



Liberty Communications PR Holding LP

December 31, 2024 Annual Report

Liberty Communications PR Holding LP

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Liberty Communications PR Holding LP

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GLOSSARY OF DEFINED TERMS

Unless the context requires otherwise, references to “**Liberty PR**”, “**we**,” “**our**,” “**our company**” and “**us**” in this annual report may refer to Liberty Communications PR Holding LP or collectively to Liberty Communications PR Holding LP and its subsidiaries. We have used several other terms in this annual report, most of which are defined or explained below. The following glossary of defined terms is unaudited.

2027 LPR Senior Secured Notes	\$1.2 billion aggregate principal amount 6.75% senior secured notes due October 15, 2027 issued by LCPR Senior Secured Financing
2028 LPR Term Loan	\$620 million principal amount Adjusted Term SOFR + 3.75% term loan facility due October 15, 2028 issued by LCPR Loan Financing
2029 LPR Senior Secured Notes	\$820 million principal amount 5.125% senior secured notes due July 15, 2029 issued by LCPR Senior Secured Financing
ACP	Affordable Care Program
Adjusted OIBDA	Operating income or loss before share-based compensation and other Employee Incentive Plan-related expense, depreciation and amortization, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration.
Adjusted Term SOFR	SOFR U.S. dollar denominated loans adjusted as follows: (i) 0.11448% for a one-month interest period, (ii) 0.26161% for a three-month interest period and (iii) 0.42826% for a six-month interest period
ARPU	Average monthly subscription revenue per average fixed RGU or mobile subscriber, as applicable
ASU	Accounting Standards Update
AT&T	AT&T Inc.
AT&T Acquired Entities	Collectively, Liberty Mobile Inc., Liberty Mobile Puerto Rico Inc. and Liberty Mobile USVI Inc.
AT&T Acquisition	October 31, 2020 acquisition of all of the outstanding shares of the AT&T Acquired Entities
B2B	Business-to-business
BBVI Acquisition	December 31, 2021 acquisition of 96% of Broadband VI, the payment of which occurred in January 2022
Broadband VI	Broadband VI, LLC
C&W	Cable & Wireless Communications Limited and its subsidiaries
Cayman Holding	LCPR Cayman Holding Inc.
CBRS	Citizens Broadband Radio Service
CIP	Construction-in-process
CLEC	Competitive local exchange carrier
Communications Act	The United States Communications Act of 1934, as amended
CPE	Customer premises equipment
CRU	Corporate Responsible User
DirecTV	DIRECTV Latin America Holdings, Inc.
DISH Network	Dish Network Corporation
DOCSIS	Data over cable service interface specification
DOJ	United States Department of Justice
DTH	Direct-to-home
DVR	Digital video recorder
EBU	Equivalent billing unit
ECF	Emergency Connectivity Fund
EchoStar	EchoStar Corporation
EIP	Equipment installment-plan

GLOSSARY OF DEFINED TERMS

Employee Incentive Plan	Liberty Latin America Ltd. 2018 Incentive Plan
ETC	Eligible Telecommunications Carrier
FASB	Financial Accounting Standards Board
FCC	United States Federal Communications Commission
FCPA	United States Foreign Corrupt Practices Act of 1977, as amended
FTTH	Fiber-to-the-home/-cabinet/-building/-node
Gbps	Gigabits per second
GITCs	General information technology controls
HD	High definition
HFC	Hybrid fiber coaxial cable networks
ILEC	Incumbent local exchange carrier
Infrastructure Act	The Infrastructure Investment and Jobs Act of 2021
Law 213	The Puerto Rico Telecommunications Act of 1996
LCPR	Liberty Communications of Puerto Rico LLC
LCPR Loan Financing	LCPR Loan Financing LLC, a consolidated special purpose financing entity that was created for the primary purpose of facilitating the issuance of certain term loan debt. LCPR is required to consolidate LCPR Loan Financing as a result of certain variable interests in LCPR Loan Financing, for which LCPR is considered the primary beneficiary.
LCPR Senior Secured Financing	LCPR Senior Secured Financing Designated Activity Company, a consolidated special purpose financing entity that was created for the primary purpose of facilitating the issuance of certain debt offerings. Liberty Mobile is required to consolidate LCPR Senior Secured Financing as a result of certain variable interests in LCPR Senior Secured Financing, of which Liberty Mobile is considered the primary beneficiary.
LCPR Ventures	LCPR Ventures LLC
Liberty Latin America	Liberty Latin America Ltd.
Liberty Mobile	Liberty Mobile Inc. and its subsidiaries
Liberty PR	Liberty Communications PR Holding LP and its subsidiaries, which include LCPR and Liberty Mobile and its subsidiaries
LIBOR	London Inter-Bank Offered Rate
LiLAC Services	LiLAC Services Ltd.
LiLAC Services Receivable	\$373 million aggregate principal amount loan issued by LCPR Ventures to LiLAC Services with a weighted average interest rate of 6%; \$2 million due December 23, 2025 and \$372 million due July 15, 2029
LLA Holdco	LLA Holdco LLC
LPR Acquisition	September 3, 2024 acquisition of EchoStar’s spectrum assets in Puerto Rico and USVI and prepaid mobile subscribers in those markets.
LPR Credit Facilities	Senior secured credit facilities comprised of: (i) 2028 LPR Term Loan; and (ii) LPR Revolving Credit Facility
LPR Revolving Credit Facility	\$173 million Adjusted Term SOFR + 3.5% revolving credit facility due March 15, 2027
LPR Senior Secured Notes	Senior secured notes comprising: (i) 2029 LPR Senior Secured Notes; and (ii) 2027 LPR Senior Secured Notes
LTE	Long term evolution standard
LTVP	Long-term Value Plan that represents a component of the Employee Incentive Plan whereby employees receive a fixed-value award that vests annually over three years and can be settled in either common shares or cash at the discretion of Liberty Latin America’s Compensation Committee.
MMG Program	The Middle Mile Broadband Infrastructure Grant Program established by the Infrastructure Act
Network Extensions	Network extension and upgrade program
NTIA	National Telecommunications and Information Administration

GLOSSARY OF DEFINED TERMS

OFAC	Office of Foreign Assets Control
PRTC	Telecommunications Of Puerto Rico, Inc.
RGU	Revenue generating unit
Senior Secured Covenant Group	LCPR and LLA Holdco and its subsidiaries
SIM	Subscriber identification module
SOFR	Reference rate based on secured overnight financing rate administered by the Federal Reserve Bank of New York
SOHO	Small office / home office
TB	The Puerto Rico Telecommunications Regulatory Bureau
Tower Transactions	Transactions associated with certain of our mobile towers that (i) have terms of 20 years and did not meet the criteria to be accounted for as a sale and leaseback and (ii) also include “build to suit” sites that we are obligated to construct over the next 5 years. The total weighted average imputed interest rate of the financial liabilities associated with these transactions is approximately 9%.
UPR Fund	Uniendo a Puerto Rico Fund
U.S.	United States
USD	United States Dollar
U.S. GAAP	Generally accepted accounting principles in the United States
USF	Universal Service Fund
USVI	The U.S. Virgin Islands
VoD	Video-on-demand
VoIP	Voice-over-internet-protocol
Weather Derivatives	Weather derivative contracts that provide coverage for certain weather-related events

FORWARD-LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements. To the extent that statements in this report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Business* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding: our business, products and finance strategies; subscriber growth and retention rates; changes in competitive, regulatory and economic factors; anticipated changes in our revenue, expenses or growth rates; debt levels; our liquidity and our ability to access the liquidity of our subsidiaries; credit risks; internal control over financial reporting; interest rate risks; compliance with debt, financial and other covenants; our projected sources and uses of cash; the recovery of our operations; changes in operating and capital costs; the remediation of a material weakness; and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in Puerto Rico;
- the competitive environment in the industries in which we operate in Puerto Rico, including competitor responses to our products and services;
- fluctuations in inflation rates and interest rates;
- our relationships with third-party programming providers and broadcasters, some of which are also offering content directly to consumers, and our ability to maintain access to desirable programming on acceptable economic terms;
- our relationships with suppliers and licensors and the ability to maintain equipment, software and certain services;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- our ability to obtain additional financing and generate sufficient cash to meet our debt obligations;
- the impact of restrictions contained in certain of our subsidiaries' debt instruments;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer viewing preferences and habits, including on mobile devices that function on various operating systems and specifications, limited bandwidth, and different processing power and screen sizes;
- customer acceptance of our existing service offerings, including our video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- the impact of 5G and wireless technologies on broadband internet;
- our ability to maintain or increase the number of subscriptions to our video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household and mobile subscriber;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;
- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;

- changes in, or failure or inability to comply with, government regulations in Puerto Rico and adverse outcomes from regulatory proceedings;
- government intervention that requires opening our broadband distribution network to competitors;
- our ability to renew necessary regulatory licenses, concessions or other operating agreements and to otherwise acquire future spectrum or other licenses that we need to offer new mobile data or other technologies or services;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from and implement our business plan with respect to the businesses we have acquired or that we expect to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in Puerto Rico and the results of any tax audits or tax disputes;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors, including third-party channel providers and broadcasters, to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our network extension and upgrade programs;
- the availability of capital for the acquisition and/or development of telecommunications networks and services, including property and equipment additions;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire, such as with respect to the AT&T Acquired Entities;
- the effect of any of the identified material weaknesses in our internal control over financial reporting;
- piracy, targeted vandalism against our networks, and cybersecurity threats or other security breaches, including the leakage of sensitive customer data, which could harm our business or reputation;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- the effect of any strikes, work stoppages or other industrial actions that could affect our operations;
- changes in the nature of key strategic relationships with partners;
- our ability to realize the full value of our intangible assets and the impact of any impairments;
- changes in and compliance with applicable data privacy laws, rules, and regulations;
- our ability to recoup insurance reimbursements and settlements from third-party providers;
- our ability to comply with anti-corruption laws and regulations, such as the FCPA;
- our ability to comply with economic and trade sanctions laws, such as the U.S. Treasury Department's OFAC

- the impacts of climate change such as rising sea levels or increasing frequency and intensity of certain weather phenomena; and
- events that are outside of our control, such as political conditions and unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics like the COVID-19 pandemic, and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this annual report are subject to a significant degree of risk. These forward-looking statements and the above described risks, uncertainties and other factors speak only as of the date of this annual report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

DESCRIPTION OF OUR BUSINESS

Overview

Liberty PR is an indirect wholly-owned subsidiary of Liberty Latin America and holds a (i) 100% interest in Cayman Holding and (ii) a 100% interest in LCPR Ventures. Cayman Holding and LCPR Ventures jointly own LCPR, while LCPR Ventures wholly-owns LLA Holdco, the direct parent of Liberty Mobile. LCPR and LLA Holdco and its subsidiaries comprise the Senior Secured Covenant Group.

We provide fixed and mobile telecommunications services to residential and business customers in Puerto Rico and USVI through (i) LCPR and (ii) Liberty Mobile and its subsidiaries. The communications and entertainment services that we deliver to our residential and business customers include video, broadband internet, telephony and mobile services. We offer bundles of services, including video, broadband internet, telephony products in one subscription. We are also focused on leveraging our full-service product suite to deliver fixed-mobile convergence offerings.

We have expanded our footprint through fixed network new build and upgrade projects, mobile coverage expansion, and strategic acquisitions. Our new build projects consist of network programs pursuant to which we pass additional homes and businesses with our broadband communications network. We are also upgrading networks to increase broadband speeds and the services we can deliver for our customers. We have made strategic acquisitions to drive scale benefits across our business, enhancing our ability to innovate and deliver quality services, content and products to our customers. Within the last three years, we have completed the following transactions:

During September 2024, we closed the LPR Acquisition and acquired EchoStar's prepaid business and spectrum assets in Puerto Rico and USVI in exchange for cash and international roaming credits. The aggregate cash consideration of \$256 million will be paid in four annual installments, the first of which commenced on the closing date, September 3, 2024, and the remainder of which will be paid on the anniversary date of the closing date over the next three years. On September 3, 2024, we paid the first installment of \$95 million. The international roaming credits can be utilized over a ten year term commencing on September 3, 2024.

During November 2023, we entered into an agreement with Phoenix Tower International to monetize certain of our mobile tower sites. As of December 31, 2023, we completed these transactions. The transaction provides arrangements to extend coverage with further sites being built by us and Phoenix Tower International over the next four years, or by 2027.

For information regarding our material financing transactions, see note 10 to our consolidated financial statements.

Operating Data

The following table presents our operating statistics as of December 31, 2024:

Footprint:	
Homes Passed	1,191,800
Fixed Subscribers (RGUs):	
Video	230,900
Internet	544,400
Telephony	286,300
Total RGUs	1,061,600
Mobile subscribers:	
Postpaid (a)	669,500
Prepaid	192,400
Total mobile subscribers	861,900
Network data:	
Homes passed:	
Cable	83 %
FTTH	17 %
Product Penetration:	
Television (b)	19 %
Broadband internet (c)	46 %
Fixed-line telephony (c)	24 %
Fixed-line Customer relationships	
Customer Relationships	574,100
RGUs per Customer Relationship	1.85
Customer bundling	
Double-play (d)	19 %
Triple-play (d)	33 %

- (a) Postpaid mobile subscribers include 125,000 CRUs. A CRU represents an individual receiving mobile services through an organization that has entered into a contract for mobile services with us and the organization is responsible for the payment of the CRU's mobile services.
- (b) Percentage of total homes passed that subscribe to television services.
- (c) Percentage of total homes passed that subscribe to broadband internet or fixed-line telephony services, as applicable.
- (d) Percentage of total customers that subscribe to two services (double-play customers) or three services (triple-play customers) offered by our operations (video, broadband internet and fixed-line telephony), as applicable.

Operating Data Glossary

Customer Relationships – The number of customers who receive at least one of our video, internet or telephony services that we count as RGUs, without regard to which or to how many services they subscribe. To the extent that RGU counts include EBU adjustments, we reflect corresponding adjustments to our customer relationship counts. For further information regarding our EBU calculation, see Additional General Notes below. Customer relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two customer relationships. We exclude mobile-only customers from customer relationships.

Homes Passed – Homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Certain of our homes passed counts are based on census data that can change based on either revisions to the data or from new census results.

Internet (Broadband) RGU – A home, residential multiple dwelling unit or commercial unit that receives internet services over our network.

Mobile Subscribers – Our mobile subscriber count represents the number of active SIM cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after periods of inactivity of 90 days. A portion of our mobile subscribers receive mobile services pursuant to prepaid contracts.

RGU – RGU is separately a video RGU, internet RGU or telephony RGU. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to our video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. RGUs are generally counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g., a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled video, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as RGUs during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our RGU counts exclude our separately reported postpaid and prepaid mobile subscribers.

SOHO - Small office/ home office customers.

Telephony RGU – A home, residential multiple dwelling unit or commercial unit that receives voice services over our network. Telephony RGUs exclude mobile subscribers.

Video RGU – A home, residential multiple dwelling unit or commercial unit that receives our video service over our network primarily via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Video RGUs that are not counted on an EBU basis are generally counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one RGU.

Additional General Notes:

We provide telephony, broadband internet, data, video or other B2B services. Certain of our B2B service revenue is derived from SOHO customers that pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHO customers, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our operations, with only those services provided at premium prices considered to be “SOHO RGUs” or “SOHO customers.” To the extent our existing customers upgrade from a residential product offering to a SOHO product offering, the number of SOHO RGUs and SOHO customers will increase, but there is no impact to our total RGU or customer counts. With the exception of our B2B SOHO customers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

Certain of our residential and commercial RGUs are counted on an EBU basis, including residential multiple dwelling units and commercial establishments, such as bars, hotels, and hospitals. Our EBUs are generally calculated by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers for the comparable tier of service. As such, we may experience variances in our EBU counts solely as a result of changes in rates.

While we take appropriate steps to ensure that subscriber and homes passed statistics are presented on a consistent and accurate basis at any given balance sheet date, due to (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors, there is complexity to the subscriber and homes passed counting process. We periodically review our subscriber and homes passed counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber and homes passed statistics based on those reviews.

Products and Services

Residential Services

Mobile Services. We are a mobile network operator, delivering high-speed services throughout our operating footprint. As a mobile network provider, we are able to offer a full range of voice and data services, including value-added services. We expect our mobile services will allow us to provide an extensive converged product offering with video, internet and fixed-line telephony, allowing our customers connectivity in and out-of-the-home. We hold spectrum licenses as a mobile network provider, in Puerto Rico and USVI spectrum licenses are typically held for perpetuity with the exception of CBRS spectrum which has a priority term of 10 years.

Subscribers to our mobile services pay varying monthly fees depending on whether the mobile service is bundled with one of our other services or includes mobile data services over their phones, tablets or laptops. Our mobile services are available on a postpaid or prepaid basis. We offer our customers the option to purchase mobile handsets with purchase terms typically related to whether the customer selects a prepaid or postpaid plan. Customers selecting a prepaid plan or service pay in advance for a pre-determined amount of airtime and/or data and generally do not enter into a minimum contract term. Customers subscribing to a postpaid plan, which is on a month-to-month basis, are offered installment agreements if they buy a new handset with acceleration provisions if they cancel the account without penalty.

Broadband Internet Services. To We offer high-speed internet access throughout our entire footprint. Our fully digital, two-way HFC and FTTH network enables us to deliver high-speed broadband internet services. We have invested heavily in fixed and wireless infrastructure assets that enable us to deliver superior connectivity solutions to our customers and plan to continue to invest in technologies to increase the speed, reliability and resilience of our network. This includes investment in the convergence of our fixed and mobile data systems and through our next generation WiFi products, which enable us to maximize the impact of our broadband networks by providing reliable, high-speed wireless connectivity anywhere in the home. We deliver broadband internet over a fully digital, HFC and FTTH network, capable of delivering connectivity services, including 1,000 Mbps broadband Internet speeds to approximately 1,191,800 homes passed in Puerto Rico as of December 31, 2024. During 2024, our Network Extensions programs (as defined and described below) upgraded or passed approximately 55,000 homes across Puerto Rico and USVI.

The internet speeds we offer are one of the key focus areas for our value propositions, as customers spend more time streaming video and other bandwidth-heavy services on multiple devices. As a result, we are continuing to invest in additional bandwidth and technologies to increase internet speeds throughout our footprint. We plan to continue the upgrade and expansion of our fixed networks so that we can deploy high-speed internet service to additional customers in the coming years.

Video Services. We offer video services in Puerto Rico. To meet the demands of our customers, we are enhancing our video services with next generation, market-leading digital television platforms that enable our customers to control when and where they watch their programming. These advanced services are delivered over our FTTH and HFC networks and customers access a range of features that include a DVR, a VoD offering and an advanced user interface including an electronic programming guide, voice search and recommendation. These video customers can pause their live broadcast, restart from the beginning and find previously aired programs that they have missed. Customers can also access our video services in streamers platforms such as Apple TV. In Puerto Rico, our video customers can watch their preferred channels on the “Liberty Go” app as well as access over 60 applications from content providers to watch streamed linear and VoD programming by authenticating as a Liberty PR customer.

Telephony Services. Liberty PR offers fixed-line telephony domestic and international services primarily through VoIP.

Business Services

B2B Services. We offer B2B customers enterprise class telephony services which include traditional multi-line phone service over DOCSIS and trunking solutions as well as optional add-on services, such international calling, toll free calling and virtual receptionists.

Technology

We transmit our broadband internet, video and fixed-line telephony services over our FTTH and HFC networks. An HFC network consists primarily of fiber networks that we connect to the home over the last few hundred meters by coaxial cable and an FTTH network uses fiber-to-the-home/-cabinet/-building/-node.

We closely monitor our network capacity and customer usage. We continue to take actions and explore improvements to our technologies that will increase our capacity and enhance our customers' connected entertainment experience.

We are engaged in an ongoing network extension and upgrade program, collectively referred to as the "Network Extensions." Through the Network Extensions, we continue to expand our fixed network pursuant to which we pass or upgrade homes and businesses with our broadband communications network. For example, we have upgraded almost all of our HFC network to DOCSIS 3.1, and with a combination of FTTH and DOCSIS 3.1, around 95% of our network is currently capable of delivering speeds of 1 Gbps or above. In addition, we look for mobile service opportunities where we have our established cable network and have expanded our fixed-line network where we have a strong mobile offering. This allows us to offer converged fixed-line and mobile services to our customers.

In Puerto Rico, our network includes a fiber ring around the island that provides enhanced interconnectivity points to the island's other local and international telecommunications companies.

We continue to expand our wireless coverage and capacity across our markets and currently provide 5G services in Puerto Rico.

Mobile

Our mobile networks deliver high-speed Data, Voice and VAS (value-added service) services over 5G networks. We transmit wireless calls and data through radio frequencies that we use under spectrum licenses. We have a diversified portfolio of frequencies, which support 5G technologies. Spectrum is a limited resource, and, as a result, we may face spectrum and capacity constraints on our wireless network. We believe our current spectrum portfolio will allow us to meet subscribers' needs in the coming years, although we will continue to evaluate our need to acquire additional frequencies to supplement our existing spectrum portfolio. In Puerto Rico and USVI the 700 MHz FirstNet (Band 14) is usable by us (when not occupied by first responders' traffic) but owned by AT&T and the First Responders Public Private Partnership. In addition, in November 2023, we entered into an asset purchase agreement and a license purchase agreement with EchoStar to acquire EchoStar's spectrum assets in Puerto Rico and USVI, which closed on September 3, 2024.

In Puerto Rico and USVI, approximately 95% of the population is served by our 5G capable network. Similarly, we are investing to build a new mobile core in Puerto Rico, which when built, will be virtualized, and redundant. These redundant network elements will be connected by our owned and operated diverse submarine cable routes with automatic alternate routing. We continually strive to improve our network performance by commissioning annual competitive performance benchmarking studies and undertaking customer experience improvement programs. In Puerto Rico and USVI, we are a part of the national US Firstnet (Emergency/First Responders) network, which necessitates above-average network resilience and other customer performance requirements, subject to governmental penalties for non-compliance.

Regulatory Matters

Liberty PR is subject to regulation in Puerto Rico by various governmental entities at the Puerto Rico and the U.S. federal level, including the FCC and the TB. The TB has primary regulatory jurisdiction in Puerto Rico and is responsible for awarding franchises to cable operators for the provision of cable service and regulating cable television and telecommunications services.

Our business in Puerto Rico is subject to comprehensive regulation under the Communications Act, which regulates communication, telecommunication and cable television services. The Communications Act also provides the general legal framework for, among other things, the provision of telephone services, services related to interconnection between telephone carriers, and television, radio, cable television and direct broadcast satellite services.

The FCC and/or the TB have the authority to impose sanctions, including warnings, fines, license revocations and, in certain specific cases, termination of the franchise, although license revocation and franchise termination are rare. The Communications Act specifies causes for the termination of licenses, including, for example, the failure to comply with license requirements and conditions or to pay fines or fees in a timely manner. Such sanctions by the TB and/or FCC can be appealed to, and reviewed by, Puerto Rican courts and U.S. federal courts.

In May 2018, the FCC established the UPR Fund to provide subsidies for the deployment and hardening of fixed wireline and mobile wireless communications networks in Puerto Rico. Stage 1 of the UPR Fund made \$51 million of new funding available for Puerto Rico telecommunications providers, following Hurricanes Maria and Irma in 2017. Stage 2 of the UPR Fund made additional funding available to providers of services over fixed wireline networks through a competitive bidding process, and to mobile wireless providers subject to those providers meeting certain conditions.

To be eligible for Stage 2 UPR funding for fixed services, Liberty PR became an ETC and is obligated to offer services at a discounted rate to low income customers under the federal Lifeline Program and low-cost services to schools and libraries under the Schools and Libraries Program (E-Rate). Both programs provide FCC subsidies to ensure access to telecommunications and broadband access services for specified classes of customers.

On November 2, 2020 LCPR was authorized to receive an award of approximately \$72 million from the FCC through the UPR Fund. The funds support providing high-speed broadband access to all locations within 43 of Puerto Rico's 78 municipalities, representing service to over 914,000 locations. Liberty PR has six years to complete the network expansions and upgrades, during which certain milestones must be met. The amount will be paid in 120 equal monthly payments over a 10-year period that began in July 2021. The revenue recognized from such project will be reflected as "other revenue" in our revenue by product disclosures in our financial statements.

Effective December 31, 2021, Liberty PR acquired 96% of the outstanding shares of Broadband VI, LLC for \$33 million, subject to certain post-closing adjustments. On June 8, 2021, the FCC's Wireline Competition Bureau issued a public notice authorizing \$85 million in Connect USVI funding for Broadband VI to deploy wireline networks and provide voice and broadband services to more than 46,000 locations in USVI. Given its acquisition of Broadband VI, Liberty PR will now be the recipient of these funds, as well as responsible for the network expansions and upgrades committed to in the bid. Liberty PR will have six years to complete the network expansions and upgrades committed to in the bid, and will receive FCC funding support over the course of ten years. In addition to expansions and upgrades, Broadband VI committed to a robust disaster preparation and response plan to harden its network and make it more resistant to storm damage. Broadband VI is currently building out to comply with a 40% deployment milestone originally due on December 31, 2024 for which it obtained an FCC waiver until March 31, 2025.

Similarly, Liberty PR's predecessor wireless provider in Puerto Rico (AT&T) was authorized by the FCC to receive approximately \$34 million in annual funding over three years or a total amount of \$102 million in funding to expand as part of Stage 2 UPR funding for mobile wireless providers, improve and harden the mobile networks in Puerto Rico and USVI. That entity had previously obtained the required ETC designation in Puerto Rico. Having purchased this business in connection with the AT&T Acquisition, Liberty PR is receiving these funds. We have received approximately \$98 million in funding, including approximately \$94 million and \$4 million received by our mobile operations in Puerto Rico and USVI, respectively.

On April 19, 2023, the FCC adopted a report and order that provides two additional years of transitional mobile support beginning in June 2023. Transitional mobile support recipients receive 50% of their current monthly support for both 4G LTE and 5G-NR during the first year of transitional support, and then 25% of their current monthly support in their second year of transitional support. Thus, Liberty PR's annual Stage 2 UPR mobile support was reduced from approximately \$34 million to approximately \$17 million in the first year of transitional support and to approximately \$8.5 million in the second year. On August 29, 2024, the FCC adopted a Second Report and Order and order on Reconsideration, which affirmatively included Puerto Rico and USVI as eligible for funding under the definition of the 5G Fund Phase I auction.

Liberty PR also is subject to certain regulatory requirements specific to it. Liberty Latin America entered into a Letter of Agreement on July 1, 2020 with the DOJ and the U.S. Department of Defense in connection with the AT&T Acquisition, and

Liberty Communications PR entered into a Letter of Agreement on November 20, 2020 with the DOJ regarding an FCC application. Further, Liberty Latin America and LCPR are subject to a Final Judgment, filed on February 3, 2021, in connection with the divestiture of certain assets to complete the AT&T Acquisition, which does not expire for 10 years. Failure to comply with the Letters of Agreement or the Final Judgment could result in a variety of sanctions, including, for example, fines and/or license revocation.

In Puerto Rico, antitrust regulation is governed by the U.S. Sherman Act, other federal antitrust legislation, and the Puerto Rico Anti-Monopoly Law. In particular, the Sherman Act seeks to prevent anti-competitive practices in the marketplace and requires governmental review of certain business combinations, among other things. The Puerto Rico Anti-Monopoly Law substantially parallels the Sherman Act and authorizes the Puerto Rico Department of Justice to investigate and impose competition-related conditions on transactions. The Attorney General of Puerto Rico is permitted to investigate a transaction under federal law or under the Puerto Rico Anti-Monopoly Law.

Puerto Rico Law 5 of 1973, as amended, created the Puerto Rico Department of Consumer Affairs, which regulates marketing campaigns, publicity, and breach of service contracts, and prohibits false advertising. Law 213, which created the TB, requires that rates for telecommunication services be cost-based, forbids cross-subsidies and focuses on encouraging, preserving and enforcing competition in the cable and telecommunications markets. Although Law 213 does not require Liberty PR to obtain any approval of rate increases for cable television or telecommunication services, any such increases must be in compliance with Law 213's requirements, including notification to the TB before such increases take effect.

Video. The provision of cable television services requires a franchise issued by the TB. Franchises are subject to termination proceedings in the event of a material breach or failure to comply with certain material provisions set forth in the franchise agreement governing a franchisee's system operations, although such terminations are rare. In addition, franchises require payment of a franchise fee as a requirement to the grant of authority which is passed to Liberty PR's customers. Franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. Franchises are generally granted for fixed terms of up to ten years and must be periodically renewed.

Our pay television service in Puerto Rico is subject to, among other things, subscriber privacy regulations and must-carry and retransmission consent rights of broadcast television stations. The Communications Act and FCC rules govern aspects of the carriage relationship between broadcast television stations and cable companies. To ensure that every qualifying local television station can be received in its local market without requiring a cable subscriber to switch between cable and off-air signals, the FCC allows every qualifying full-power television broadcast station to require that all local cable systems transmit that station's primary digital channel to their subscribers within the station's market (the **must-carry rule**) pursuant to the Cable Television Consumer Protection and Competition Act of 1992. Alternatively, a station may elect every three years to forego its must carry rights and seek a negotiated agreement to establish the terms of its carriage by a local cable system, referred to as retransmission consent.

Communications Act requirements and FCC regulations applicable to the video services provided by Liberty PR include, among other things: (1) licensing of communications systems and facilities, such as various spectrum licenses; (2) customer and technical service standards; (3) ownership restrictions; (4) emergency alert systems; (5) disability access, including video description and closed captioning; (6) competitive availability of cable equipment; (7) equal employment obligations; and (8) public, education and government entity access requirements.

Internet. On January 2, 2025, the Sixth Circuit Court of Appeals struck down the FCC's Open Internet Order, which had reinstated net neutrality rules by reclassifying broadband internet as a Title II Telecommunications Service under the Communications Act. As of January 2025, there are no federal net neutrality rules in effect.

On November 15, 2023, the FCC adopted a report and order and further notice of proposed rule making pursuant to the Infrastructure Act to broadly prohibit "digital discrimination of access" to broadband, defined as "policies or practices, not justified by genuine issues of technical or economic feasibility, that differentially impact consumers' access to broadband internet access service based on their income level, race, ethnicity, color, religion or national origin, or are intended to have such differential impact" (also known as the Digital Discrimination Rules). As of their adoption on November 15, 2023, the Digital Discrimination Rules have been contested in court. Judicial challenges have been consolidated and are currently under review by the Eighth Circuit Court of Appeals.

Liberty PR participated in the ACP, which was known as the Emergency Broadband Benefit Program until it was renamed by the Infrastructure Act in 2021. The ACP provided a long-term broadband affordability benefit program to low-income customers and concluded on June 1, 2024.

Similarly, Liberty PR was also a participating provider in the ECF, a \$7.17 billion FCC program that sought to help schools and libraries provide the tools and services they provided to their communities during the Covid-19 pandemic. The ECF concluded on June 30, 2024.

On November 17, 2022, the FCC issued a report and order and a further notice of proposed rulemaking adopting rules that require broadband providers to display, at the point of sale, labels that disclose certain information regarding broadband prices, introductory rates, data allowances and broadband speeds. Broadband providers also must include links to their network management practices, privacy policies, and the ACP.

The Infrastructure Act also established the Middle Mile Broadband Infrastructure Grant Program (MMG Program). On June 15, 2023, the NTIA awarded LCPR a grant of approximately \$9.3 million to fund new middle mile infrastructure in areas where LCPR has been awarded UPR Funds for last-mile services. The NTIA also administers the BEAD Program which will provide funding for high-speed broadband deployment in the 50 states and territories, including Puerto Rico and USVI. The NTIA has allocated approximately \$334.6 million and \$27.1 million in BEAD Program funds to Puerto Rico and USVI, respectively. Liberty Mobile Puerto Rico and Liberty Mobile U.S. Virgin Islands have submitted comments regarding the draft BEAD Program action plans in Puerto Rico and USVI, respectively. Of note, in Fiscal Year 2021, Puerto Rico also allocated \$400 million in state funds to the Broadband Infrastructure Fund administered by the Puerto Rico Broadband Program, to support service expansion efforts in unserved and underserved areas.

Fixed-Line Telephony Services. Liberty PR offers fixed-line telephony services, including both circuit-switched telephony and VoIP. Its circuit-switched telephony services are subject to FCC and local regulations regarding the quality and technical aspects of service. All local telecommunications providers, including Liberty PR, are obligated to provide telephony service to all customers within the service area, subject to certain exceptions under FCC regulations, and must give long distance telephony service providers equal access to their network. Under the Communications Act, CLECs, like us, may require interconnection with the ILEC, and the ILEC must negotiate a reasonable and nondiscriminatory interconnection agreement with the CLEC. Such arrangement requires the ILEC to interconnect with the CLEC at any technically feasible point within the ILEC's network, provide access to certain unbundled network elements of the ILEC's network, and allow physical collocation of the CLEC's equipment in the ILEC's facilities to permit interconnection or access to unbundled network element services. Therefore, we have the right to interconnect with the ILEC PRTC. We have negotiated an interconnection agreement with PRTC, allowing for the physical interconnection between both companies.

All of the circuit-switched telephony and VoIP services of Liberty PR are subject to a charge for the federal USF, which is a fund created under the Communications Act to subsidize telecommunication services in high-cost areas, to provide telecommunications services for low-income consumers, and to provide certain subsidies for schools, libraries and rural healthcare facilities. The FCC has redirected the focus of USF to support broadband deployment in high-cost areas. In addition, our circuit-switched telephony and VoIP services are subject to a charge for a local Puerto Rico Universal Service Fund, which was created by law to subsidize telecommunications services for low income families under the federal USF Lifeline and Link-Up programs.

The FCC has adopted other regulations for VoIP services, including the requirement that interconnected VoIP providers and facilities-based broadband internet access providers must comply with the Communications Assistance for Law Enforcement Act, which requires carriers to provide certain assistance to federal law enforcement authorities. VoIP providers are also required to offer basic and enhanced 911 emergency calling services, which requires disclosure to all VoIP customers. VoIP providers are also subject to federal rules regarding, among other things: (1) customer proprietary network information and customer privacy protections; (2) number portability; (3) network outage reporting; (4) rural call completion; (5) disability access; (6) back-up power obligations; and (7) robocall mitigation.

LCPR, Liberty Mobile Puerto Rico and Liberty Mobile U.S. Virgin Islands hold international section 214 authorizations granted by the FCC to offer international services originating or terminating in the U.S. The FCC adopted an order and notice of proposed rule making on April 20, 2023, that would, among other things, require: (1) renewal of all international section 214 authorizations every 10 years; (2) coordination with Executive Branch agencies for the assessment of national security, law enforcement, foreign policy or trade policy concerns; (3) information regarding applicants' current and expected future services and geographic markets; (4) information regarding applicants' use of critical infrastructure to provide service crossing the U.S.-Mexico and U.S.-Canada borders and the use of foreign-owned managed network service providers; and (5) applicants' certifications regarding the implementation of baseline cybersecurity standards and use of equipment or services identified on the FCC's "covered list" of equipment and services deemed to pose an unacceptable risk to U.S. national security or the security and safety of U.S. persons. As an alternative to a renewal requirement, the FCC sought comment on a periodic review process in which an international section 214 authorization holders would periodically submit information demonstrating that its authorization continues to serve the public interest.

Mobile Services. Liberty Mobile Puerto Rico and Liberty Mobile U.S. Virgin Islands offer mobile services in Puerto Rico and USVI. The FCC regulates virtually all aspects of United States wireless communications systems, including spectrum licensing, tower and antenna construction, modification and operation, the ownership and sale of wireless systems and licenses, as well as the acquisition, leasing and use of wireless spectrum. Local governments, such as in Puerto Rico and USVI, typically regulate the placement of wireless towers and similar facilities via zoning laws. At present, neither the FCC nor state or local governments regulate specific service offerings or rate plans. In addition, other federal and state agencies have asserted jurisdiction over consumer protection and the elimination and prevention of anticompetitive business practices in the wireless industry. The specific issues as to which our United States mobile services operations are subject to regulatory oversight include: roaming, interconnection, spectrum allocation, licensing and leasing, facilities siting, pole attachments, intercarrier compensation, USF contributions and distributions (such as through the UPR Fund), network neutrality, 911 services, consumer protection, consumer privacy protections, number portability, and cybersecurity. The FCC also released a final rule on July 6, 2022 making the industry-developed Wireless Network Resiliency Cooperative Framework mandatory. The rule requires a five-pronged approach to enhance coordination during an emergency, typically resulting from a national disaster such as a hurricane. Failure to comply with applicable regulations could subject us to fines, forfeitures, and other penalties (including, in extreme cases, revocation of our spectrum licenses), even if any non-compliance was unintentional.

Competition

Mobile Services

We continue to seek additional bandwidth to deliver our wide range of services to our customers and increase our high-speed coverage. We also offer various calling plans, such as unlimited network, national or international calling, unlimited off-peak calling and minute packages, including calls to fixed and mobile phones. In addition, we use our bundled offers with our high-speed internet services to gain mobile subscribers where possible. Our ability to offer fixed-mobile convergence services is expected to be a key driver of growth.

Liberty PR competes with T-Mobile US, and América Móvil, S.A.B. de C.V. (Claro) for the provision of mobile services.

Broadband Internet

A key component of our strategy is speed leadership. Our focus is on increasing the maximum speed of our connections as well as offering varying tiers of services and prices, a variety of bundled product offerings and a range of value added services. We update our bundles and packages on an ongoing basis to meet the needs of our customers. The focus is on high-speed internet products to safeguard our high-end customer base and allow us to become more aggressive at the low- and medium-end of the internet market. By fully utilizing the technical capabilities of DOCSIS 3.0 and DOCSIS 3.1 technologies on our cable systems, we can compete with FTTH initiatives and create a competitive advantage compared to DSL infrastructures and LTE initiatives on a national level.

We offer our internet service through bundled offerings that include video and fixed-line telephony. We also offer a wide range of mobile products either on a prepaid or postpaid basis.

Liberty PR competes primarily with Claro and other operators using fiber networks or fixed wireless access technologies. To compete with these providers, Liberty PR offers its high-speed Internet with download speeds of up to 1,000 Mbps.

Video Distribution

Liberty PR is the largest provider of fixed-line video services in Puerto Rico. Liberty PR's primary competition for video customers is from DTH satellite providers DirecTV and DISH Network. Claro also provides video services in the market. DISH Network is an aggressive competitor, offering low introductory offers, free HD channels and, in its top tier packages, a free multi-room DVR service. DirecTV is also a significant competitor offering similar programming, including HD and Spanish language channels, plus a specialty video package of Spanish-only channels that has gained popularity. In addition, Liberty PR uses its bundled offers that include high-speed fixed and mobile internet connectivity solutions to drive its video services.

Fixed-line Telephony

Competition exists in both the residential and business fixed-line telephony products due to market trends, the offering of carrier pre-select services, number portability, the replacement of fixed-line with mobile telephony and the growth of VoIP services, as well as continued deregulation of telephony markets and other regulatory action, such as general price competition. Our fixed-line telephony strategy is focused around value leadership, and we position our services as "anytime" or "any destination". In addition, we offer varying plans to meet customer needs and, similar to our mobile services, we use our telephony bundle options with our digital video and internet services to help promote our telephony services and flat rate offers are standard.

Liberty PR primarily competes with Claro who is the incumbent fixed operator in Puerto Rico, and smaller fiber builders and other operators using fiber networks. For B2B services, Liberty PR primarily competes with Claro, Aeronet, Neptuno and WorldNet.

Human Capital Resources

- Liberty PR has approximately 2,000 employees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See the Glossary of defined terms at the beginning of this annual report.

The following discussion and analysis, which should be read in conjunction with our consolidated financial statements, is intended to assist in providing an understanding of our results of operations and financial condition and is organized as follows:

- *Overview.* This section provides a general description of our business and recent events.
- *Results of Operations.* This section provides an analysis of our results of operations for the years ended December 31, 2024 and 2023.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity, consolidated statements of cash flows and contractual commitments.

Unless otherwise indicated, operational data (including subscriber statistics) is presented as of December 31, 2024.

Overview

General

We are a provider of fixed and mobile telecommunications services to residential and business customers in Puerto Rico and USVI. As further described in note 1 to our consolidated financial statements, we are an indirect wholly-owned subsidiary of Liberty Latin America.

At December 31, 2024, we (i) owned and operated fixed networks that passed 1,191,800 homes and served 1,061,600 RGUs, comprising 544,400 broadband internet subscribers, 286,300 fixed-line telephony subscribers and 230,900 video subscribers, and (ii) served 861,900 mobile subscribers.

2024 Developments. During 2024, primarily driven by the migration of customers acquired from AT&T to our mobile network and various network challenges that have impacted these mobile customers, we have experienced (i) declines in revenue, primarily from mobile subscriber losses, (ii) increased bad debt, to further reserve for receivables from migrated customers that had previously churned, and (iii) other adverse impacts, such as credits issued to customers primarily due to billing adjustments.

Transactions

LPR Acquisition

During November 2023, we entered into an agreement with EchoStar to acquire EchoStar's prepaid business and spectrum assets in Puerto Rico and USVI in exchange for cash and international roaming credits. The aggregate cash consideration of \$256 million will be paid for in four annual installments, the first of which commenced on the closing date, September 3, 2024, and the remainder of which will be paid on the anniversary of the closing date over the next three years. On September 3, 2024, we paid the first installment of \$95 million, which is reflected as cash paid in connection with acquisitions, net of cash acquired, in our consolidated statement of cash flows. The international roaming credits can be utilized over a ten year term commencing on September 3, 2024.

Tower Transactions

During November 2023, we entered into an agreement with Phoenix Tower International to monetize certain of our mobile tower sites. As of December 31, 2023, we completed these transactions, which resulted in the receipt of approximately \$40 million, which is recorded as debt in our consolidated financial statements. The transaction provides arrangements to extend coverage with further sites being built by us and Phoenix Tower International over the next four years.

Strategy and Management Focus

From a strategic perspective, we are seeking to build or acquire broadband communications and mobile businesses that have strong prospects for future growth. As discussed further under *Liquidity and Capital Resources—Capitalization* below, we also seek to maintain our debt at levels that provide for attractive equity returns without assuming undue risk.

We strive to achieve “organic” revenue and customer growth in our operations by developing and marketing bundled entertainment, information and communications services, and extending and upgrading the quality of our network where appropriate. As we use the term, organic growth excludes the estimated impact of acquisitions and disposals, if any. While we seek to increase our customer base, we also seek to maximize the average revenue we receive from each household or business by increasing the penetration of our video, broadband internet, fixed-line telephony and mobile services with existing customers through product bundling and up-selling.

Internal Controls and Procedures

Management identified the following material weaknesses in internal control over financial reporting, which continue to exist as of December 31, 2024:

- The Company did not have a sufficient number of resources with the appropriate skills, knowledge, assigned responsibilities, or accountability for the design and operation of internal controls over financial reporting.
- The Company did not have an effective risk assessment process to sufficiently identify and assess risks of misstatement and ensure controls are designed and implemented to respond to those risks. The Company did not adequately communicate the changes necessary in financial reporting and related internal controls throughout its organization.
- The Company did not have an effective information and communication process to identify, capture, and process relevant information necessary for financial accounting and reporting.
- The Company did not i) establish effective GITCs, specifically program change controls and access controls, that support the consistent operation of the Company’s IT operating systems, databases and IT applications, and end user computing over all financial reporting; and, ii) have policies and procedures through which general information technology controls are deployed across the organization. Automated process-level controls and manual controls dependent upon the accuracy and completeness of information derived from information technology systems were also rendered ineffective because they are affected by the lack of GITCs.

As a consequence, the Company did not effectively design, implement, and operate process-level control activities related to order-to-cash (including revenue, trade receivables, and deferred revenue), procure-to-pay (including operating expenses, prepaid expenses, accounts payable, and accrued liabilities), hire-to-pay (including compensation expense and accrued liabilities), long-lived assets, inventory, and other financial reporting processes.

These control deficiencies resulted in immaterial misstatements, some of which were corrected, in our consolidated financial statements as of and for the year ended December 31, 2024. These control deficiencies create a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis, and therefore we conclude that the deficiencies represent material weaknesses in internal control over financial reporting as of December 31, 2024.

Management’s Remediation Plan

We, with the oversight from the Audit Committee of the Board of Directors, continue to implement the remediation plans for the aforementioned material weaknesses in internal control over financial reporting as follows:

- Hire additional individuals with appropriate skills and experience and ensure responsibilities are appropriately assigned and the individuals are held accountable.
- Continue to engage third-party experts to assist in training and coaching existing personnel regarding control design and execution, enhancing the design of the risk assessment process and ensuring that internal controls over financial

reporting are or will be implemented to mitigate those risks, and monitoring the execution of internal controls over financial reporting.

- Implement the central enterprise resource planning software for the remaining segment to standardize and enhance the related processes and controls.
- Design and implement a comprehensive and continuous risk assessment process to identify and assess risks of material misstatement and ensure that the impacted financial reporting processes and related internal controls are properly designed and in place to respond to those risks in our financial reporting.
- Enhance information and communication processes, including through information technology solutions of which include, but are not limited to, implementing new enterprise resource planning software, to ensure that information needed for financial reporting is accurate, complete, relevant, reliable, and communicated in a timely manner.
- Complete our IT risk assessment process and design and implement GITCs, including program change controls and access controls, that support the consistent operation of the Company's IT operating systems, databases and IT applications, and end user computing over financial reporting, and ensure they are operating effectively to support process-level automated and manual control activities that are dependent upon information derived from IT systems.
- Enhance the design of existing control activities and implement additional process-level control activities (including controls over the order-to-cash, procure-to-pay, hire-to-pay, long-lived assets, inventory, and other financial reporting processes) and ensure they are properly evidenced and operating effectively.

We believe that these actions and the improvements we expect to achieve, when fully implemented, will strengthen our internal control over financial reporting and remediate the remaining material weaknesses.

We are committed to making further progress in our remediation efforts during 2025; however, if our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses in our internal controls over financial reporting are discovered, we may be required to take additional remedial measures from our plan as disclosed above.

Results of Operations

The comparability of our operating results during 2024 and 2023 is affected by the LPR Acquisition. As we use the term “organic” changes exclude the LPR Acquisition.

In the following discussion, we quantify the estimated impacts on the operating results of the periods under comparison that are attributable to the LPR Acquisition, which was completed on September 3, 2024. Organic changes exclude the estimated operating results of the acquired entity during the first 12 months following the date of acquisition.

As we have the ability to control Broadband VI, we include 100% of the revenue and expenses of Broadband VI in our consolidated statements of operations despite the fact that a third party owns an interest in this entity. The noncontrolling owner's interest in our operating results is reflected in net earnings or loss attributable to noncontrolling interests in our consolidated statement of operations.

We are subject to inflationary pressures with respect to certain costs. Any cost increases that we are not able to pass on to our subscribers would result in increased pressure on our operating margins.

Year Ended December 31, 2024 as Compared with Year Ended December 31, 2023

Revenue

We derive our revenue primarily from (i) residential fixed services, including video, broadband internet and fixed-line telephony, (ii) mobile services and (iii) B2B services.

While not specifically discussed in the below explanations of the changes in revenue, we are experiencing significant competition in our market. This competition has an adverse impact on our ability to increase or maintain our (i) RGUs, (ii) ARPU and/or (iii) B2B revenue.

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers during the period and (ii) changes in ARPU. Changes in ARPU can be attributable to (i) changes in prices, (ii) changes in bundling or promotional discounts, (iii) changes in the tier of services selected, (iv) variances in subscriber usage patterns and (v) the overall mix of fixed and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

Our revenue by major category is set forth below:

	Year ended December 31,		Decrease	
	2024	2023	\$	%
in millions, except percentages				
Residential revenue:				
Residential fixed revenue:				
Subscription revenue	\$ 474.5	\$ 478.7	\$ (4.2)	(0.9)
Non-subscription revenue	23.3	25.5	(2.2)	(8.6)
Total residential fixed revenue	497.8	504.2	(6.4)	(1.3)
Residential mobile revenue:				
Service revenue	333.4	398.7	(65.3)	(16.4)
Interconnect, inbound roaming, equipment sales and other	189.0	250.0	(61.0)	(24.4)
Total residential mobile revenue	522.4	648.7	(126.3)	(19.5)
Total residential revenue	1,020.2	1,152.9	(132.7)	(11.5)
B2B revenue	206.7	224.3	(17.6)	(7.8)
Other revenue	33.6	40.5	(6.9)	(17.0)
Total	\$ 1,260.5	\$ 1,417.7	\$ (157.2)	(11.1)

The details of the changes in our revenue during 2024, as compared to 2023, are set forth below (in millions):

Increase (decrease) in residential fixed subscription revenue due to change in:	
Average number of RGUs (a)	\$ 3.1
ARPU (b)	(7.3)
Decrease in residential fixed non-subscription revenue	(2.2)
Total decrease in residential fixed revenue	(6.4)
Decrease in residential mobile service revenue (c)	(77.3)
Decrease in residential mobile interconnect, inbound roaming, equipment sales and other revenue (d)	(61.5)
Decrease in B2B revenue (e)	(17.6)
Decrease in other revenue (f)	(6.9)
Total organic decrease	(169.7)
Impact of an acquisition	12.5
Total	\$ (157.2)

- (a) The increase is primarily attributable to the net effect of (i) higher average broadband internet and fixed-line telephony RGUs and (ii) lower average video RGUs.
- (b) The decrease is primarily due to lower ARPU from broadband internet, fixed-line telephony and video services, mainly caused by the net effect of retention-related discounts that more than offset price increases during the third quarter of 2024.

- (c) The decrease is primarily due to a decline in the average number of mobile subscribers impacted by the migration of customers to our mobile network and network challenges in 2024 and lower postpaid mobile ARPU.
- (d) The decrease is primarily driven by lower equipment sales, including the impact of the migration of customers to our mobile network during the first half of 2024.
- (e) The decrease is primarily attributable to lower revenue from mobile services, mainly driven by lower average customers due to (i) the termination of a government-sponsored program during the second quarter of 2024 and (ii) the migration of customers to our mobile network, including credits issued for billing adjustments.
- (f) The decrease is primarily driven by the net impact of (i) declines in the rate of funding beginning in each of June 2023 and 2024 related to funds from the FCC that we use to expand and improve our fixed and mobile networks, and (ii) a grant received in 2024 from the NTIA to fund network infrastructure to remote and underserved communities.

Programming and other direct costs of services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, equipment costs, which primarily relate to costs of mobile handsets and other devices, B2B project-related costs and other direct costs related to our operations.

The following table sets forth the organic and non-organic changes in programming and other direct costs of services.

	Year ended December 31,		Increase (decrease) in millions	Increase (decrease) from:	
	2024	2023		An acquisition	Organic
Programming and copyright	\$ 109.8	\$ 112.4	\$ (2.6)	\$ —	\$ (2.6)
Interconnect	83.7	93.3	(9.6)	6.2	(15.8)
Equipment	151.4	179.6	(28.2)	2.6	(30.8)
Project-related and other	4.7	2.1	2.6	—	2.6
Total programming and other direct costs of services	\$ 349.6	\$ 387.4	\$ (37.8)	\$ 8.8	\$ (46.6)

- **Programming and copyright:** The organic decrease is primarily due to the net effect of (i) lower average number of subscribers and (ii) rate increases.
- **Interconnect:** The organic decrease is mostly due to lower interconnect costs associated with a transition service agreement that expired during 2024.
- **Equipment:** The organic decrease is primarily due to the net effect of (i) lower handset sales, which includes the impact of the migration of customers to our mobile network during the first half of 2024, (ii) equipment credits for handset purchases recognized during the first half of 2023 associated with handsets purchased prior to 2023 and (iii) increases resulting from inventory adjustments during 2024 related to the migration of mobile customers to our network.
- **Project-related and other:** The organic increase is primarily due to higher costs associated with portability and identity protection services.

Other operating costs and expenses

Other operating costs and expenses set forth in the table below comprise the following cost categories:

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;

- **Network-related** expenses, which primarily include costs related to network access, system power, core network, and CPE repair, maintenance and test costs;
- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;
- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;
- **Facility, provision, franchise and other**, which primarily includes facility-related costs, provision for bad debt expense, operating lease rent expense, franchise-related fees, bank fees, insurance, vehicle-related, travel and entertainment and other operating-related costs; and
- **Share-based compensation and other Employee Incentive Plan-related** expense that relates to (i) Liberty Latin America equity awards issued to our employees, as further described in note 14 to our consolidated financial statements, (ii) certain bonuses that are paid in the form of Liberty Latin America equity awards and (iii) the LTVP, whether settled in Liberty Latin America common shares or cash.

The following table sets forth the organic and non-organic changes in other operating costs and expenses.

	<u>Year ended December 31,</u>		<u>Increase (decrease) in millions</u>	<u>Increase (decrease) from:</u>	
	<u>2024</u>	<u>2023</u>		<u>An acquisition</u>	<u>Organic</u>
Personnel and contract labor	\$ 164.1	\$ 154.9	\$ 9.2	\$ —	\$ 9.2
Network-related	36.3	52.5	(16.2)	—	(16.2)
Service-related	119.7	79.5	40.2	1.8	38.4
Commercial	54.6	51.2	3.4	0.9	2.5
Facility, provision, franchise and other	227.9	206.7	21.2	—	21.2
Share-based compensation and other Employee Incentive Plan-related expense	6.8	6.2	0.6	—	0.6
Total other operating costs and expenses	\$ 609.4	\$ 551.0	\$ 58.4	\$ 2.7	\$ 55.7

- **Personnel and contract labor:** The organic increase is primarily driven by the net effect of (i) an increase resulting from the receipt of payroll tax credits during 2023 that were not received during 2024, and which tax credits were awarded to businesses that continued to pay employees or that experienced significant declines in gross receipts during the COVID-19 pandemic, and (ii) lower salaries and related personnel costs, driven by a reduction in headcount associated with restructuring plans.
- **Network-related:** The organic decrease is primarily due to the net effect of (i) the termination of a transition service agreement during the first half of 2024, (ii) lower network maintenance expenses, (iii) higher vendor credits and related incentives and (iv) higher pole rental costs.
- **Service-related:** The organic increase is primarily due to the net impact of (i) an increase in information technology service and license expenses, as we have transitioned mobile customers acquired from AT&T to our internal systems, and (ii) lower service-related integration costs associated with the migration of customers to our mobile network following the AT&T Acquisition.
- **Commercial:** The organic increase is primarily driven by higher call center costs that were only partially offset by lower marketing expenses.

- **Facility, provision, franchise and other:** The organic increase is primarily due to the net effect of (i) higher bad debt expense impacted by billing and collection issues experienced during and following the migration of customers to our mobile network and associated systems, and higher expected credit losses on amounts due under EIPs for customers that have churned, (ii) increased collection costs, (iii) a decrease due to the substantial termination of a transition services agreement during the first half of 2024, (iv) lower facility costs, including utilities, (v) lower company vehicle expenses and (vi) a decrease in bank and franchise fees.

Share-based compensation and other Employee Incentive Plan-related expense (included in other operating costs and expenses)

Our share-based compensation and other Employee Incentive Plan-related expense primarily includes amounts that Liberty Latin America charged to our company with respect to share-based incentive or LTVP awards held by certain of our employees, as further described in note 14 to our consolidated financial statements. We recognized share-based compensation and other Employee Incentive Plan-related expense of \$7 million and \$6 million during 2024 and 2023, respectively.

Related-party fees and allocations

We recognized related-party fees and allocations of \$45 million and \$50 million during 2024 and 2023, respectively. These amounts include charges for services provided to our company by Liberty Latin America or subsidiaries of Liberty Latin America.

For additional information regarding our related-party fees and allocations, see note 14 to our consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense increased \$5 million or 2% during 2024, as compared to 2023, primarily related to property and equipment additions, mainly associated with the net effect of (i) increases in capacity and baseline-related additions and (ii) lower installation of CPE.

Impairment, restructuring and other operating items, net

The details of our impairment, restructuring and other operating items, net, are as follows:

	Year ended December 31,	
	2024	2023
	in millions	
Impairment charges (a)	\$ 517.7	\$ 9.4
Restructuring charges (b)	6.8	2.0
Other operating items, net (c)	8.6	1.3
Total	<u>\$ 533.1</u>	<u>\$ 12.7</u>

- (a) The 2024 amount primarily relates to the full impairment of goodwill, as further described in note 7 to our consolidated financial statements. The 2023 amount primarily relates to periodic cycle counts associated with property and equipment
- (b) The 2024 amount primarily includes employee severance and termination costs related to reorganization activities.
- (c) The 2024 amount primarily includes direct acquisition costs.

Interest expense

Our interest expense increased \$12 million during 2024, as compared to 2023, primarily due to higher average debt balances, mainly driven by vendor financing, Tower Transactions and the activity during 2024 on the LPR Revolving Credit Facility.

For additional information regarding our outstanding indebtedness, see note 10 to our consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 6 to our consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest income — related-party

We recognized related-party interest income of \$24 million and \$25 million during 2024 and 2023, respectively, which relates to interest generated on the LiLAC Services Receivable. For information regarding the LiLAC Services Receivable, see note 14 to our consolidated financial statements.

Realized and unrealized gains or losses on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments primarily include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized gains or losses on derivative instruments are as follows:

	<u>Year ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>in millions</u>	
Interest rate derivative contracts (a)	\$ 16.4	\$ 4.8
Weather Derivatives (b)	(16.7)	(17.0)
Total	<u>\$ (0.3)</u>	<u>\$ (12.2)</u>

(a) The gains during 2024 and 2023 are primarily attributable to (i) higher interest rates and (ii) for the 2024 period, the impact of amendments to certain interest rate derivative contracts.

(b) Amounts represent the amortization of premiums associated with our Weather Derivatives.

For additional information regarding our derivative instruments, see notes 4 and 6 to our consolidated financial statements.

Income tax benefit or expense

We recognized income tax benefit of \$37 million and \$23 million during 2024 and 2023, respectively.

The income tax benefit attributable to our loss before income taxes during 2024 differs from the expected income tax benefit of \$147 million, primarily due to the detrimental effects of (i) net increases in valuation allowances, (ii) permanent tax differences, such as non-deductible goodwill impairments, and (iii) the inclusion of withholding taxes on cross-border payment. These detrimental impacts to our effective tax rate were partially offset by the beneficial effects of (i) jurisdictional rate differences, (ii) effect of tax credits, and (iii) permanent differences, such as non-taxable income.

The income tax benefit attributable to our loss before income taxes during 2023 differs from the expected income tax benefit of \$1 million, primarily due to the detrimental effects of effects of (i) permanent tax differences, such as non-taxable income, (ii) effect of tax credits, (iii) changes in uncertain tax positions and (iv) return to provision adjustments. These beneficial impacts to our effective tax rate were partially offset by the detrimental effects of (i) jurisdictional rate differences and (ii) the inclusion of withholding taxes on cross-border payments.

For additional information regarding our income tax benefit (expense), see note 13 to our consolidated financial statements.

Net earnings or loss

The following table sets forth selected summary financial information of our net earnings (loss):

	Year ended December 31,	
	2024	2023
	in millions	
Operating income (loss)	<u>\$ (522.8)</u>	<u>\$ 175.2</u>
Net non-operating expenses	<u>\$ (174.8)</u>	<u>\$ (181.0)</u>
Income tax benefit (expense)	<u>\$ 36.7</u>	<u>\$ 23.3</u>
Net earnings (loss)	<u>\$ (660.9)</u>	<u>\$ 17.5</u>

Gains or losses associated with changes in the fair values of derivative instruments are subject to a high degree of volatility and, as such, any gains from this source do not represent a reliable source of income. In the absence of significant gains in the future from this source or from other non-operating items, our ability to achieve earnings is largely dependent on our ability to increase our Adjusted OIBDA to a level that more than offsets the aggregate amount of our (i) share-based compensation and other Employee Incentive Plan-related expense, (ii) depreciation and amortization, (iii) related-party fees and allocations, (iv) impairment, restructuring and other operating items, net, (v) interest expense, (vi) other non-operating expenses and (vii) income tax expense.

Subject to the limitations included in our various debt instruments, we expect to maintain our debt at current levels. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future.

Liquidity and Capital Resources

Sources and Uses of Cash

At December 31, 2024, we had \$23 million of cash and cash equivalents. In addition to cash and cash equivalents, the primary sources of our liquidity are cash provided by operations and borrowing availability under the LPR Revolving Credit Facility. For the details of the borrowing availability under the LPR Revolving Credit Facility, see note 10 to our consolidated financial statements. The aforementioned sources of liquidity may be supplemented in certain cases by contributions and/or loans from Liberty Latin America and its unrestricted subsidiaries.

Our liquidity is generally used to fund capital expenditures, debt service requirements and income tax payments. From time to time, we may also require liquidity in connection with (i) the repayment of any outstanding debt, (ii) acquisitions and other investment opportunities, (iii) loans to Liberty Latin America, (iv) capital distributions to Liberty Latin America and other equity owners or (v) the satisfaction of contingent liabilities. We continually evaluate different financing alternatives and market conditions and may decide to enter into new credit facilities, access debt capital markets or incur other indebtedness from time to time. No assurance can be given that any external funding would be available to us on favorable terms, or at all.

For additional information concerning our cash flows, see the discussion under *Consolidated Statements of Cash Flows* below.

From time to time, we may, to the extent permitted under applicable law, acquire or repay any debt through open market purchases, privately negotiated transactions, tender offers, exchange offers, redemptions or otherwise, upon such terms and at such prices as we may determine (or as may be provided for in our respective indenture agreements).

Capitalization

For the year ended December 31, 2024, our consolidated net leverage ratio was 7.4x, as specified in, and calculated in accordance with, our credit agreements.

Our ability to service or refinance our debt and, where applicable, to maintain compliance with the leverage covenants in our credit facilities is dependent primarily on our ability to maintain Covenant EBITDA (as defined in the LPR Credit Facilities agreement) and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by incurrence-based leverage covenants contained in our various debt instruments. For example, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. At December 31, 2024, we were in compliance with our debt covenants. We do not anticipate any instances of non-compliance with respect to our debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At December 31, 2024, the outstanding principal amount of our debt, together with our finance lease obligations, aggregated \$2,776 million, including \$117 million that is classified as current in our consolidated balance sheet and \$2,645 million that is not due until 2027 or thereafter. Included in the outstanding principal amount of our debt at December 31, 2024 is (i) \$42 million of vendor financing, which we use to finance certain of our operating expenses and property and equipment additions, and are generally due within one year, and (ii) \$40 million of finance obligations related to the Tower Transactions. For additional information concerning our debt, including our debt maturities, see note 10 to our consolidated financial statements.

The weighted average interest rate in effect at December 31, 2024 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin, was 6.7%. The interest rate is generally based on stated rates and does not include the impact of derivative instruments, deferred financing costs, original issue premiums and commitment fees, all of which affect our overall cost of borrowing. The weighted average impact of the derivative instruments on our borrowing costs at December 31, 2024 was a decrease of 51 basis points. Including the effects of derivative instruments, original issue premiums and commitment fees, but excluding the impact of financing costs, the weighted average interest rate on our indebtedness was 6.2% at December 31, 2024.

Notwithstanding our negative working capital position at December 31, 2024, we believe that we have sufficient resources to repay or refinance the current portion of our debt and finance lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our debt maturities grow in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete refinancing transactions or otherwise extend our debt maturities. In this regard, it is difficult to predict how political, economic and social conditions, sovereign debt concerns or any adverse regulatory developments will impact the credit markets we access and our future financial position. Our ability to access debt financing on favorable terms, or at all, could be adversely impacted by (i) the financial failure of any of our counterparties, which could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution, and (ii) tightening of the credit markets. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Consolidated Statements of Cash Flows

Summary. Our 2024 and 2023 consolidated statements of cash flows are summarized as follows:

	Year ended December 31,		Change
	2024	2023	
	in millions		
Net cash provided by operating activities.....	\$ 112.0	\$ 225.9	\$ (113.9)
Net cash used by investing activities.....	(251.0)	(226.1)	(24.9)
Net cash provided by financing activities.....	47.2	55.8	(8.6)
Net increase (decrease) in cash, cash equivalents and restricted cash.....	<u>\$ (91.8)</u>	<u>\$ 55.6</u>	<u>\$ (147.4)</u>

Operating Activities. The decrease in cash provided by operating activities is primarily due to the net effect of (i) a decline in Adjusted OIBDA (ii) higher payments for interest, (iii) higher payments for taxes and (iii) a net increase from other working capital-related items.

Investing Activities. Our net cash used by investing activities during the year ended December 31, 2024 primarily includes (i) capital expenditures, net, as further described below, (ii) the first installment payment for the LPR Acquisition, as further described in note 5 to our consolidated financial statements, and (iii) cash received associated with the settlement of a portion of the LiLAC Services Receivable. Our net cash used by investing activities during the year ended December 31, 2023 primarily includes (i) capital expenditures, net, and (ii) cash loaned to another subsidiary of Liberty Latin America, as further described in note 14 to our consolidated financial statements.

The capital expenditures, net, that we report in our consolidated statements of cash flows, which relates to cash paid for property and equipment, does not include amounts that are financed under capital-related vendor financing or finance lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures, net, as reported in our consolidated statements of cash flows, and (ii) our total property and equipment additions, which include our capital expenditures, net, on an accrual basis and amounts financed under capital-related vendor financing or finance lease arrangements.

A reconciliation of our property and equipment additions to our capital expenditures, net, as reported in our consolidated statements of cash flows, is set forth below:

	Year ended December 31,	
	2024	2023
	in millions	
Property and equipment additions	\$ 220.9	\$ 219.0
Assets acquired under capital-related vendor financing arrangements	(27.1)	(26.7)
Changes in current liabilities related to capital expenditures and other	(13.5)	10.0
Capital expenditures, net	<u>\$ 180.3</u>	<u>\$ 202.3</u>

The increase in property and equipment additions during 2024, as compared to 2023, is primarily due to the net effect of (i) increases in capacity and baseline-related additions and (ii) lower installation of CPE. During 2024 and 2023, our property and equipment additions represented 17.5% and 15.4% of revenue, respectively.

Financing Activities. During 2024, we generated \$47 million of cash from financing activities, primarily due to the net impact of (i) \$42 million of net repayments of third-party debt and (ii) \$7 million million of net cash inflows related to derivative instruments due to the amendment of certain interest rate derivative contracts. During 2023, we generated \$56 million of cash from financing activities, primarily due to \$56 million of net borrowings of third-party debt, including \$40 million of proceeds from the Tower Transactions, as further described in note 10 to our consolidated financial statements.

Off Balance Sheet Arrangements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Contractual Commitments

The following table sets forth our debt and certain other contractual obligations and commitments as of December 31, 2024.

	Payments due by period:				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	in millions				
Debt (excluding interest)	\$ 2,770.9	\$ 116.1	\$ 1,175.8	\$ 1,441.2	\$ 37.8
Operating leases	215.5	43.5	74.7	54.2	43.1
Other (a)	161.6	72.7	86.5	1.6	0.8
Total (b)	<u>\$ 2,986.4</u>	<u>\$ 159.6</u>	<u>\$ 1,250.5</u>	<u>\$ 1,495.4</u>	<u>\$ 80.9</u>
Projected cash interest payments on debt and finance lease obligations (c)	<u>\$ 701.0</u>	<u>\$ 186.2</u>	<u>\$ 353.4</u>	<u>\$ 135.3</u>	<u>26.1</u>

- (a) Amounts primarily represent (i) obligations due related to the LPR Acquisition, as described in note 5 to our consolidated financial statements and (ii) finance leases, excluding interest.
- (b) The commitments included in this table do not reflect any liabilities that are included in our December 31, 2024 consolidated balance sheet other than debt, finance lease obligations and operating lease obligations. Our liability for uncertain tax positions, including accrued interest, (\$12 million at December 31, 2024) has been excluded from the table as the amount and timing of any related payments are not subject to reasonable estimation. For additional information regarding our liability for uncertain tax positions, see note 13 to our consolidated financial statements.
- (c) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of December 31, 2024. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our derivative contracts.

For information concerning our operating leases, debt and finance lease obligations and commitments see notes 9, 10 and 15, respectively, to our consolidated financial statements.

In addition to the commitments set forth in the table above, we have commitments under derivative instruments, pursuant to which we expect to make payments in future periods. For information regarding projected cash flows associated with our derivative instruments, see *Projected Cash Flows Associated with Derivative Instruments* below. For information regarding our derivative instruments, including the net cash paid in connection with these instruments during 2024, 2023 and 2022, see note 6 to our consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected net cash flows associated with our derivative instruments. The amounts presented below are based on interest rates that were in effect as of December 31, 2024. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments or receipts required in future periods. For additional information regarding our derivative instruments, including our counterparty credit risk, see note 6 to our consolidated financial statements.

	Receipts due during:				
	2025	2026	2027	2028 and thereafter	Total
	in millions				
Projected derivative cash receipts, net:					
Interest-related (a)	<u>\$ 15.7</u>	<u>\$ 7.4</u>	<u>\$ 16.1</u>	<u>\$ —</u>	<u>\$ 39.2</u>

- (a) Includes the interest-related cash flows of our interest rate derivative contracts.

Independent Auditors' Report

The Board of Directors
Liberty Communications PR Holding LP:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Liberty Communications PR Holdings LP and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and December 31, 2023, and the related consolidated statements of operations, equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/ KPMG LLP

Denver, Colorado
April 10, 2025

LIBERTY COMMUNICATIONS PR HOLDING LP
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23.0	\$ 119.9
Trade receivables, net	89.6	108.0
Current notes receivable, net	33.8	56.4
Other current receivables	12.4	50.9
Prepaid expenses	19.2	19.8
Current deferred costs	18.5	17.2
Current derivative assets	21.7	18.4
Inventory, net	45.8	55.5
Current income tax receivable	24.6	26.5
Current contract assets	28.8	35.8
Other current assets, net	31.8	26.9
Total current assets	349.2	535.3
Property and equipment, net	1,155.0	1,173.6
Goodwill	—	501.1
Intangible assets not subject to amortization	1,813.1	1,592.6
Customer relationships, net	55.7	57.9
Related-party notes receivable	373.3	398.1
Other assets, net	436.9	419.0
Total assets	\$ 4,183.2	\$ 4,677.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 175.2	\$ 162.4
Current portion of deferred revenue	24.3	50.0
Accrued interest	39.5	44.4
Current derivative liabilities	9.9	2.4
Current portion of operating lease liabilities	33.4	31.9
Current portion of debt and finance lease obligations	116.8	58.9
Other accrued and current liabilities	215.2	174.1
Total current liabilities	614.3	524.1
Long-term debt and finance lease obligations	2,641.6	2,626.0
Deferred tax liabilities	438.7	453.4
Other long-term liabilities	296.8	221.4
Total liabilities	3,991.4	3,824.9
Commitments and contingencies		
Equity:		
Partners' capital	191.7	851.8
Noncontrolling interests	0.1	0.9
Total equity	191.8	852.7
Total liabilities and equity	\$ 4,183.2	\$ 4,677.6

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

LIBERTY COMMUNICATIONS PR HOLDING LP
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,		
	2024	2023	2022
	in millions		
Revenue	\$ 1,260.5	\$ 1,417.7	\$ 1,463.6
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):			
Programming and other direct costs of services	349.6	387.4	442.4
Other operating costs and expenses	609.4	551.0	497.7
Related-party fees and allocations	44.8	49.5	52.5
Depreciation and amortization	246.4	241.9	244.6
Impairment, restructuring and other operating items, net	533.1	12.7	4.3
	<u>1,783.3</u>	<u>1,242.5</u>	<u>1,241.5</u>
Operating income (loss)	(522.8)	175.2	222.1
Non-operating expense:			
Interest expense	(198.9)	(187.3)	(165.8)
Interest income – related-party	24.4	24.5	15.6
Realized and unrealized gains (losses) on derivative instruments, net	(0.3)	(12.2)	61.7
Other income (expense), net	—	(6.0)	0.7
	<u>(174.8)</u>	<u>(181.0)</u>	<u>\$ (87.8)</u>
Earnings (loss) before income taxes	(697.6)	(5.8)	134.3
Income tax benefit (expense)	36.7	23.3	(57.8)
Net earnings (loss)	(660.9)	17.5	76.5
Net loss (earnings) attributable to noncontrolling interests	0.8	(0.3)	(0.6)
Net earnings (loss) attributable to Partners	<u>\$ (660.1)</u>	<u>\$ 17.2</u>	<u>\$ 75.9</u>

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

LIBERTY COMMUNICATIONS PR HOLDING LP
CONSOLIDATED STATEMENTS OF EQUITY

	<u>Partners' capital</u>	<u>Noncontrolling interests in millions</u>	<u>Total equity</u>
Balance at January 1, 2022	\$ 758.7	\$ —	\$ 758.7
Net earnings	75.9	0.6	76.5
Balance at December 31, 2022	834.6	0.6	835.2
Net earnings	17.2	0.3	17.5
Balance at December 31, 2023	851.8	0.9	852.7
Net loss	(660.1)	(0.8)	(660.9)
Balance at December 31, 2024	<u>\$ 191.7</u>	<u>\$ 0.1</u>	<u>\$ 191.8</u>

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

LIBERTY COMMUNICATIONS PR HOLDING LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2024	2023	2022
	in millions		
Cash flows from operating activities:			
Net earnings (loss)	\$ (660.9)	\$ 17.5	\$ 76.5
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	246.4	241.9	244.6
Impairments and other non-cash activity, net	517.9	9.3	2.9
Amortization of debt financing costs and premiums, net	9.2	6.7	6.6
Realized and unrealized losses (gains) on derivative instruments, net	0.3	12.2	(61.7)
Deferred income tax expense (benefit)	(50.2)	(26.7)	34.4
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Receivables and other operating assets	160.0	(14.9)	(78.8)
Payables and accruals	(110.7)	(20.1)	64.3
Net cash provided by operating activities	<u>112.0</u>	<u>225.9</u>	<u>288.8</u>
Cash flows from investing activities:			
Capital expenditures, net	(180.3)	(202.3)	(227.8)
Loans to related parties	—	(30.0)	(116.8)
Repayments received on loans to related parties	29.7	6.2	—
Cash paid in connection with acquisitions, net of cash acquired	(95.4)	—	(32.8)
Other investing activities	(5.0)	—	—
Net cash used by investing activities	<u>(251.0)</u>	<u>(226.1)</u>	<u>(377.4)</u>
Cash flows from financing activities:			
Borrowings of third-party debt	185.4	125.8	3.9
Payments of principal amounts of third-party debt and finance lease obligations ..	(143.8)	(69.9)	(0.8)
Payment of financing costs	—	—	(0.8)
Net cash received related to derivative instruments	7.3	—	—
Other financing activities	(1.7)	(0.1)	0.3
Net cash provided by financing activities	<u>47.2</u>	<u>55.8</u>	<u>2.6</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(91.8)	55.6	(86.0)
Cash, cash equivalents and restricted cash:			
Beginning of year	129.6	74.0	160.0
End of year	<u>\$ 37.8</u>	<u>\$ 129.6</u>	<u>\$ 74.0</u>
Cash paid for interest - third-party	<u>\$ 194.6</u>	<u>\$ 173.6</u>	<u>\$ 155.2</u>
Cash paid for taxes	<u>\$ 20.9</u>	<u>\$ 9.9</u>	<u>\$ 17.3</u>

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

LIBERTY COMMUNICATIONS PR HOLDING LP
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(1) Basis of Presentation

See the Glossary of defined terms at the beginning of this report for terms used throughout the consolidated financial statements and related notes.

Liberty PR is an indirect wholly-owned subsidiary of Liberty Latin America and holds a (i) 100% interest in Cayman Holding and (ii) 100% interest in LCPR Ventures. Cayman Holding and LCPR Ventures jointly own LCPR, while LCPR Ventures wholly-owns LLA Holdco, the direct parent of Liberty Mobile. LCPR and LLA Holdco and its subsidiaries comprise the Senior Secured Covenant Group.

We provide fixed and mobile telecommunications services to residential and business customers in Puerto Rico and USVI through (i) LCPR and (ii) Liberty Mobile and its subsidiaries.

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

These consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through April 10, 2025, the date of issuance.

(2) Accounting Change and Recent Accounting Pronouncements

Accounting Change

ASU 2022-04

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities—Supplier Finance Programs (ASU 2022-04)*, which requires, among other things, a rollforward of the obligations for the period. The rollforward disclosure requirement became effective with this annual report. Disclosures surrounding our supplier finance programs are included in note 10.

Recent Accounting Pronouncements

We expect to adopt the following accounting pronouncements in conjunction with Liberty Latin America.

ASU 2020-04, ASU 2021-01 and ASU 2022-06

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04)*, which provides optional guidance for a limited time to ease the potential accounting burden associated with transitioning away from reference rates, such as LIBOR. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848) (ASU 2021-01)*, which clarifies certain optional expedients and exceptions in Topic 848. The expedients and exceptions provided by ASU 2020-04 and ASU 2021-01 are for the application of U.S. GAAP to contracts, hedging relationships and other transactions affected by the rate reform, and was initially not intended to be available after December 31, 2022, other than for certain hedging relationships entered into before December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 (ASU 2022-06)*, which defers the expiration date of Topic 848 from December 31, 2022, to December 31, 2024, and permits companies to apply the guidance in Topic 848 through the expected cessation date of USD LIBOR. Through December 31, 2024, the phase out of LIBOR has not had a material impact on our consolidated financial statements.

ASU 2023-09

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09)*, which was issued to enhance transparency of income tax disclosures, primarily by requiring consistent categories and disaggregated information about an entity's effective tax rate reconciliation and disaggregated jurisdictional information on income taxes paid. The standard also eliminates certain existing requirements related to uncertain tax positions and unrecognized deferred tax liabilities. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 with early adoption permitted. We are currently evaluating the impact this standard will have on the footnotes to our consolidated financial statements.

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ASU 2024-03

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-04): Disaggregation of Income Statement Expenses (ASU 2024-03)*, which requires more detailed disclosure in the notes to the financial statements about the types of expenses in commonly presented expense captions. In each annual and interim reporting period, entities are required to (i) disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation and (d) intangible asset amortization included in each expense line item within continuing operations that is presented on the statement of operations, (ii) include certain amounts that are already required to be disclosed under current U.S. GAAP in the same disclosure as the other disaggregation requirements, (iii) disclose a qualitative description of the amounts remaining in each expense line item within continuing operations that are not separately quantified and (iv) disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-04): Clarifying the Effective Date (ASU 2025-01)*. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027 with early adoption permitted, as clarified in ASU 2025-01. We are currently evaluating the impact this standard will have on our consolidated financial statements.

(3) Summary of Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, expected credit losses, programming and copyright expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities and useful lives of long-lived assets. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and the accounts of all voting interest entities where we exercise a controlling financial interest through the ownership of a direct or indirect controlling voting interest and variable interest entities for which our company is the primary beneficiary. Intercompany accounts have been eliminated in consolidation.

Cash and Cash Equivalents

Cash equivalents consist of money market funds that are readily convertible into cash and have maturities of three months or less at the time of acquisition. We record money market funds at the net asset value as there are no restrictions on our ability, contractual or otherwise, to redeem our investments.

Cash Flow Statement

For purposes of determining the classification of cash flows in our consolidated statements of cash flows, payments or receipts on related-party receivables or loans are first applied to capitalized interest (included as cash flows from operating activities) and then to principal (included as cash flows from investing or financing activities, as applicable). In addition, interest-bearing cash advances to related parties and repayments thereof are classified as investing activities. All other related-party borrowings, advances and repayments are reflected as financing activities.

Receivables

We have trade and notes receivables that are each reported net of an allowance for expected credit losses.

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Notes to Consolidated Financial Statements — (Continued)
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Our notes receivable consist of EIP receivables due from customers under contracts that range between a period of 12 to 36 months. The long-term portions of our notes receivable, net of allowances for expected credit losses, are \$37 million and \$44 million at December 31, 2024 and 2023, respectively, and are included in other assets, net, in our consolidated balance sheets.

From time to time, we may sell our trade or notes receivables to third parties. We recognize the sale of these receivables to the extent that transfer represents either (i) an entire financial asset, or (ii) a ratable participating interest, which remains constant throughout the life of the loan, with neither party senior to the other. We then evaluate whether control over the asset has been surrendered based on certain criteria, including legal isolation, actual control and effective control. To the extent the receivable does not meet the requirements of a sale, we continue to recognize the receivable and record any cash received as a debt on our consolidated balance sheet and as a financing inflow in our consolidated statement of cash flows. During 2024, 2023, and 2022 we generated approximately \$18 million, \$10 million and nil, respectively, from the sale of receivables to third parties that is reflected in cash provided by operating activities in our consolidated statements of cash flows.

Concentration of credit risk with respect to trade and notes receivables is limited due to the large number of customers.

The allowances on each of our trade and notes receivables are established using our best estimates of current expected credit losses based upon, among other things, actual credit loss experience over the prior 12-month period, recent collection trends, prevailing and anticipated economic conditions and specific customer credit risk. Receivables outstanding greater than 30 days are considered past due and we generally write-off receivables after they become past due for 365 days.

The aggregate changes in our allowance for expected credit losses associated with our trade receivables, and current and long-term notes receivables are set forth below:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Beginning balance	\$ 24.7	\$ 24.2	\$ 27.6
Provision for expected losses, net	55.2	24.9	12.6
Write-offs and other	(25.2)	(24.4)	(16.0)
Ending balance	\$ 54.7	\$ 24.7	\$ 24.2

Financial Instruments

Due to the short maturities of cash and cash equivalents, trade and other receivables, notes receivable, other current assets, accounts payable, accrued liabilities and other accrued and current liabilities, their respective carrying values approximate their respective fair values. For information concerning the fair values of our derivative and debt instruments, see notes 6 and 10, respectively. For information regarding how we arrive at certain of our fair value measurements, see note 4.

Derivative Instruments

Derivative Instruments Recorded at Fair Value

Our derivative instruments, excluding our Weather Derivatives, are recorded in our consolidated balance sheets at fair value. As of December 31, 2024, we do not apply hedge accounting to any of our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net in our consolidated statements of operations.

The reported fair values of our derivative instruments likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities, as we expect that the values realized generally will be based on market conditions at the time of settlement.

LIBERTY COMMUNICATIONS PR HOLDING LP
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The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows, as follows:

- interest rate derivative contracts: the net cash paid or received related to current interest is classified as an operating activity; and
- derivative contracts that are terminated prior to maturity: the cash paid or received upon termination that relates to future periods is classified as a financing activity.

For additional information regarding our derivative instruments, see note 6.

Inventories

Inventories consist primarily of mobile handset devices and accessories and are valued at the lower of cost or net realizable value. We maintain inventory valuation reserves for obsolete and slow-moving inventory based on analysis of recent historical sales activity and current retail, stand-alone selling prices. We record sales of inventories under the average cost method.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. We capitalize costs associated with the construction of new cable and mobile transmission and distribution facilities and the installation of new cable services. The nature and amount of labor and other costs to be capitalized with respect to construction and installation activities involves judgment. In addition to direct external and internal labor and materials, we also capitalize other costs directly attributable to our construction and installation activities, including dispatch costs, quality-control costs, vehicle-related costs and certain warehouse-related costs. The capitalization of these costs is based on time sheets, time studies, standard costs, call tracking systems and other verifiable means that directly link the costs incurred with the applicable capitalizable activity. We continuously monitor the appropriateness of our capitalization policies and update the policies when necessary to respond to changes in facts and circumstances, such as the development of new products and services and changes in the manner that installations or construction activities are performed. Installation activities that are capitalized include (i) the initial connection (or drop) from our cable system to a customer location, (ii) the replacement of a drop and (iii) the installation of equipment for additional services, such as digital cable, telephone or broadband internet service. The costs of other customer-facing activities, such as reconnecting and disconnecting customer locations and repairing or maintaining drops, are expensed as incurred.

We capitalize internal and external costs directly associated with the development of internal-use software. Capitalized internal-use software is included as a component of property and equipment. We also capitalize costs associated with the purchase of software licenses. Costs associated with software obtained in a hosting arrangement are expensed over the life of the service contract, unless we have the right to take possession of the software at any time without significant penalty and it is feasible to run the software on our own hardware or contract with another party unrelated to the vendor to host the software. Maintenance and training costs, as well as costs incurred during the preliminary stage of an internal-use software development project, are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Equipment under finance leases is amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset and is included in depreciation and amortization in our consolidated statements of operations. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable and mobile distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For additional information regarding the useful lives of our property and equipment, see note 7.

Additions, replacements and improvements that extend the asset life are capitalized. Repairs and maintenance are expensed as incurred.

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Notes to Consolidated Financial Statements — (Continued)
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Intangible Assets

Our primary intangible assets relate to goodwill, customer relationships, spectrum licenses and cable television franchise rights. Goodwill represents the excess purchase price over the fair value of the identifiable net assets acquired in a business combination. Customer relationships, spectrum licenses and cable television franchise rights that are acquired in connection with a business combination are initially recorded at their fair values.

Goodwill and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives are amortized on a straight-line basis over their respective estimated useful lives to their estimated residual values, and reviewed for impairment.

Spectrum licenses provide us with the exclusive right to utilize a certain radio frequency spectrum to provide wireless communications services. While spectrum licenses are issued for only a fixed time (generally 10 years or less), renewals of spectrum licenses occur routinely and at nominal cost. Moreover, we do not believe there are significant legal, regulatory, contractual, competitive, economic or other factors that would impact the useful lives of these licenses, and therefore we treat the spectrum licenses as indefinite-lived intangible assets. We believe we will be able to meet all requirements necessary to secure renewal of our spectrum licenses.

For additional information regarding the useful lives of our intangible assets, see note 7.

Impairment of Property and Equipment and Intangible Assets

When circumstances warrant, we review the carrying amounts of our property and equipment and our intangible assets (other than goodwill and other indefinite-lived intangible assets) to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) the impact of natural disasters, such as hurricanes, (ii) an expectation of a sale or disposal of a long-lived asset or asset group, (iii) adverse changes in market or competitive conditions, (iv) an adverse change in legal factors or business climate in the market in which we operate and (v) operating or cash flow losses. For purposes of impairment testing, long-lived assets are grouped at the lowest level for which cash flows are largely independent of other assets and liabilities, generally at or below the reporting unit level (see below). If the carrying amount of the asset or asset group is greater than the expected undiscounted cash flows to be generated by such asset or asset group, an impairment adjustment is recognized. Such adjustment is measured by the amount that the carrying value of such asset or asset group exceeds its fair value. We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell.

We evaluate goodwill and other indefinite-lived intangible assets for impairment at least annually on July 1 and whenever facts and circumstances indicate that the fair value of a reporting unit or an indefinite-lived intangible asset may be less than its carrying value. For impairment evaluations with respect to both goodwill and other indefinite-lived intangibles, we first make a qualitative assessment to determine if the goodwill or other indefinite-lived intangible may be impaired. In the case of goodwill, if it is more likely than not that a reporting unit's fair value is less than its carrying value, we then compare the fair value of the reporting unit to its respective carrying amount. A reporting unit is an operating segment or one level below an operating segment. Goodwill impairment is recorded as the excess of a reporting unit's carrying value over its fair value and is charged to operations as an impairment loss. With respect to other indefinite-lived intangible assets, if it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we then estimate its fair value and any excess of the carrying value over the fair value is also charged to operations as an impairment loss. For additional information regarding the fair value measurements of our property and equipment and intangible assets, see note 4. For additional information regarding impairments, see note 7.

Contract Assets

When we transfer goods or services to a customer but do not have an unconditional right to payment, we record a contract asset. Contract assets are reclassified to trade receivables, net, in our consolidated balance sheet at the point in time we have the unconditional right to payment. The long-term portions of contract assets are \$22 million and \$30 million as of December 31, 2024 and 2023, respectively, and are included in other assets, net, in our consolidated balance sheets.

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Deferred Revenue

We record deferred revenue when we have received payment prior to transferring goods or services to a customer. Deferred revenue primarily relates to (i) advanced payments on fixed subscription services and mobile airtime services and (ii) deferred installation and other upfront fees. Our aggregate current and long-term deferred revenue as of December 31, 2024 and 2023 was \$30 million and \$57 million, respectively. The long-term portions of deferred revenue are included in other long-term liabilities in our consolidated balance sheets.

Operating Leases

Our operating leases primarily consist of (i) property leases for mobile tower locations that generally have initial terms of five to ten years with one or more renewal options and (ii) lease commitments for (a) retail stores, offices and facilities, (b) other network assets and (c) other equipment. It is expected that in the normal course of business, operating leases that expire generally will be renewed or replaced by similar leases. For additional information regarding our leases, see note 9.

We classify leases with a term of greater than 12 months where substantially all risks and rewards incidental to ownership are retained by the third-party lessors as operating leases. We record a right-of-use asset and an operating lease liability at inception of the lease at the present value of the lease payments plus certain other payments, including variable lease payments and amounts probable of being owed by us under residual value guarantees. Payments made under operating leases, net of any incentives received from the lessors, are recognized to expense on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging operating leases are recognized to expense when incurred. Contingent rental payments are recognized to expense when incurred. Our operating lease expense is included in facility, provision, franchise and other expense, which is included in other operating costs and expenses in our consolidated statements of operations. Our right-of-use assets and non-current operating lease liabilities are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.

We use a credit-adjusted discount rate to measure our operating lease liabilities. We derive the discount rates by firstly constructing a credit curve which is based on the implied credit spread between the risk free rate (generally U.S. dollar denominated U.S. Treasuries) and a credit curve constructed using an index of observable U.S. dollar denominated fixed rate corporate bonds issued by U.S. telecommunications companies with the same rating as ours. Next, we apply a linear fixed spread to this credit curve reflecting the difference between the observable price on the longest tradable debt instrument and the credit curve at the maturity date of the observed debt instrument. Lastly, we make adjustments for all tenors to correct for the collateralized interest rate spread by comparing unsecured debt to asset-backed securities (secured debt) trades; this adjustment is based on the difference between the index of observable U.S. dollar denominated fixed rate corporate bonds issued by U.S. telecommunications companies with the same rating as ours and a similar index for companies rated one-class higher on the rating-code scale.

Income Taxes

We are treated as a pass-through entity for U.S. federal income tax purposes. Accordingly, our taxable income or loss, which may vary substantially from the net earnings or loss reported in our consolidated statements of operations, is included in the income tax returns of our partners. We record income taxes in the accompanying consolidated financials to reflect the tax on income earned by our taxable consolidated subsidiaries in their respective jurisdictions, including U.S., Puerto Rico and U.S. Virgin Islands.

Income taxes are accounted for under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax basis of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards, using enacted tax rates in effect for each taxing jurisdiction in which we operate for the year in which those temporary differences are expected to be recovered or settled. We recognize the financial statement effects of a tax position when it is more-likely-than-not, based on technical merits, that the position will be sustained upon examination. Net deferred tax assets are then reduced by a valuation allowance if we believe it is more-likely-than-not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Interest and penalties related to income tax liabilities are included in income tax benefit or expense.

For additional information regarding our income taxes, see note 13.

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Revenue Recognition

We categorize revenue into two major categories: (i) residential revenue, which includes revenue from fixed and mobile services provided to residential customers, and (ii) B2B revenue. For additional information regarding our revenue by major category, see note 16. Our revenue recognition policies are as follows:

General. Most of our fixed and mobile residential contracts are not enforceable or do not contain substantive early termination penalties. Accordingly, revenue relating to these customers is recognized on a basis consistent with customers that are not subject to contracts. We account for customer service revenue contracts that include both non-lease and lease components as a single component in all instances where the non-lease component is the predominant component of the arrangement and the other applicable criteria are met.

Residential Fixed and B2B Revenue – Fixed Networks. We recognize revenue from video, broadband internet and fixed-line telephony services over our fixed networks to customers in the period the related residential fixed or B2B services are provided. Installation or other upfront fees related to services provided over our fixed networks are generally deferred and recognized as subscription revenue over the contractual period, or longer if the upfront fee results in a material renewal right. We defer upfront installation and certain non-recurring fees received on B2B contracts where we maintain ownership of the installed equipment. The deferred fees are amortized into revenue on a straight-line basis over the term of the arrangement or the expected period of performance.

We may also sell video, broadband internet and fixed-line telephony services to our customers in bundled packages at a rate lower than if the customer purchased each product on a standalone basis. Arrangement consideration from bundled packages generally is allocated proportionally to the individual service based on the relative standalone price for each respective product or service.

Mobile Revenue – General. Consideration from mobile contracts is allocated to airtime services and handset sales based on the relative standalone prices of each performance obligation.

Mobile Revenue – Airtime Services. We recognize revenue from mobile services in the period the related services are provided. Payments received from prepaid customers are recorded as deferred revenue prior to the commencement of services and are recognized as revenue as the services are rendered or usage rights expire.

Mobile Revenue – Handset Revenue. Arrangement consideration allocated to handsets is recognized as revenue when the goods have been transferred to the customer.

Government Funding Revenue. From time to time, we receive funds from the FCC in an effort to restore, expand and upgrade fixed and mobile networks in Puerto Rico and USVI. We recognize funds granted from the FCC as other revenue in the period in which we are entitled to receive the funds, as the FCC does not meet the definition of a “customer.”

Sales and Use Taxes. Revenue is recorded net of applicable sales and use taxes.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Fair Value Measurements

General

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

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All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (non-interest rate curves and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

Recurring Fair Value Measurements

Derivatives

In order to manage our interest rate risk, we have entered into various derivative instruments, as further described in note 6. We use the fair value method to account for our derivative instruments. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data mostly includes interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads represent our most significant Level 3 inputs, and these inputs are used to derive the credit risk valuation adjustments with respect to these instruments. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our interest rate derivative contracts are further explained in note 6.

Non-recurring Fair Value Measurements

Acquisition Accounting

During 2024, we performed certain non-recurring valuations related to the acquisition accounting for the LPR Acquisition. For information related to the final opening balance sheet associated with the LPR Acquisition, see note 5.

Non-recurring valuations associated with acquisition accounting use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. The non-recurring valuations associated with the LPR Acquisition primarily include the valuation of customer relationships and spectrum intangible assets. These valuations are further described below:

- *Customer relationships.* The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology for customer relationship intangible assets requires us to estimate the specific cash flows expected from the acquired customer relationships, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer relationships, contributory asset charges and other factors.
- *Spectrum intangible assets.* The valuation of spectrum intangible assets may use either an adjusted market-based approach, which requires the calibration of observable market inputs to reflect the fair value of the assets acquired, or a combination of an adjusted market-based approach with other methods, such as an income-based approach, which requires a wide range of assumptions and inputs, including forecasting costs associated with building a complementary asset base.

Impairment Assessments

The non-recurring valuations associated with impairment assessments, which use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy, primarily include the valuation of our reporting unit for the purpose of testing for goodwill impairment. As our reporting unit does not have a readily determinable fair value, we estimate the fair value of our reporting unit using either a market-based or income-based approach.

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Goodwill

For purposes of our annual goodwill impairment assessment, we used an income approach to determine the estimated fair value of our reporting unit. Under this approach, we utilized a discounted cash flow model as the valuation technique to estimate the fair value of our reporting unit from a market participant’s perspective. This approach uses certain inputs and assumptions that require estimates and judgments, including forecasted cash flows and appropriate discount rates. Forecasts of future cash flows are largely based on our assumptions using Level 3 inputs, which we consider to be consistent with a market participant’s approach. We used the weighted-average cost of capital for our reporting unit as the basis for the discount rate to establish the present value of the expected cash flows. The inputs for our weighted average cost of capital calculations include Level 2 and Level 3 inputs, generally derived from third-party pricing services.

Based upon the results of the aforementioned analyses, we recognized a goodwill impairment charge of \$516 million during 2024. We did not recognize any goodwill impairment charges during 2023.

For additional information regarding goodwill impairment charges, see note 7.

(5) Acquisitions

LPR Acquisition

On November 6, 2023, we entered into an agreement with EchoStar (formerly DISH Network) to acquire EchoStar’s prepaid business and spectrum assets in Puerto Rico and USVI in exchange for cash and international roaming credits. The aggregate cash consideration of \$256 million will be paid in four annual installments, the first of which commenced on the closing date, September 3, 2024, and the remainder of which will be paid on the anniversary of the closing date over the next three years. On September 3, 2024, we paid the first installment of \$95 million, which is reflected as cash paid in connection with acquisitions, net of cash acquired, in our consolidated statement of cash flows. The international roaming credits can be utilized over a ten year term commencing on September 3, 2024.

The following table sets forth a reconciliation of the stated purchase price to the net cash paid (in millions):

Stated purchase price	\$ 255.8
International roaming credits, net present value adjustment and net working capital adjustments, net (a)	(20.2)
Total consideration	235.6
Consideration outstanding (b)	140.2
Total cash paid for acquisition	<u>\$ 95.4</u>

- (a) Represents the (i) fair value of approximately \$7 million assigned to international roaming credits to be provided to EchoStar in addition to the stated purchase price, (ii) the difference between the stated purchase price and the net present value of the deferred payment obligation for the LPR Acquisition, which will be amortized to interest expense over the remaining payment term of the cash installments, and (iii) net working capital adjustments that have not yet been cash settled.
- (b) Represents the (i) net present value of our deferred payment obligation, which comprises three installment payments of \$72 million, \$45 million and \$40 million that will be paid on the anniversary of the closing date, September 3, 2024, during 2025, 2026 and 2027, respectively, (ii) the fair value of international roaming credits and (iii) certain working capital adjustments that have not yet been cash settled. The current portion of our deferred payment obligation is recorded to other accrued and current liabilities in our consolidated balance sheet and the long-term portion is recorded to other long-term liabilities in our consolidated balance sheet.

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We have accounted for the LPR Acquisition as a business combination using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. A summary of the purchase price and the opening balance sheet associated with the LPR Acquisition at the September 3, 2024 acquisition date is presented in the following table. The opening balance sheet presented below reflects our final purchase price allocation (in millions):

Goodwill (a)	\$ 14.6
Intangible assets not subject to amortization (b)	215.4
Customer relationships (c)	7.2
Other accrued and current liabilities	(1.6)
Total purchase price	\$ 235.6

- (a) The goodwill recognized in connection with the LPR Acquisition is primarily attributable to (i) competitive advantages resulting from the acquisition of spectrum in the region and (ii) synergies that are expected to be achieved through the integration of the acquired prepaid mobile business with our existing business in Puerto Rico and USVI. We expect that all of the goodwill resulting from the LPR Acquisition will be deductible for tax purposes. For further information on the goodwill balance resulting from the LPR Acquisition, see note 7.
- (b) Represents the estimated fair value of spectrum licenses.
- (c) At September 3, 2024, the weighted average useful life of the acquired customer relationship intangible assets was approximately 4 years.

Our consolidated statement of operations for the year ended December 31, 2024 includes revenue and net earnings of \$12 million and \$1 million, respectively, attributable to the LPR Acquisition.

BBVI Acquisition

Effective December 31, 2021, we acquired 96% of the outstanding shares of Broadband VI for \$33 million, the payment of which occurred in January 2022. Broadband VI provides fixed services to residential and business customers in USVI.

(6) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	December 31, 2024			December 31, 2023		
	Current	Long-term (a)	Total	Current	Long-term (a)	Total
	in millions					
Assets - interest rate derivative contracts (b)	\$ 21.7	\$ 22.7	\$ 44.4	\$ 18.4	\$ 28.7	\$ 47.1
Liabilities - interest rate derivative contracts (b)	\$ 9.9	\$ 8.5	\$ 18.4	\$ 2.4	\$ 8.3	\$ 10.7

- (a) Our long-term derivative assets and long-term derivative liabilities are included in other assets, net, and other long-term liabilities, respectively, in our consolidated balance sheets.
- (b) We consider credit risk relating to our nonperformance and the nonperformance of our counterparties in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions and are recorded in realized and unrealized gains or losses on derivative instruments, net in our consolidated statements of operations. For further information regarding our fair value measurements, see note 4.

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The derivative assets set forth in the table above exclude our Weather Derivatives, as they are not accounted for at fair value. The premium payments associated with our Weather Derivatives are included in other current assets, net, in our consolidated balance sheets.

The details of our realized and unrealized gains (losses) on derivative instruments, net, are as follows:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Interest rate derivative contracts	\$ 16.4	\$ 4.8	\$ 79.5
Weather Derivatives	(16.7)	(17.0)	(17.8)
Total	\$ (0.3)	\$ (12.2)	\$ 61.7

The following table sets forth the classification of the net cash inflows (outflows) of our derivative instruments:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Operating activities	\$ 1.5	\$ 1.2	\$ (16.7)
Financing activities	7.3	—	—
Total	\$ 8.8	\$ 1.2	\$ (16.7)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, our counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral has not been posted by either party under our derivative instruments. At December 31, 2024, our exposure to counterparty credit risk associated with our derivative instruments, as set forth in the assets and liabilities table above, included derivative assets with an aggregate fair value of \$26 million.

We have entered into derivative instruments under agreements with our counterparties that contain master netting arrangements that are applicable in the event of early termination by either party to such derivative instrument.

Details of our Derivative Instruments

Interest Rate Derivative Contracts

In connection with the phase-out of LIBOR, we amended or entered into certain derivative contracts to reference Adjusted Term SOFR for interest periods commencing after June 30, 2023.

Interest Rate Swaps

We enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At December 31, 2024, the outstanding notional amount due from our counterparties of our interest rate swap contracts was \$500 million and the related weighted average remaining contractual life was 2.8 years.

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Basis Swaps

Basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At December 31, 2024, the outstanding notional amount due from our counterparty of our basis swap contracts was \$1,240 million, which is comprised of \$620 million of contracts that had a maturity date of January 15, 2025 and \$620 million notional amount of forward-starting contracts, and the related weighted average remaining contractual life was 0.5 years.

Interest Rate Floor

Interest rate floors provide protection against interest rates falling below a pre-set level. At December 31, 2024, the total notional amount of our interest rate floor was \$620 million with a remaining contractual life of 2.8 years.

Interest Rate Caps

Interest rate caps provide protection against interest rates rising above a pre-set level. At December 31, 2024, the total notional amount of our interest rate caps was \$120 million with a weighted average remaining contractual life of 2.8 years.

(7) **Long-lived Assets**

Impairment Charges

The following table sets forth the details of our impairment charges:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Goodwill (a)	\$ 515.7	\$ —	\$ —
Property and equipment and other	2.0	9.4	3.6
Total impairment charges	\$ 517.7	\$ 9.4	\$ 3.6

- (a) During 2024, we recorded a \$516 million impairment of goodwill. This impairment was mainly driven by declines in revenue, primarily from mobile subscriber losses, increased bad debt and other adverse impacts largely associated with (i) the migration of customers acquired from AT&T to our mobile network and (ii) various network challenges that have impacted these mobile customers. For additional information regarding the fair value methods and related assumptions used in our impairment assessments, see note 4.

Goodwill

Changes in the carrying amount of our goodwill during 2024 are set forth below (in millions):

January 1, 2024	\$ 501.1
Acquisition	14.6
Impairment	(515.7)
December 31, 2024	\$ —

At December 31, 2023, the carrying amount of our goodwill was \$501 million. There were no changes in the carrying amount of our goodwill during 2023.

Our accumulated goodwill impairments were \$516 million and nil at December 31, 2024 and 2023, respectively.

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Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	Estimated useful life at December 31, 2024	December 31,	
		2024	2023
in millions			
Distribution systems	5 to 15 years	\$ 1,523.7	\$ 1,413.5
Support equipment and buildings	3 to 40 years	295.0	275.7
CPE	3 to 5 years	231.0	200.4
		2,049.7	1,889.6
Accumulated depreciation		(1,044.9)	(807.8)
Total depreciable assets		1,004.8	1,081.8
CIP and land		150.2	91.8
Total property and equipment, net		\$ 1,155.0	\$ 1,173.6

Depreciation expense related to our property and equipment was \$237 million, \$233 million and \$222 million during 2024, 2023 and 2022, respectively.

We recorded non-cash increases to our property and equipment related to vendor financing arrangements of \$27 million, \$27 million and \$13 million during 2024, 2023 and 2022, respectively.

Most of our property and equipment is pledged as security under the LPR Credit Facilities and the 2027 LPR Senior Secured Notes. For additional information, see note 10.

Intangible Assets Not Subject to Amortization

The details of our intangible assets not subject to amortization are set forth below:

	December 31,	
	2024	2023
in millions		
Spectrum licenses (a)	\$ 1,271.5	\$ 1,051.0
Cable television franchise rights and other	541.6	541.6
Total	\$ 1,813.1	\$ 1,592.6

(a) The 2024 amount includes \$215 million of spectrum licenses attributable to the LPR Acquisition. For additional information regarding the assets acquired as part of the LPR Acquisition, see note 5.

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Customer Relationships, Net

The details of our customer relationships, which have an estimated average useful life of four to ten years at December 31, 2024, and the related accumulated amortization are set forth below:

	December 31,	
	2024	2023
	in millions	
Gross carrying amount (a)	\$ 92.8	\$ 85.6
Accumulated amortization	(37.1)	(27.7)
Net carrying amount	<u>\$ 55.7</u>	<u>\$ 57.9</u>

(a) The 2024 amount includes \$7 million of customer relationships attributable to the LPR Acquisition. For additional information regarding the assets acquired as part of the LPR Acquisition, see note 5.

Amortization expense related to our customer relationships was \$9 million, \$9 million and \$22 million during 2024, 2023 and 2022, respectively.

Based on our customer relationships balance at December 31, 2024, we expect that amortization expense will be as follows for the next five years and thereafter (in millions):

2024	\$ 10.5
2025	10.2
2026	10.2
2027	9.6
2028	8.4
Thereafter	6.8
Total	<u>\$ 55.7</u>

(8) Other assets, net

The details of our other assets, net are set forth below:

	December 31,	
	2024	2023
	in millions	
Operating lease right-of-use assets	\$ 171.5	\$ 177.7
Notes receivable, net	37.0	44.0
Income tax receivable	38.2	37.8
Contract assets, net	22.0	30.1
Deferred tax assets	36.4	0.9
Derivative assets	22.7	28.7
Other	109.1	99.8
Total other assets, net	<u>\$ 436.9</u>	<u>\$ 419.0</u>

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(9) Operating Leases

The following table provides details of our operating lease expense:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Operating lease expense:			
Operating lease cost	\$ 44.2	\$ 42.3	\$ 45.4
Short-term lease cost	7.5	6.1	3.9
Total operating lease expense	<u>\$ 51.7</u>	<u>\$ 48.4</u>	<u>\$ 49.3</u>

Certain other details of our operating leases are set forth in the tables below:

	December 31,	
	2024	2023
	in millions	
Operating lease right-of-use assets	<u>\$ 171.5</u>	<u>\$ 177.7</u>
Operating lease liabilities:		
Current	\$ 33.4	\$ 31.9
Noncurrent	140.8	148.9
Total operating lease liabilities	<u>\$ 174.2</u>	<u>\$ 180.8</u>
Weighted-average remaining lease term	<u>6.0 years</u>	<u>6.0 years</u>
Weighted-average discount rate	<u>6.3 %</u>	<u>5.6 %</u>

	Year ended December 31,		
	2024	2023	2022
	in millions		
Operating cash outflows from operating leases	<u>\$ 44.7</u>	<u>\$ 44.0</u>	<u>\$ 48.0</u>
Right-of-use assets obtained in exchange for new operating lease liabilities (a)	<u>\$ 39.6</u>	<u>\$ 18.1</u>	<u>\$ 39.0</u>

(a) Represents non-cash transactions associated with operating leases entered into during the the years presented.

Maturities of our operating lease liabilities as of December 31, 2024 are presented below (in millions):

Years ending December 31:	
2025	\$ 43.5
2026	39.5
2027	35.2
2028	30.1
2029	24.1
Thereafter	<u>43.1</u>
Total operating lease liabilities on an undiscounted basis	215.5
Present value discount	<u>(41.3)</u>
Present value of operating lease liabilities	<u>\$ 174.2</u>

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(10) Debt and Finance Lease Obligations

The components of our debt are as follows:

	December 31, 2024		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	December 31,		December 31,	
			2024	2023	2024	2023
in millions						
LPR Senior Secured Notes	6.08 %	\$ —	\$ 1,709.1	\$ 1,851.5	\$ 1,981.0	\$ 1,981.0
LPR Credit Facilities	8.24 %	122.5	598.9	621.6	670.0	620.0
Vendor financing, Tower Transactions and other (d) (e)	8.17 %	—	119.9	100.3	119.9	100.3
Total debt before premiums and deferred financing costs	<u>6.69 %</u>	<u>\$ 122.5</u>	<u>\$ 2,427.9</u>	<u>\$ 2,573.4</u>	<u>\$ 2,770.9</u>	<u>\$ 2,701.3</u>

The following table provides a reconciliation of total debt before premiums and deferred financing costs to total debt and finance lease obligations:

	December 31,	
	2024	2023
in millions		
Total debt before premiums and deferred financing costs	\$ 2,770.9	\$ 2,701.3
Premiums and deferred financing costs, net	(17.1)	(21.9)
Total carrying amount of debt	<u>2,753.8</u>	<u>2,679.4</u>
Finance lease obligations	4.6	5.5
Total debt and finance lease obligations	<u>2,758.4</u>	<u>2,684.9</u>
Less: Current maturities of debt and finance lease obligations	(116.8)	(58.9)
Long-term debt and finance lease obligations	<u>\$ 2,641.6</u>	<u>\$ 2,626.0</u>

- (a) Represents the weighted average interest rate in effect at December 31, 2024 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented generally represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums and commitment fees, all of which affect our overall cost of borrowing.
- (b) Unused borrowing capacity represents the maximum availability under the LPR Revolving Credit Facility at December 31, 2024 without regard to covenant compliance calculations or other conditions precedent to borrowing. At December 31, 2024, the full amount of unused borrowing capacity was available to be borrowed under the LPR Revolving Credit Facility, both before and after completion of the December 31, 2024 compliance reporting requirements.
- (c) The estimated fair values of our debt instruments are determined using the applicable bid prices (mostly Level 1 of the fair value hierarchy). For additional information regarding fair value hierarchies, see note 4.

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- (d) Includes amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our operating expenses and property and equipment additions. These obligations are generally due within one year. Changes in our vendor financing obligations are set forth below:

	Year ended December 31,	
	2024	2023
	in millions	
Balance at beginning of period	\$ 41.6	\$ 16.7
Operating expenses financed by an intermediary (i)	14.8	2.1
Assets acquired under capital-related vendor financing arrangements (ii)	27.1	26.7
Principal payments on vendor financing obligations (iii)	(41.6)	(3.9)
Balance at end of period	\$ 41.9	\$ 41.6
Current portion	\$ 41.9	\$ 41.6

- (i) Our operating expenses include \$15 million, \$2 million and \$4 million for 2024, 2023 and 2022, respectively, that were financed by an intermediary and are reflected on the borrowing date as a cash outflow within net cash provided or used by operating activities and a cash inflow within net cash provided or used by financing activities in our consolidated statements of cash flows.
- (ii) Amounts are reflected on the borrowing date as a non-cash increase to property and equipment additions. For additional information, see note 7.
- (iii) Repayments of vendor financing obligations are included in payments of principal amounts of debt and finance lease obligations in our consolidated statements of cash flows.
- (e) During 2023, we entered into the Tower Transactions associated with certain of our mobile towers across various markets. The Tower Transactions did not meet the criteria to be accounted for as a sale and leaseback. The proceeds from the Tower Transactions are recorded as a financial liability and the associated tower assets remain on our consolidated balance sheet. During 2023, we received proceeds of \$40 million, related to the Tower Transactions, which are included in borrowings of debt in our consolidated statement of cash flows.

General Information

Credit Facilities. We have entered into one or more credit facility agreements with certain financial institutions. Each of these credit facilities contain certain covenants, the more notable of which are as follows:

- Our credit facilities contain certain net leverage ratios, as specified in the relevant credit facility, which are required to be complied with on an incurrence and/or maintenance basis;
- Our credit facilities contain certain restrictions which, among other things, restrict our ability to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over our assets, in each case, subject to certain customary and agreed exceptions, and (iv) make certain restricted payments to our direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants;
- Our credit facilities require us to guarantee the payment of all sums payable under the relevant credit facility and have first-ranking security granted over the shares in, and substantially all of the assets of, our borrower and guarantor entities, to secure the payment of all sums payable thereunder;
- In addition to certain mandatory prepayment events, the instructing group of lenders under the relevant credit facility may cancel the commitments thereunder and declare the loans thereunder due and payable after the applicable notice period following the occurrence of a change of control (as specified in the relevant credit facility);

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- Our credit facilities contain certain customary events of default, the occurrence of which, subject to certain exceptions and materiality qualifications, would allow the instructing group of lenders to (i) cancel the total commitments, (ii) accelerate all outstanding loans and terminate their commitments thereunder and/or (iii) declare that all or part of the loans be payable on demand;
- Our credit facilities require that we observe certain affirmative and negative undertakings and covenants, which are subject to certain materiality qualifications and other customary and agreed exceptions; and
- In addition to customary default provisions, our credit facilities generally include certain cross-default and cross-acceleration provisions with respect to our other indebtedness, subject to agreed minimum thresholds and other customary and agreed exceptions.

Senior Secured Notes. We have issued senior secured notes. In general, our senior secured notes (i) are senior obligations of each respective issuer within the borrowing group that rank equally with all of the existing and future debt of such issuer and are senior to all existing and future subordinated debt of each respective issuer within the borrowing group, (ii) contain, in most instances, guarantees from other entities of the borrowing group (as specified in the applicable indenture) and (iii) are secured by pledges over the shares of certain entities of the borrowing group and, in certain instances, over substantially all of the assets of those entities. In addition, the indenture governing our senior secured notes contain certain covenants, the more notable of which are as follows:

- Our notes contain certain customary incurrence-based covenants. In addition, our notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of the issuer or certain other members of the borrowing group, over agreed minimum thresholds (as specified under the applicable indenture), is an event of default under the respective notes;
- Our notes contain certain restrictions that, among other things, restrict the ability of the entities of the borrowing group to (i) incur or guarantee certain financial indebtedness, (ii) make certain disposals and acquisitions, (iii) create certain security interests over their assets, in each case, subject to certain customary and agreed exceptions and (iv) make certain restricted payments to its direct and/or indirect parent companies through dividends, loans or other distributions, subject to compliance with applicable covenants; and
- If the relevant issuer or certain of its subsidiaries (as specified in the applicable indenture) sell certain assets, such issuer must offer to repurchase the applicable notes at par, or if a change of control (as specified in the applicable indenture) occurs, such issuer must offer to repurchase all of the relevant notes at a redemption price of 101%.

LPR Senior Secured Notes

The details of the outstanding LPR Senior Secured Notes as of December 31, 2024 are summarized in the following table:

LPR Senior Secured Notes	Maturity	Interest rate	Outstanding principal amount	Carrying value (a)
			in millions	
2027 LPR Senior Secured Notes	October 15, 2027	6.750%	\$ 1,161.0	\$ 1,152.8
2029 LPR Senior Secured Notes	July 15, 2029	5.125%	820.0	814.6
Total			\$ 1,981.0	\$ 1,967.4

(a) Amounts are inclusive or net of original issue premiums and deferred financing costs, as applicable.

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Redemption Rights. The LPR Senior Secured Notes are subject to certain redemption rights (as specified in the applicable indenture). LCPR Senior Secured Financing may redeem some or all of the 2027 LPR Senior Secured Notes and 2029 LPR Senior Secured Notes at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and additional amounts (as specified in the applicable indenture), if any, to the applicable redemption date:

	Redemption Price	
	2027 LPR Senior Secured Notes	2029 LPR Senior Secured Notes
12-month period commencing:	October 15	July 15
2025	100.000%	101.281%
2026 and thereafter	100.000%	100.000%

LPR Credit Facilities

The details of our borrowings under the LPR Credit Facilities as of December 31, 2024 are summarized in the following table:

LPR Credit Facilities	Maturity	Interest rate	Unused borrowing capacity	Outstanding principal amount in millions	Carrying value (a)
LPR Revolving Credit Facility (b)	March 15, 2027	Adjusted Term SOFR + 3.50%	\$ 122.5	\$ 50.0	\$ 50.0
2028 LPR Term Loan	October 15, 2028	Adjusted Term SOFR + 3.75% (c)	—	620.0	617.1
Total			\$ 122.5	\$ 670.0	\$ 667.1

- (a) Amounts are net of deferred financing costs.
- (b) Has a fee on unused commitments of 0.5% per year.
- (c) Subject to a SOFR floor of 0 basis points.

Financing and Refinancing Activity

During May 2023, the terms of the agreements underlying the LPR Credit Facilities were amended, which resulted in (i) the replacement of LIBOR-based benchmark rates with Adjusted Term SOFR for the 2028 LPR Term Loan and the LPR Revolving Credit Facility for interest periods commencing after June 30, 2023, (ii) the modification of the provisions for determining an alternative rate of interest upon the occurrence of certain events relating to the availability of interest rate benchmarks and (iii) certain conforming changes. The credit adjustment spreads applicable to the 2028 LPR Term Loan and the LPR Revolving Credit Facility are 0.11448%, 0.26161% and 0.42826% for interest periods of one, three and six months, respectively.

Borrowings related to significant credit facilities we drew down and repayments made during 2024 and 2023 are included in the tables below. There were no significant financing-related transactions during 2022.

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Borrowings during 2024 and 2023 are as follows:

Instrument	Issued at	Amount borrowed in millions
2024:		
LPR Revolving Credit Facility	N/A	\$ 120.0
2023:		
LPR Revolving Credit Facility	N/A	\$ 65.0

N/A – Not applicable.

Repayments during 2024 and 2023 are as follows:

Instrument	Redemption price	Amount paid in millions
2024:		
LPR Revolving Credit Facility	100%	\$ 70.0
2023:		
LPR Revolving Credit Facility	100%	\$ 65.0

Maturities of Debt

Maturities of our debt as of December 31, 2024 are presented below (in millions):

Years ending December 31:	
2025	\$ 116.1
2026	12.8
2027	1,163.0
2028	620.5
2029	820.7
Thereafter	37.8
Total debt maturities	2,770.9
Premiums and deferred financing costs, net	(17.1)
Total debt	<u>\$ 2,753.8</u>
Current portion	<u>\$ 116.1</u>
Noncurrent portion	<u>\$ 2,637.7</u>

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(11) Programming and Other Direct Costs of Services

Programming and other direct costs of services include programming and copyright costs, interconnect and access costs, equipment costs, which primarily relate to costs of mobile handsets and other devices, B2B project-related costs and other direct costs related to our operations.

Our programming and other direct costs of services by major category are set forth below.

	Year ended December 31,		
	2024	2023	2022
	in millions		
Programming and copyright	\$ 109.8	\$ 112.4	\$ 109.7
Interconnect	83.7	93.3	84.3
Equipment	151.4	179.6	246.3
Project-related and other	4.7	2.1	2.1
Total programming and other direct costs of services	\$ 349.6	\$ 387.4	\$ 442.4

(12) Other Operating Costs and Expenses

Other operating costs and expenses set forth in the table below comprise the following cost categories:

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;
- **Network-related** expenses, which primarily include costs related to network access, system power, core network, and CPE repair, maintenance and test costs;
- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;
- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;
- **Facility, provision, franchise and other**, which primarily includes facility-related costs, provision for bad debt expense, operating lease rent expense, franchise-related fees, bank fees, insurance, vehicle-related, travel and entertainment and other operating-related costs; and
- **Share-based compensation and other Employee Incentive Plan-related** expense that relates to (i) Liberty Latin America equity awards issued to our employees, as further described in note 14, (ii) certain bonus that are paid in the form of Liberty Latin America equity awards and (iii) the LTVP, whether settled in Liberty Latin America common shares or cash.

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Our other operating costs and expenses by major category are set forth below:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Personnel and contract labor	\$ 164.1	\$ 154.9	\$ 162.2
Network-related	36.3	52.5	51.7
Service-related	119.7	79.5	46.1
Commercial	54.6	51.2	46.5
Facility, provision, franchise and other	227.9	206.7	183.9
Share-based compensation and other Employee Incentive Plan-related expense	6.8	6.2	7.3
Total other operating costs and expenses	\$ 609.4	\$ 551.0	\$ 497.7

(14) Income Taxes

Income tax benefit (expense) consists of:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Current tax benefit (expense) - Puerto Rico	\$ (8.5)	\$ 2.9	\$ (22.3)
Current tax (expense) - U.S.	(4.9)	(7.6)	(0.8)
Current tax benefit (expense) - Foreign	—	1.4	(0.4)
Deferred tax benefit (expense) - Puerto Rico	13.7	(5.9)	(14.9)
Deferred tax benefit (expense) - U.S.	37.6	32.2	(19.0)
Deferred tax benefit (expense) - Foreign	(1.2)	0.3	(0.4)
Total income tax benefit (expense)	\$ 36.7	\$ 23.3	\$ (57.8)

Income tax benefit (expense) attributable to our company's earnings (loss) before income taxes differs from the amounts computed using the applicable income tax rate as a result of the following:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Computed "expected" tax benefit (expense) (a)	\$ 146.5	\$ 1.2	\$ (28.2)
Change in valuation allowance	(155.5)	(0.6)	(1.5)
Permanent differences	7.4	9.1	5.5
Effect of non-deductible goodwill impairments	(47.5)	—	—
Changes in Uncertain Tax Positions	0.2	11.3	(27.0)
Withholding Tax	(5.1)	(8.1)	(5.1)
Return to provision	0.7	16.2	3.2
Effect of tax credits	15.9	13.3	16.0
International rate differential	76.9	(18.9)	(21.4)
Other, net	(2.8)	(0.2)	0.7
Total income tax benefit (expense)	\$ 36.7	\$ 23.3	\$ (57.8)

(a) The statutory or "expected" tax rate is the U.S. Federal rate of 21.0% for 2024, 2023 and 2022.

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Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. The components of our net deferred tax liabilities are as follows:

	December 31,	
	2024	2023
in millions		
Deferred tax assets	\$ 36.4	\$ 0.9
Deferred tax liabilities	(438.7)	(453.4)
Net deferred tax liability	<u>\$ (402.3)</u>	<u>\$ (452.5)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 31,	
	2024	2023
in millions		
Deferred tax assets:		
Net operating losses, credits and other carryforwards	\$ 518.1	\$ 435.8
Deferred revenue	5.0	12.6
Other future deductible amounts	22.9	14.0
Deferred tax assets	546.0	462.4
Valuation allowance	(160.2)	(4.7)
Deferred tax assets, net of valuation allowance	<u>385.8</u>	<u>457.7</u>
Deferred tax liabilities:		
Investments	(96.0)	(202.0)
Intangible assets	(578.8)	(569.6)
Property and equipment, net	(93.4)	(110.2)
Other future taxable amounts	(19.9)	(28.4)
Deferred tax liabilities	(788.1)	(910.2)
Net deferred tax liabilities	<u>\$ (402.3)</u>	<u>\$ (452.5)</u>

The changes in our valuation allowances are summarized below:

	Year ended December 31,	
	2024	2023
in millions		
Balance at January 1	\$ 4.7	\$ 4.1
Net tax expense related to operations	155.5	0.6
Balance at December 31	<u>\$ 160.2</u>	<u>\$ 4.7</u>

Liberty PR is not a separate tax-paying entity for U.S. federal or state income tax purposes. Accordingly, the taxable income of Liberty PR is included in the income tax returns of our partners. Income taxes reflected in our financial statements relate to the activities of our subsidiaries.

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Our subsidiaries file consolidated and/or separate income tax returns and operate in the United States, Puerto Rico and U.S. Virgin Islands. Our deferred income tax valuation allowance is primarily related to net operating loss, accrued and unpaid interest, and alternative minimum tax credit carryforward attributes. Our estimate of realization is based on projected earnings (including timing of such earnings), reversal of deferred tax liabilities and consideration of any technical limitations on realization.

As of December 31, 2024, our tax loss carryforwards and related tax assets were \$498 million and \$146 million, respectively, for Puerto Rico purposes. Such tax loss carryforwards have an expiration period beginning in 2025. As of December 31, 2024, our tax loss carryforwards and related tax assets were \$49 million and \$11 million, respectively, for U.S. Virgin Islands purposes. Such tax loss carryforwards expire beginning in the year 2033 and are subject to annual limitation on use, but expected to be fully realized.

In 2024 and 2023, we have alternative minimum tax credit carryforwards of \$48 million and \$47 million, respectively, attributable to our operations in Puerto Rico for which the current tax law provides no period of expiration. A valuation allowance of \$13 million has been recorded against the alternative minimum tax credit carryforwards where we do not expect to realize a future benefit.

In 2024 and 2023, we have research and development credit carryforwards of \$14 million and \$13 million, respectively, available in Puerto Rico for which current law provides no period of expiration.

In the normal course of business, the income tax filings of our subsidiaries are subject to review by various taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions or (ii) the date when the tax authorities are statutorily prohibited from adjusting the company's tax computations.

The changes in our unrecognized tax benefits are summarized below:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Balance at January 1	\$ 15.7	\$ 27.0	\$ —
Additions for tax positions of prior years	—	6.1	12.5
Additions based on tax positions related to the current year	—	—	14.5
Reductions for tax positions of prior years	(4.1)	(17.4)	—
Balance at December 31	<u>\$ 11.6</u>	<u>\$ 15.7</u>	<u>\$ 27.0</u>

No assurance can be given that any of these unrecognized tax benefits will be recognized or realized.

As of December 31, 2024, all of our unrecognized tax benefits would have a favorable impact on our effective income tax rate if ultimately recognized.

During 2025, it is reasonably possible that the resolution of examinations by tax authorities could result in reductions to our unrecognized tax benefits related to tax positions taken as of December 31, 2024. Other than the potential impacts of examinations, we do not expect any material changes to our unrecognized tax benefits during 2025. No assurance can be given as to the nature or impact of any changes in our unrecognized tax positions during 2025.

The tax returns filed by our company for tax years prior to 2020 are no longer subject to examination by tax authorities. We do not anticipate that any adjustments that might arise from tax authorities' examinations would have a material impact on our consolidated financial position or results of operations.

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(13) Related-party Transactions

Our related-party transactions are as follows:

	Year ended December 31,		
	2024	2023	2022
	in millions		
Revenue	\$ 3.6	\$ 3.6	\$ 2.1
Programming and other direct costs of services	\$ 0.7	\$ 0.6	\$ 0.9
Other operating costs and expenses	\$ 32.4	\$ 30.0	\$ 27.5
Share-based compensation and other Employee Incentive Plan-related expense	\$ 6.8	\$ 6.2	\$ 7.3
Related-party fees and allocations:			
Other operating costs and expenses	\$ 18.1	\$ 17.9	\$ 14.5
Share-based compensation	7.3	7.5	10.5
Management fee	19.4	24.1	27.5
Total fees and allocations	\$ 44.8	\$ 49.5	\$ 52.5
Interest income – related-party	\$ 24.4	\$ 24.5	\$ 15.6
Realized and unrealized gains (losses) on derivative instruments, net	\$ (0.5)	\$ (0.9)	\$ (8.1)

Revenue. These amounts primarily represent services provided to C&W.

Programming and other direct costs of services. These amounts primarily represent cash-settled interconnect costs charged to our company by C&W.

Other operating costs and expenses. These amounts, which are cash settled, primarily include (i) our estimated share of costs charged to our company by Liberty Latin America, primarily related to personnel costs, of \$19 million, \$18 million and \$16 million during 2024, 2023 and 2022, respectively, (ii) network capacity services provided by C&W and (iii) insurance costs allocated to us by a subsidiary of Liberty Latin America.

Share-based compensation and other Employee Incentive Plan-related expense. These amounts represent share-based compensation and other Employee Incentive Plan-related expense that Liberty Latin America charged to our company with respect to share-based incentive or LTVP awards held by certain of our employees. These charges, which are cash settled, are included in other accrued and current liabilities in our consolidated balance sheets. These amounts include estimated bonuses that will be paid in the form of Liberty Latin America equity.

Related-party fees and allocations. These amounts represent fees charged to our company by Liberty Latin America and are expected to be cash settled. Although we believe the related-party fees and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. The categories of our fees and allocations are as follows:

- *Other operating costs and expenses (exclusive of depreciation and share-based compensation).* The amounts included in this category represent our estimated share of certain centralized technology, management, marketing, finance, legal and other operating costs of Liberty Latin America's operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up.
- *Share-based compensation.* The amounts included in this category represent share-based compensation associated with employees of Liberty Latin America who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up.
- *Management fee.* The amounts included in this category represent our estimated allocable share of the mark-up, if any, applicable to (i) each category of the related-party fees and allocations charged to our company, and (ii) other operating costs and expenses allocated to us by related parties.

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Interest income. These amounts relate to the LiLAC Services Receivable.

Realized and unrealized gains (losses) on derivative instruments, net. These amounts represent amortization of the premiums associated with our Weather Derivatives. Prior to June 2024, a portion of our Weather Derivatives were underwritten by another subsidiary of Liberty Latin America. Beginning in June 2024, all of our Weather Derivatives are now underwritten by a third-party.

The following table provides details of our related-party balances:

	December 31,	
	2024	2023
	in millions	
Assets:		
Prepaid expenses (a)	\$ 1.5	\$ 1.3
Other current assets (b)	7.3	9.2
Related-party notes receivable (c)	373.3	398.1
Total assets	<u>\$ 382.1</u>	<u>\$ 408.6</u>
Liabilities:		
Accounts payable (d)	\$ 40.7	\$ 28.2
Other accrued and current liabilities (e)	37.0	37.3
Total liabilities	<u>\$ 77.7</u>	<u>\$ 65.5</u>

- (a) The amounts relate to insurance premiums allocated to us by another subsidiary of Liberty Latin America.
- (b) The amounts represent (i) an accrued interest receivable balance related to the LiLAC Services Receivable, (ii) receivables due from other subsidiaries of Liberty Latin America that are expected to be cash settled and (iii) for 2023, the premiums associated with the Weather Derivatives.
- (c) The amounts relate to the LiLAC Services Receivable, which reflects funds that were distributed to entities outside of the Senior Secured Covenant Group beginning in March 2021. Interest on the LiLAC Services Receivable accrues and is either (i) payable on the first day of January and December each year and on the date of each full or partial repayment of the outstanding principal or (ii) transferred to the principal balance of the loan on January 1 of each year. The decrease in the LiLAC Services Receivable relates to the net effect of (i) an aggregate \$50 million of partial repayments received during 2024, which were applied first to interest, then to principal, and (ii) the impact of the January 1, 2024 transfer of interest accrued during 2023.
- (d) The amounts primarily represent various non-interest bearing payables due to other subsidiaries of Liberty Latin America that are expected to be cash settled.
- (e) The amounts primarily represent liabilities due to other subsidiaries of Liberty Latin America associated with (i) related-party fees and allocations, (ii) allocated share-based compensation and other Employee Incentive Plan-related expense, each as described further above, and (iii) for 2023, liabilities payable to another subsidiary of Liberty Latin America related to the Weather Derivatives. All of the aforementioned liabilities are non-interest bearing and are cash settled.

(15) Commitments and Contingencies

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future. For commitments associated with the LPR Acquisition, see note 5.

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Regulatory Issues. We have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming and copyright fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes. Subsequent to December 31, 2024, we received a claim from a third party with respect to possible overpayments made to us under a transitional services agreement. We are currently unable to estimate a possible loss or range of possible loss associated with this claim.

(16) Revenue by Major Category

Our revenue by major category is set forth in the table below and includes the following categories:

- residential fixed subscription and residential mobile services revenue, which includes amounts received from subscribers for ongoing fixed and airtime services, respectively;
- residential fixed non-subscription revenue, which primarily includes late fees, advertising revenue and franchise fees; and
- B2B revenue, which primarily includes broadband internet, video, fixed-line telephony, mobile and managed services (including equipment installation contracts) offered to small (including small or home office), medium and large enterprises and other telecommunication operators.

	Year ended December 31,		
	2024	2023	2022
	in millions		
Residential revenue:			
Residential fixed revenue:			
Subscription revenue	\$ 474.5	\$ 478.7	\$ 457.3
Non-subscription revenue	23.3	25.5	22.1
Total residential fixed revenue	497.8	504.2	479.4
Residential mobile revenue:			
Service revenue	333.4	398.7	441.5
Interconnect, inbound roaming, equipment sales and other (a)	189.0	250.0	268.4
Total residential mobile revenue	522.4	648.7	709.9
Total residential revenue	1,020.2	1,152.9	1,189.3
B2B revenue	206.7	224.3	220.6
Other revenue	33.6	40.5	53.7
Total	\$ 1,260.5	\$ 1,417.7	\$ 1,463.6

- (a) Amounts for 2024, 2023 and 2022 include \$115 million, \$177 million, and \$186 million, respectively, of revenue from sales of mobile handsets and other devices to residential mobile customers.