

NORTHWEST FIBER, LLC
Consolidated Balance Sheets
(Dollars in millions)

Assets	December 31	
	2021	2020
Cash and cash equivalents	\$ 347	188
Short-term investments	—	125
Accounts receivable, less allowances of \$9 and \$6, respectively	40	41
Contract acquisition costs	2	1
Prepaid expenses	14	16
Income taxes and other current assets	1	1
	404	372
Total current assets		
Property, plant and equipment, net	1,351	1,035
Goodwill, net	339	380
Other intangibles, net	75	75
Other assets	16	14
	2,185	1,876
	\$ 2,185	1,876
Liabilities and Member's Equity		
Accounts payable	\$ 113	66
Advanced billings	16	17
Accrued content costs	2	2
Accrued other taxes	13	14
Accrued pole attachments	2	2
Accrued payroll related	10	8
Accrued interest	8	5
Current portion of long term debt	5	8
Other current liabilities	10	10
	179	132
Total current liabilities		
Other liabilities	25	31
Long term debt, net	1,371	973
Pension and OPEB liability, net	77	87
	1,652	1,223
Total liabilities		
Member's equity:		
Contributed capital	746	746
Accumulated deficit	(205)	(77)
Accumulated other comprehensive loss	(8)	(16)
	533	653
Total member's equity		
Total liabilities and member's equity	\$ 2,185	1,876

See accompanying notes to consolidated financial statements.

NORTHWEST FIBER, LLC
 Combined and Consolidated Statements of Operations
 (Dollars in millions)

	Successor		Predecessor
	Twelve months ended December 31, 2021	May 1, 2020 to December 31, 2020	January 1, 2020 to April 30, 2020
Revenue	\$ 538	372	192
Operating expenses:			
Network access expenses	48	37	14
Network related expenses	117	80	50
Selling, general, and administrative expenses	190	120	61
Depreciation and amortization	186	116	42
Transaction costs	—	3	—
Total operating expenses	541	356	167
Operating income	(3)	16	25
Loss on asset retirement	3	—	—
Loss on debt extinguishment	48	—	—
Interest expense	73	51	—
(Loss) income before income taxes	(127)	(35)	25
Income tax expense	1	1	7
Net (loss) income	\$ (128)	(36)	18

See accompanying notes to consolidated financial statements.

NORTHWEST FIBER, LLC

Combined and Consolidated Statements of Cash Flow

(Dollars in millions)

	Successor		Predecessor
	Twelve months ended December 31, 2021	May 1, 2020 to December 31, 2020	January 1, 2020 to April 30, 2020
Cash flows provided by operating activities:			
Net (loss) income	\$ (128)	(36)	18
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	186	116	42
Loss on debt extinguishment	48	—	—
Loss on asset retirement	3	—	—
Amortization of deferred financing costs	3	6	—
Deferred income taxes	—	—	(6)
Pension contribution	(8)	(62)	—
Transaction costs paid at acquisition	—	(24)	—
Change in accounts receivable	2	4	(3)
Change in accounts payable and other liabilities	7	35	4
Change in prepaid expenses, income taxes and other assets	(3)	(19)	10
Net cash provided by operating activities	<u>110</u>	<u>20</u>	<u>65</u>
Cash flows used in investing activities:			
Capital expenditures	(414)	(199)	(38)
Redemption of short-term investments	125	—	—
Purchase of short-term investments	—	(125)	—
Acquisition of Frontier Northwest	(2)	(1,187)	—
Net cash used in investing activities	<u>(291)</u>	<u>(1,511)</u>	<u>(38)</u>
Cash flows provided by (used in) financing activities:			
Net parent investment	—	—	(25)
Issuance of new debt	1,150	1,041	—
Debt issuance costs and debt prepayment penalty	(15)	(62)	—
Debt principal repayment	(791)	(4)	—
Equity financing (members contributions)	—	706	—
Finance lease obligation payments	(4)	(2)	(2)
Net cash provided by (used in) financing activities	<u>340</u>	<u>1,679</u>	<u>(27)</u>
Increase in cash and cash equivalents	159	188	—
Cash and cash equivalents at beginning of the period,	<u>188</u>	<u>—</u>	<u>—</u>
Cash and cash equivalents, ending balance,	<u>\$ 347</u>	<u>188</u>	<u>—</u>
Cash paid during the period for:			
Interest	\$ 65	40	—
Income tax payments, net	1	—	—

See accompanying notes to consolidated financial statements.