of December 31, 2022 and 2021.

A reconciliation of the unrecognized tax benefits is as follows:

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
(dollars in millions)				
Balance, beginning of year	\$ 19.3	\$ 19.2	\$ 19.2	\$ 21.9
Change in tax positions for the current year	—	0.1	—	(2.2)
Change in tax positions for prior years	—	—	—	(0.5)
Balance, end of year	\$ 19.3	\$ 19.3	\$ 19.2	\$ 19.2

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various foreign, state and local jurisdictions. With a few exceptions, the Company is no longer subject to U.S. federal, state or local examinations for years before 2018.

The Company has not recorded deferred income taxes on the undistributed earnings of its foreign subsidiaries because of management's intent to indefinitely reinvest such earnings. Determination of the amount of any unrecognized deferred income tax liability on temporary differences arising from tax and financial reporting basis differences has not been practicable.

14. Stock-Based and Deferred Compensation Plans

Prior to the Merger Date, the Company granted stock options, stock appreciation rights, performance-based awards, restricted stock units, and time-based restricted shares to officers and key employees under the 2017 Long-Term Incentive Plan and stock options, restricted shares, and restricted stock units to directors under the 2017 Stock Plan for Non-Employee Directors.

On July 2, 2018, the Company completed its acquisition of Hawaiian Telecom. In conjunction with the acquisition, the Company assumed responsibility for the eventual payout of certain stock-based compensation awards that were previously granted to Hawaiian Telecom employees under the Hawaiian Telecom 2010 Equity Incentive Plan. These awards were originally granted by Hawaiian Telecom in the first quarter of 2017 and in the first quarter of 2018, before the merger with Cincinnati Bell was completed.

Subsequent to the Merger Date, awards will no longer be granted under the 2017 Long-Term Incentive Plan or the 2017 Stock Plan for Non-Employee Directors.

Stock Options and Stock Appreciation Rights

Generally, the awards of stock options and stock appreciation rights fully vested three years from grant date and expired ten years from grant date. Beginning in 2012, some of the stock options vested over a three year period based on the achievement of certain performance objectives. The Company generally issued new shares when options to purchase common shares or stock appreciation rights were exercised. The following table summarizes stock options and stock appreciation rights activity:

	Successor				Predecessor			
	Year Ended December 31, 2022		September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020	
	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
(in thousands, except per share amounts)								
Outstanding at beginning of period	—	\$ —	—	\$ —	143	\$ 18.37	144	\$ 18.35
Exercised	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	(1)	17.05
Awards cancelled pursuant to Merger Agreement	—	—	—	—	(143)	18.37	—	—
Outstanding and exercisable at end of period	—	\$ —	—	\$ —	—	\$ —	143	\$ 18.37
(dollars in millions)								
Compensation expense for the period	\$ —		\$ —		\$ —		\$ —	
Tax benefit related to compensation expense	\$ —		\$ —		\$ —		\$ —	
Intrinsic value of awards exercised	\$ —		\$ —		\$ —		\$ —	
Cash received from awards exercised	\$ —		\$ —		\$ —		\$ —	
Grant date fair value of awards vested	\$ —		\$ —		\$ —		\$ —	

Performance-Based Restricted Awards

Awards granted generally vested over three years and upon the achievement of certain performance-based objectives. Performance-based awards were expensed based on their grant date fair value if it was probable that the performance conditions would be achieved.

The following table summarizes our outstanding performance-based restricted award activity:

	Successor				Predecessor			
	Year Ended December 31, 2022		September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020	
	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
(in thousands, except per share amounts)								
Non-vested at beginning of period	—	\$ —	—	\$ —	1,037	\$ 10.87	1,282	\$ 13.00
Granted*	—	—	—	—	—	—	—	—
Vested	—	—	—	—	(1,037)	10.87	(245)	22.03
Forfeited	—	—	—	—	—	—	—	—
Non-vested at end of period	—	\$ —	—	\$ —	—	\$ —	1,037	\$ 10.87
(dollars in millions)								
Compensation expense for the period	\$ —		\$ —		\$ 6.2		\$ 2.4	
Tax benefit related to compensation expense	\$ —		\$ —		\$ (1.5)		\$ (0.5)	
Grant date fair value of awards vested	\$ —		\$ —		\$ 11.3		\$ 5.4	

* Assumes the maximum number of awards that can be earned if the performance conditions are achieved.

In connection with the Merger, \$5.0 million of expense related to performance-based restricted awards was accelerated upon the Closing Date and recorded in the Predecessor period in 2021.

Time-Based Restricted Awards

Awards granted to Cincinnati Bell employees in 2019 vested as of the Merger Date and were paid to employees in cash. Awards granted to directors in 2020 vested as of the Merger Date and were paid to directors in cash.

As part of the terms of the acquisition of Hawaiian Telcom, certain stock-based compensation awards granted by Hawaiian Telcom before the merger date were converted to time-based restricted stock units. The Company assumed responsibility for the eventual payout of these time-based restricted stock units as part of the acquisition. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and 2018, and vested in one-fourth increments over a period of four years. One-fourth of the awards granted in the first quarter of 2017 vested and were distributed by Hawaiian Telcom prior to July 2, 2018. All remaining awards that vested after July 2, 2018, including awards that were accelerated and vested as of the Merger Date, were distributed by Cincinnati Bell Inc.

The following table summarizes our time-based restricted award activity:

	Successor				Predecessor			
	Year Ended December 31, 2022		September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020	
	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
(in thousands, except per share amounts)								
Non-vested at beginning of period	—	\$ —	—	\$ —	792	\$ 11.42	942	\$ 11.67
Granted	—	—	—	—	—	—	68	14.99
Vested	—	—	—	—	(792)	11.42	(216)	13.58
Forfeited	—	—	—	—	—	—	(2)	15.70
Non-vested at end of period	—	\$ —	—	\$ —	—	\$ —	792	\$ 11.42
(dollars in millions)								
Compensation expense for the period	\$ —		\$ —		\$ 6.9		\$ 3.2	
Tax benefit related to compensation expense	\$ —		\$ —		\$ (1.7)		\$ (0.7)	
Grant date fair value of awards vested	\$ —		\$ —		\$ 9.0		\$ 2.9	

In connection with the Merger, \$4.3 million of expense related to time-based restricted awards was accelerated upon the Closing Date and recorded in the Predecessor period in 2021.

Cash-Settled Awards

For the year ended December 31, 2021, Parent granted officers and key employees of the Company cash-settled awards that vest ratably over a 4-year period beginning with the first anniversary of the grant date with the final 20% vesting upon the occurrence of a liquidity event, defined as a change of control or qualified public offering. In the absence of a liquidity event, the awards will expire in eight years. The ultimate payment of the awards upon the occurrence of a liquidity event is based on the i) number of vested awards and ii) an amount determined from the excess of the proceeds received from the liquidity event over the invested capital, adjusted for internal rates of return. No compensation expense was recorded in the year ended December 31, 2022 and the Predecessor and Successor periods in 2021.

For the year ended December 31, 2020, the Company granted officers and key employees cash-settled awards of \$10.5 million in place of performance-based restricted awards and time-based restricted awards. Per the terms of the award, one-fourth of these cash-settled awards accelerated and vested as of the Merger Date. Subsequent to the Merger Date, one-fourth of these cash-settled awards vested at the end of six months, and the remaining awards vest at the end of 18 months. Employees generally must be actively employed on the vesting date in order to receive the award payout. The amount recorded on the Consolidated Balance Sheets as of December 31, 2022 and 2021 related to these awards is \$4.6 million and \$3.8 million, respectively, and is recorded to “Other noncurrent liabilities.”

Expense incurred for cash payment awards was \$3.3 million for the year ended December 31, 2022, \$1.0 million and \$2.4 million for the Successor and Predecessor periods in 2021, respectively, and \$3.2 million in 2020. At December 31, 2022, there was \$0.3 million remaining unrecognized compensation expense for cash-settled awards, which will be recognized in January 2023.

15. Business Segment Information

For the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020, we operated two business segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

In July 2018, the Company acquired Hawaiian Telcom. Based on the nature of the products and services offered, financial results are presented in either the Network segment or the IT Services and Hardware segment.

The Network segment provides products and services that can be categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati, Enterprise Fiber or Legacy. Cincinnati Bell Telephone Company LLC ("CBT"), a subsidiary of the Company, is the incumbent local exchange carrier ("ILEC") for a geography that covers a radius of approximately 25 miles around Cincinnati, Ohio, and includes parts of northern Kentucky and southeastern Indiana. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. On May 2, 2022, the Company acquired Agile. Agile delivers customers, primarily located in Ohio and Pennsylvania, with middle mile, last mile and campus connectivity services through hybrid fiber wireless networks that are designed, built and managed by Agile. Capital expenditures in the Network segment are incurred to expand our Fioptics product suite, upgrade and increase capacity for our internet and data networks, and to maintain our wireline network.

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization to customers in the U.S., Canada and the U.K. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded hardware reported as Infrastructure Solutions. In July 2018, the Company completed the acquisition of Hawaiian Telcom, and products such as UCaaS, hardware and enterprise long distance delivered by Hawaiian Telcom are included in the IT Services and Hardware segment.

Total assets for the Company increased \$236.8 million as of December 31, 2022 compared to December 31, 2021. Network assets increased \$269.3 million primarily due to increased property, plant and equipment and inventory related to extending the Company's fiber network as well as the addition of assets associated with the acquisition of Agile. IT Services and Hardware assets decreased \$29.8 million primarily due to depreciation and amortization of property, plant and equipment and finite-lived intangible assets, respectively, during the year ended December 31, 2022 which was partially offset by increased goodwill due to measurement period adjustments and the adjustment to the Hawaiian Telcom postretirement health and life insurance plans (Note 11). Corporate assets decreased \$2.7 million. Deferred tax assets and liabilities on the Consolidated Balance Sheets totaled \$2.2 million and \$98.2 million as of December 31, 2022, respectively, compared to deferred tax assets and liabilities of \$5.3 million and \$139.6 million as of December 31, 2021, respectively. The decrease in net deferred tax liabilities is due primarily to higher depreciation and amortization expense reported for GAAP versus tax. This was offset, in part, by the utilization of existing federal and state net operating losses.

Our business segment information is as follows:

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
(dollars in millions)				
Revenue				
Network	\$ 994.3	\$ 303.8	\$ 664.2	\$ 969.6
IT Services and Hardware	827.9	259.3	492.4	616.6
Intersegment	(26.2)	(8.7)	(17.9)	(26.4)
Total revenue	<u>\$ 1,796.0</u>	<u>\$ 554.4</u>	<u>\$ 1,138.7</u>	<u>\$ 1,559.8</u>
Intersegment revenue				
Network	\$ 19.3	\$ 6.5	\$ 13.1	\$ 19.7
IT Services and Hardware	6.9	2.2	4.8	6.7
Total intersegment revenue	<u>\$ 26.2</u>	<u>\$ 8.7</u>	<u>\$ 17.9</u>	<u>\$ 26.4</u>
Operating (loss) income				
Network	\$ (56.2)	\$ (6.3)	\$ 78.3	\$ 99.7
IT Services and Hardware	(8.4)	4.0	25.2	24.6
Corporate	(32.7)	(6.8)	(75.8)	(58.3)
Total operating (loss) income	<u>\$ (97.3)</u>	<u>\$ (9.1)</u>	<u>\$ 27.7</u>	<u>\$ 66.0</u>
Expenditures for long-lived assets*				
Network	\$ 524.9	\$ 114.8	\$ 199.8	\$ 206.4
IT Services and Hardware	30.1	13.9	15.9	23.5
Corporate	0.1	1,620.7	—	0.1
Total expenditures for long-lived assets	<u>\$ 555.1</u>	<u>\$ 1,749.4</u>	<u>\$ 215.7</u>	<u>\$ 230.0</u>
Depreciation and amortization				
Network	\$ 393.3	\$ 113.0	\$ 166.9	\$ 252.7
IT Services and Hardware	103.5	31.4	27.9	40.6
Corporate	0.3	0.2	0.1	0.1
Total depreciation and amortization	<u>\$ 497.1</u>	<u>\$ 144.6</u>	<u>\$ 194.9</u>	<u>\$ 293.4</u>

*Includes cost of acquisitions in the year ended December 31, 2022 and in the Predecessor and Successor periods in 2021, purchase of perpetual licenses in the year ended December 31, 2022 and purchase of wireless spectrum assets in the year ended December 31, 2020

	As of December 31,	
	2022	2021
(dollars in millions)		
Assets		
Network	\$ 3,218.5	\$ 2,949.2
IT Services and Hardware	812.2	842.0
Corporate and eliminations	404.9	407.6
Total assets	<u>\$ 4,435.6</u>	<u>\$ 4,198.8</u>

16. Supplemental Cash Flow Information

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
(dollars in millions)				
Capitalized interest expense	\$ 3.1	\$ 0.6	\$ 1.3	\$ 1.3
Cash paid for:				
Interest	84.6	45.7	89.9	125.5
Income taxes, net of refunds	6.4	3.3	3.8	0.5
Noncash investing and financing activities:				
Acquisition of property by assuming debt and other financing arrangements	10.5	5.8	3.8	7.7
Acquisition of property on account	79.1	51.2	54.9	24.3

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

As a result of the Merger and upon approval by the Audit Committee and the Board of Directors on January 20, 2022, the Company dismissed Deloitte & Touche LLP (“Deloitte”) as its independent registered public accounting firm.

Deloitte’s report on the Company’s consolidated financial statements for its fiscal year ended December 31, 2020 did not contain any adverse opinion or disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company’s fiscal year ended December 31, 2020, and through January 20, 2022: (i) there were no disagreements between the Company and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Deloitte’s satisfaction, would have caused it to make reference to the subject matter of the disagreements in connection with any reports on the financial statements for such years; and (ii) there were no reportable events as defined in item 304(a)(1)(v) of Regulation S-K.

The Company provided Deloitte with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in the Current Report on Form 8-K filed on January 24, 2022 and requested that Deloitte furnish the Company with a letter addressed to the U.S. Securities and Exchange Commission stating whether it agreed with the statements made by the Company in the Form 8-K and, if not, stating the respects in which it did not agree. A copy of Deloitte’s letter, dated January 24, 2022, was filed as Exhibit 16.1 to the Form 8-K.

On January 14, 2022, the Audit Committee approved, effective immediately, the engagement of PricewaterhouseCoopers LLP (“PwC”) as the Company’s independent registered public accounting firm as of and for the years ending December 31, 2021 and 2022.

As part of this engagement acceptance process, the Company and PwC identified a non-audit service PwC performed for the Company that is inconsistent with the SEC and PCAOB auditor independence rules.

From February 1, 2021 through May 7, 2021, Hawaiian Telecom Communications, Inc., a wholly owned subsidiary of the Company, engaged PwC to provide post-implementation support services in connection with its implementation of a third party software solution, which included the performance of certain employee activities, deemed a management function pursuant to Rule 2-01(c)(4)(vi) of Regulation S-X under the SEC’s auditor independence rules. PwC’s fees associated with this service were approximately \$11,400.

The Audit Committee and PwC separately discussed the service, which is no longer being performed, and each concluded that this matter does not impair PwC’s ability to exhibit the requisite objectivity and impartiality to report on the audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2021. In reaching this conclusion, the Audit Committee and PwC noted that, (i) the service was not performed by individuals who will be part of the audit engagement team for the Company; (ii) the service was not related to any financial information system, and as a result, will not have any accounting impact on the financial results of the Company; (iii) the service was administrative in nature and the rudimentary tasks did not involve making management decisions; (iv) the service was terminated prior to the commencement of the PCAOB professional engagement period; and (v) the fee earned by PwC for the service is insignificant to PwC and the Company.

Item 9A. Controls and Procedures

- (a) Evaluation of disclosure controls and procedures.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in SEC Rule 13a-15(e)) as of the end of the period covered by this report. Based on this evaluation, Cincinnati Bell Inc.'s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, such controls and procedures were effective.

- (b) Management's annual report on internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are set forth in Part II, Item 8 of this Annual Report on Form 10-K.

- (c) Changes in internal control over financial reporting.

There were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the fourth quarter of 2022 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated any changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2022 and have concluded that there were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the fourth quarter of 2022 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

Item 9B. Other Information

No reportable information under this item.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III**Item 10. Directors, Executive Officers and Corporate Governance**

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 11. Executive Compensation

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 14. Principal Accountant Fees and Services

PricewaterhouseCoopers LLP (“PwC”) was the Company's Independent Registered Public Accounting Firm for the 2022 and 2021 fiscal years. As a result of the Merger and upon approval by the Audit Committee and the Board of Directors on January 20, 2022, the Company dismissed Deloitte & Touche LLP (“Deloitte”) as its Independent Registered Public Accounting Firm. Deloitte was the Company's Independent Registered Public Accounting Firm for the 2020 fiscal year. On January 14, 2022, the Audit Committee approved, effective immediately, the engagement of PwC as the Company’s independent registered public accounting firm as of and for the 2021 fiscal year.

Aggregate fees for professional services rendered for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Audit fees	\$ 1,950,000	\$ 2,517,595
Audit related fees	—	—
Tax fees	144,600	35,659
All other fees	7,400	—
Total	<u>\$ 2,102,000</u>	<u>\$ 2,553,254</u>

Audit Fees

For the year ended December 31, 2022, the Company incurred audit fees from PwC of \$1,950,000. The audit fees for the year ended December 31, 2022 were in connection with the audit of the Company's annual financial statements and review of quarterly financial statements included in the Company's reports filed with the SEC. The audit of the Company's 2022 financial statements included work related to the acquisition of Agile. For the year ended December 31, 2021, the Company incurred audit fees from PwC and Deloitte of \$2,070,000 and \$447,595, respectively. The audit fees for the year ended December 31, 2021 for services rendered by PwC and Deloitte were in connection with the audit of the Company’s annual financial statements and review of quarterly financial statements included in the Company’s reports filed with the SEC. The audit of the Company’s 2021 financial statements included work related to the Merger and statutory audits.

Audit Related Fees

None.

Tax Fees

Tax fees for the years ended December 31, 2022 and 2021 were incurred for services rendered by PwC and Deloitte, respectively, related to the preparation of various tax filings and tax consultations.

All Other Fees

None.

Engagement of the Independent Registered Public Accounting Firm and Pre-Approval Policy

In accordance with its charter, the Audit Committee has the sole authority and responsibility to select, evaluate and, if necessary, replace the Independent Registered Public Accounting Firm. The Audit Committee has the sole authority to approve all audit engagement fees and terms. In addition, the Audit Committee, or the chair of the Audit Committee between regularly scheduled meetings, must pre-approve all services provided to the Company by the Company's Independent Registered Public Accounting Firm.

Pursuant to Section 202 of the Sarbanes-Oxley Act of 2002, the Audit Committee pre-approved every engagement of PwC and Deloitte to perform audit or non-audit services on behalf of the Company or any of its subsidiaries during the years ended December 31, 2022 and 2021.

PART IV**Item 15. Exhibits and Financial Statement Schedules****Financial Statements**

Consolidated financial statements are included in Part II, Item 8.

Financial Statement Schedules

Financial Statement Schedule II — Valuation and Qualifying Accounts. All other schedules are not required under the related instructions or are not applicable.

Exhibits

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission, are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description
(2.1)	Agreement and Plan of Merger, dated as of March 13, 2020, by and among Cincinnati Bell Inc., Red Fiber Parent LLC and RF Merger Sub Inc. (Exhibit 2.1 to Current Report on Form 8-K, date of Report March 13, 2020, File No. 1-8519).
(3.1)	Second Amended Articles of Incorporation of Cincinnati Bell Inc. (Exhibit 3.1 to Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-8519).
(3.2)	Second Amended and Restated Regulations of Cincinnati Bell Inc. (Exhibit 3.1 to Current Report on Form 8-K, date of Report September 7, 2021, File No. 1-8519).
(4.1)	Indenture dated July 1, 1993, between Cincinnati Bell Inc., as Issuer, and The Bank of New York, as Trustee, relating to Cincinnati Bell Inc.'s 7 ¹ / ₄ % Notes Due June 15, 2023 (Exhibit 4-A to Current Report on Form 8-K, date of Report July 12, 1993, File No. 1-8519). (P)
(4.2)	Indenture dated as of November 30, 1998, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee (Exhibit 4-A to Current Report on Form 8-K, date of Report November 30, 1998, File No. 1-8519).
(4.3)	First Supplemental Indenture dated as of December 31, 2004 to the Indenture dated as of November 30, 1998, among Cincinnati Bell Telephone Company, as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee (Exhibit 4(c)(iii)(2) to Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-8519).
(4.4)	Second Supplemental Indenture dated as of January 10, 2005 to the Indenture dated as of November 30, 1998, among Cincinnati Bell Telephone Company LLC (as successor entity to Cincinnati Bell Telephone Company), as Issuer, Cincinnati Bell Inc., as Guarantor, and The Bank of New York, as Trustee (Exhibit (4)(c)(iii)(3) to Annual Report on Form 10-K for the year ended December 31, 2004, File No. 1-8519).
(4.5)	Indenture, dated September 22, 2016, among Cincinnati Bell Inc., the guarantor parties thereto and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report September 22, 2016, File No. 1-8519).
(4.6)	First Supplemental Indenture dated April 3, 2017 among Cincinnati Bell Inc., SunTel Services LLC and Regions Bank, as trustee (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 3, 2017, File No. 1-8519).

- [\(4.7\)](#) Second Supplemental Indenture dated May 31, 2017 among Cincinnati Bell Inc., Cincinnati Bell Telephone Company LLC, Cincinnati Bell Extended Territories LLC, and Regions Bank, as trustee (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 31, 2017, File No. 1-8519).
- [\(4.8\)](#) Third Supplemental Indenture dated October 2, 2017 among Cincinnati Bell Inc., Cincinnati Bell Shared Services LLC, Data Center South Holdings, LLC, Twin Acquisition Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 2, 2017, File No. 1-8519).
- [\(4.9\)](#) Fourth Supplemental Indenture dated as of December 22, 2017 among Cincinnati Bell Inc., CBTS Holdco LLC, and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report December 22, 2017, File No. 1-8519).
- [\(4.10\)](#) Fifth Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
- [\(4.11\)](#) Sixth Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
- [\(4.12\)](#) Indenture, dated October 6, 2017, between CB Escrow Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
- [\(4.13\)](#) Assumption Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
- [\(4.14\)](#) Second Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
- [\(4.15\)](#) Escrow Agreement, dated October 6, 2017, by and among CB Escrow Corp., Regions Bank, as trustee, and Regions Bank, as Escrow Agent (Exhibit 4.2 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
- [\(4.16\)](#) No other instrument which defines the rights of holders of long term debt of the registrant is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(iii)(A). Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.
- [\(4.17\)](#) Description of Registrant's Securities. (Exhibit 4.15 to Annual Report on Form 10-K for the year ended December 31, 2019, File No. 1-8519).
- [\(10.1\)](#) Credit Agreement by and among Cincinnati Bell Inc., the Guarantor parties thereto, the Lender parties thereto, PNC Bank, National Association, as the Swingline Lender, and Morgan Stanley Senior Funding, Inc., as Administrative Agent, Collateral Agent, Swingline Lender and an L\C Issuer, dated October 2, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report October 3, 2017, File No. 1-8519).
- [\(10.2\)](#) Amendment No. 1 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.1 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).
- [\(10.3\)](#) Amendment No. 2 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.2 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).

- [\(10.4\)](#) Credit Agreement, dated as of September 7, 2021, among Red Fiber Parent LLC, RF Merger Sub Inc., Goldman Sachs Bank USA, as administrative and collateral agent, each L/C Issuer and Swing Line Lender, each other Lender, Cincinnati Bell Inc. (and as successor in interest to RF Merger Sub Inc.) and the other parties thereto from time to time. (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 7, 2021, File No. 1-8519).
- [\(10.5\)](#) Amendment No. 1 to Credit Agreement, dated as of November 23, 2021, among Red Fiber Parent LLC, RF Merger Sub Inc., Goldman Sachs Bank USA, as administrative and collateral agent, each L/C Issuer and Swing Line Lender, each other Lender, Cincinnati Bell Inc. (and as successor in interest to RF Merger Sub Inc.) and the other parties thereto from time to time. (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 23, 2021, File No. 1-8519).
- [\(10.6\)](#) Receivables Financing Agreement dated as of May 10, 2018, among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.3 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).
- [\(10.7\)](#) First Amendment to the Receivables Financing Agreement, dated as of November 21, 2018, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 23, 2018, File No. 1-8519).
- [\(10.8\)](#) Second Amendment to Receivables Financing Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time parties thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.3 to Current Report on Form 8-K, date of Report May 10, 2019, File 1-8519).
- [\(10.9\)](#) Third Amendment to the Receivables Financing Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
- [\(10.10\)](#) Fourth Amendment to the Receivables Financing Agreement, dated as of April 9, 2021, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report April 9, 2021, File No. 1-8519).
- [\(10.11\)](#) Fifth Amendment to the Receivables Financing Agreement, dated as of November 12, 2021, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 15, 2021, File No. 1-8519).

- [\(10.12\)](#) Sixth Amendment to the Receivables Financing Agreement, dated as of June 3, 2022, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and issuer of Letters of Credit, and PNC Capital Markets, as Structuring Agent. (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, File No. 1-8519).
- [\(10.13\)](#) Receivables Purchase Agreement dated as of May 10, 2018 among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, PNC Bank, National Association, as Buyer, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.4 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).
- [\(10.14\)](#) First Amendment to Receivables Purchase Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.2 to Current Report on Form 8-K, date of Report May 10, 2019, File 1-8519).
- [\(10.15\)](#) Second Amendment to the Receivables Purchase Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
- [\(10.16\)](#) Third Amendment to the Receivables Purchase Agreement, dated as of April 9, 2021, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 9, 2021, File No. 1-8519).
- [\(10.17\)](#) Fourth Amendment to the Receivables Purchase Agreement, dated as of November 12, 2021, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report November 15, 2021, File No. 1-8519).
- [\(10.18\)](#) Fifth Amendment to the Receivables Purchase Agreement, dated as of June 3, 2022, by and among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, File No. 1-8519).
- [\(10.19\)*](#) Cincinnati Bell Inc. Pension Program, as amended and restated effective January 1, 2005 (Exhibit (10)(iii)(A)(3) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
- [\(10.20\)*](#) Amendment to Cincinnati Bell Inc. Pension Program, effective December 31, 2011 (Exhibit 10.12 to Annual Report on Form 10-K for the year ended December 31, 2011, File No. 1-8519).
- [\(10.21\)*](#) Restatement of the Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.28 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
- [\(10.22\)*](#) Restatement of the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.29 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
- [\(10.23\)*](#) Amendment to Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.30 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
- [\(10.24\)*](#) Amendment to the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.31 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
- [\(10.25\)*](#) Cincinnati Bell Inc. 2011 Short Term Incentive Plan (Appendix II to the Company's 2016 Proxy Statement on Schedule 14A filed March 17, 2016, File No. 1-8519).
- [\(10.26\)*](#) Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as amended and restated as of January 1, 2005 (Exhibit (10)(iii)(A)(2) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).

- [\(10.27\)*](#) Amendment to Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as of November 7, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report November 7, 2016, File No. 1-8519).
- [\(10.28\)*](#) Cincinnati Bell Inc. 2007 Long Term Incentive Plan, as amended (Appendix I to the Company's 2015 Proxy Statement on Schedule 14A filed March 20, 2015, File No. 1-8519).
- [\(10.29\)*](#) Cincinnati Bell Inc. Form of Stock Option Agreement (2007 Long Term Incentive Plan) (Exhibit (10)(iii)(A)(22) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
- [\(10.30\)*](#) Cincinnati Bell Inc. Form of Performance Restricted Stock Agreement (2007 Long Term Incentive Plan) (Exhibit (10)(iii)(A)(23) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
- [\(10.31\)*](#) Cincinnati Bell Inc. Form of 2016-2018 Share-Based Performance Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.40 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
- [\(10.32\)*](#) Cincinnati Bell Inc. Form of 2017-2019 Share-Based Performance Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.39 to Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-8519).
- [\(10.33\)*](#) Cincinnati Bell Inc. Form of Stock Appreciation Rights Agreement (Employees) (Exhibit (10)(iii)(A)(21) to Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-8519).
- [\(10.34\)*](#) Cincinnati Bell Inc. Form of Restricted Stock Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.45 to Annual Report for the year ended December 31, 2015, File No. 1-8519).
- [\(10.35\)*](#) Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (Appendix I to the Company's 2016 Proxy Statement on Schedule 14A filed on March 17, 2016, File No. 1-8519).
- [\(10.36\)*](#) Cincinnati Bell Inc. 2017 Long-Term Incentive Plan (Appendix I to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
- [\(10.37\)*](#) Cincinnati Bell Inc. Form of Restricted Stock Unit Award (2017 Long-Term Incentive Plan). (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File 1-8519).
- [\(10.38\)*](#) Cincinnati Bell Inc. Form of 2019-2021 Share-Based Performance Unit Award Agreement (2017 Long Term Incentive Plan). (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File 1-8519).
- [\(10.39\)*](#) Cincinnati Bell Inc. 2017 Stock Plan for Non-Employee Directors (Appendix II to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
- [\(10.40\)*](#) Cincinnati Bell Inc. Form of 2018-2023 Business Value Award Agreement (Exhibit 10.1 to Current Report, date of Report May 7, 2018, File No. 1-8519).
- [\(10.41\)*](#) Executive Compensation Recoupment/Clawback Policy effective as of January 1, 2011 (Exhibit 99.1 to Current Report on Form 8-K, date of Report October 29, 2010, File No. 1-8519).
- [\(10.42\)*](#) Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, File 1-8519).
- [\(10.43\)*](#) Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, File 1-8519).

- [\(10.44\)*](#) Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective January 1, 2015 (Exhibit 10.51 to Current Report on Form 10-K, date of Report February 26, 2015, File No. 1-8519).
- [\(10.45\)*](#) Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective as of December 1, 2017 (Exhibit 10.4 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
- [\(10.46\)*](#) Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
- [\(10.47\)*](#) Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of March 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report March 1, 2017, File No. 1-8519).
- [\(10.48\)*](#) Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of December 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
- [\(10.49\)*](#) Employment Agreement dated as of May 5, 2014 between Cincinnati Bell Inc. and Joshua T. Duckworth (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 5, 2014, File No. 1-8519).
- [\(10.50\)*](#) Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth effective as of December 1, 2017 (Exhibit 10.5 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
- [\(10.51\)*](#) Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth dated as of December 1, 2021 (Exhibit 10.51 to Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-8519).
- [\(10.52\)*](#) Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson dated as of January 27, 2015 (Exhibit 10.50 to Annual Report on Form 10-K, date of report February 26, 2015, File No. 1-8519).
- [\(10.53\)*](#) Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 9, 2016, File No. 1-8519).
- [\(10.54\)*](#) Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of December 1, 2017 (Exhibit 10.3 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
- [\(10.55\)*](#) Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
- [\(10.56\)*](#) Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
- [\(10.57\)*](#) Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of December 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
- [\(10.58\)*](#) Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of September 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
- [\(10.59\)*](#) Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of December 1, 2017 (Exhibit 10.6 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
- [\(10.60\)*](#) Employment Agreement between Cincinnati Bell Inc. and Shannon M. Mullen effective as of December 1, 2017 (Exhibit 10.7 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).

(10.61)*	Employment Agreement between Cincinnati Bell Inc. and Mark J. Fahner effective as of September 16, 2018 (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, File 1-8519).
(10.62)*	Employment Agreement between Cincinnati Bell Inc. and Suzanne E. Maratta effective May 12, 2019. (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 15, 2019, File 1-8519).
(10.63)*	Employment Agreement between Cincinnati Bell Inc. and Angela J. Huber effective December 1, 2021 (Exhibit 10.63 to Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-8519).
(14)	Code of Ethics for Senior Financial Officers, as adopted pursuant to Section 406 of Regulation S-K (Exhibit (10)(iii)(A)(15) to Annual Report on Form 10-K for the year ended December 31, 2003, File No. 1-8519).
(21)+	Subsidiaries of the Registrant.
(22)+	List of Guarantor Subsidiaries and Subsidiary Issuers of Guaranteed Securities.
(24)+	Powers of Attorney.
(31.1)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32.1)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from Cincinnati Bell Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 were formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

+ Filed herewith.

* Management contract or compensatory plan required to be filed as an exhibit pursuant to Item 15(a)(3) of the Instruction to Form 10-K.

(P) Paper exhibits

The Company's reports on Form 10-K, 10-Q, 8-K, proxy and other information are available free of charge at the following website: <http://www.altafiber.com>. The Company has ceased to be a registrant but continues to voluntarily file annual, quarterly and certain other information with the SEC due to contractual provisions included in certain indentures. As a voluntary filer, the Company is no longer required to prepare a proxy statement.

VALUATION AND QUALIFYING ACCOUNTS

Allowance for Doubtful Accounts

<u>(dollars in millions)</u>	<u>Beginning of Period</u>	<u>Additions</u>		<u>Deductions</u>	<u>End of Period</u>
		<u>Charge (Benefit) to Expenses</u>	<u>(To) From Other Accounts</u>		
Successor					
Year 2022	\$ 3.6	\$ 8.4	\$ —	\$ —	\$ 12.0
September 8, 2021 to December 31, 2021 (remeasured upon Merger)	\$ —	\$ 3.6	\$ —	\$ —	\$ 3.6

Predecessor					
January 1, 2021 to September 7, 2021	\$ 23.0	\$ 2.1	\$ —	\$ 8.7	\$ 16.4
Year 2020	\$ 14.3	\$ 14.7	\$ —	\$ 6.0	\$ 23.0

Deferred Tax Valuation Allowance

<u>(dollars in millions)</u>	<u>Beginning of Period</u>	<u>Additions</u>		<u>Deductions</u>	<u>End of Period</u>
		<u>Charge (Benefit) to Expenses</u>	<u>(To) From Other Accounts</u>		
Successor					
Year 2022	\$ 18.4	\$ (3.8)	\$ 1.1	\$ —	\$ 15.7
September 8, 2021 to December 31, 2021	\$ 24.4	\$ (6.0)	\$ —	\$ —	\$ 18.4

Predecessor					
January 1, 2021 to September 7, 2021	\$ 28.4	\$ —	\$ (4.0)	\$ —	\$ 24.4
Year 2020	\$ 49.3	\$ (20.8)	\$ (0.1)	\$ —	\$ 28.4

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 22, 2023

/s/ Joshua T. Duckworth

Joshua T. Duckworth
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Leigh R. Fox</u> Leigh R. Fox	President and Chief Executive Officer (Principal Executive Officer)	March 22, 2023
<u>/s/ Joshua T. Duckworth</u> Joshua T. Duckworth	Chief Financial Officer (Principal Financial Officer)	March 22, 2023
<u>/s/ Suzanne E. Maratta</u> Suzanne E. Maratta	Vice President and Corporate Controller (Principal Accounting Officer)	March 22, 2023
<u>Kelly C. Atkinson *</u> Kelly C. Atkinson	Director	March 22, 2023
<u>Felix A. Bernshteyn*</u> Felix A. Bernshteyn	Director	March 22, 2023
<u>Scott L. Graves*</u> Scott L. Graves	Director	March 22, 2023
<u>F. Gregory Guerra*</u> F. Gregory Guerra	Director	March 22, 2023
<u>Colleen W. Hanabusa*</u> Colleen W. Hanabusa	Director	March 22, 2023
<u>John T. Komeiji*</u> John T. Komeiji	Director	March 22, 2023
<u>Anton Z. Moldan*</u> Anton Z. Moldan	Director	March 22, 2023
<u>Douglas C. Wiest*</u> Douglas C. Wiest	Director	March 22, 2023
<u>Christina M. Wire*</u> Christina M. Wire	Director	March 22, 2023

*By: /s/ Leigh R. Fox

Leigh R. Fox
as attorney-in-fact and on his behalf
as President and Chief Executive Officer

