# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

## Form 10-Q

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

**For the quarterly period ended September 30, 2022**

**OR**

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

**For the transition period from ______ to ______**

**Commission File Number 001-12593**

# ATN INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **47-0728886**<br>(I.R.S. Employer Identification No.) |
| **500 Cummings Center, Suite 2450**<br>**Beverly, Massachusetts**<br>(Address of principal executive offices) | **01915**<br>(Zip Code) |

**(978) 619-1300**

(Registrant's telephone number, including area code)

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

| Title of Each Class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $.01 per share | ATNI | The Nasdaq Stock Market LLC |

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

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

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

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☒ |
| Non-accelerated filer ☐ | Smaller reporting company ☐ |
| | Emerging growth company ☐ |

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

As of November 9, 2022, the registrant had outstanding 15,763,341 shares of its common stock ($.01 par value).

**ATN INTERNATIONAL, INC.**
FORM 10-Q

Quarter Ended September 30, 2022

**Cautionary Statement Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q (or the "Report") contains forward-looking statements relating to, among other matters, our future financial performance and results of operations, including our expectations regarding the benefits of our acquisition of Alaska Communications; the impact of federal support program revenues; expectations regarding future revenue, operating income, EBITDA and capital expenditures; the competitive environment in our key markets, demand for our services and industry trends; our expectations regarding construction progress under our agreement as part of the FirstNet Transaction and the effect such progress will have on our financial results; expectations regarding litigation; our liquidity; and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) our ability to successfully transition our U.S. Telecom business away from wholesale wireless to other carrier and consumer-based services; (2) our ability to replace and remove all ZTE equipment in our U.S. network, as required by the FCC in a timely and cost-effective manner; (3) the general performance of our operations, including operating margins, revenues, capital expenditures, and the retention of and future growth of our subscriber base and average revenue per user; (4) our ability to realize cost synergies and expansion plans for our newly acquired Alaska Communications business; (5) our ability to satisfy the needs and demands of our major carrier customers; (6) our ability to efficiently and cost-effectively upgrade our networks and IT platforms to address rapid and significant technological changes in the telecommunications industry; (7) government funding and subsidy program availability and regulation of our businesses, which may impact our revenue, expansion plans and operating costs; (8) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (9) economic, political and other risks and opportunities facing our operations, including those resulting from the pandemic, geopolitical tensions, including the invasion of Ukraine, and from inflation, including increased costs and supply chain disruptions; (10) the loss of or an inability to recruit skilled personnel in our various jurisdictions, including key members of management; (11) our ability to find investment or acquisition or disposition opportunities that fit our strategic goals; (12) the occurrence of weather events and natural catastrophes and our ability to secure the appropriate level of insurance coverage for our assets; (13) increased competition; (14) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (15) our continued access to capital and credit markets; 16) our ability to successfully recognize the expected benefits of our acquisition of Sacred Wind Enterprises. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A "Risk Factors" in each of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 16, 2022, our Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2022, and the other reports we file from time to time with the SEC. We undertake no obligation and have no intention to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements, except as required by law.

In this Report, the words "the Company," "we," "our," "ours," "us" and "ATN" refer to ATN International, Inc. and its subsidiaries. This Report contains trademarks, service marks and trade names that are the property of, or licensed by, ATN and its subsidiaries.

References to dollars ($) refer to US dollars unless otherwise specifically indicated.

**PART I—FINANCIAL INFORMATION**
**Item 1. Unaudited Condensed Consolidated Financial Statements**
**ATN INTERNATIONAL, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**
**(In Thousands, Except Share Data)**

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 76,714 | $ 79,601 |
| Restricted cash | 1,095 | 1,096 |
| Short-term investments | 300 | 300 |
| Accounts receivable, net of allowances for credit losses of $16.1 million and $13.9 million, respectively | 72,682 | 73,701 |
| Customer receivable | 4,813 | 4,145 |
| Inventory, materials and supplies | 12,434 | 10,177 |
| Prepayments and other current assets | 64,486 | 63,597 |
| Total current assets | 232,524 | 232,617 |
| Fixed Assets: | | |
| Property, plant and equipment | 1,840,088 | 1,748,092 |
| Less accumulated depreciation | (890,281) | (804,883) |
| Net fixed assets | 949,807 | 943,209 |
| Telecommunication licenses, net | 112,630 | 113,766 |
| Goodwill | 40,104 | 40,104 |
| Intangible assets, net | 34,641 | 44,294 |
| Operating lease right-of-use assets | 109,564 | 118,843 |
| Customer receivable - long term | 43,382 | 39,652 |
| Other assets | 72,548 | 76,119 |
| Total assets | $ 1,595,200 | $ 1,608,604 |
| **LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY** | | |
| Current Liabilities: | | |
| Current portion of long-term debt | $ 3,786 | $ 4,665 |
| Current portion of customer receivable credit facility | 5,696 | 4,620 |
| Accounts payable and accrued liabilities | 143,292 | 151,463 |
| Dividends payable | 2,680 | 2,672 |
| Accrued taxes | 6,309 | 5,681 |
| Current portion of lease liabilities | 17,399 | 16,201 |
| Advance payments and deposits | 33,694 | 35,642 |
| Total current liabilities | 212,856 | 220,944 |
| Deferred income taxes | 15,653 | 21,460 |
| Lease liabilities, excluding current portion | 83,489 | 91,719 |
| Other liabilities | 134,713 | 142,033 |
| Customer receivable credit facility, net of current portion | 37,841 | 30,148 |
| Long-term debt, excluding current portion | 351,867 | 327,111 |
| Total liabilities | 836,419 | 833,415 |
| Commitments and contingencies (Note 14) | | |
| Redeemable noncontrolling interests: | | |
| Preferred redeemable noncontrolling interests | 53,758 | 50,296 |
| Common redeemable noncontrolling interests | 22,640 | 22,640 |
| Total redeemable noncontrolling interests | 76,398 | 72,936 |
| ATN International, Inc. Stockholders' Equity: | | |
| Preferred stock, $0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding | — | — |
| Common stock, $0.01 par value per share; 50,000,000 shares authorized; 17,584,057 and 17,476,542 shares issued, respectively, 15,763,341 and 15,712,941 shares outstanding, respectively | 172 | 172 |
| Treasury stock, at cost; 1,820,716 and 1,763,601 shares, respectively | (73,828) | (71,714) |
| Additional paid-in capital | 196,903 | 192,132 |
| Retained earnings | 457,373 | 475,887 |
| Accumulated other comprehensive income | 3,840 | 4,773 |
| Total ATN International, Inc. stockholders' equity | 584,460 | 601,250 |
| Noncontrolling interests | 97,923 | 101,003 |
| Total equity | 682,383 | 702,253 |
| Total liabilities, redeemable noncontrolling interests and equity | $ 1,595,200 | $ 1,608,604 |

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

# ATN INTERNATIONAL, INC. AND SUBSIDIARIES
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
## FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
## (Unaudited)
## (In Thousands, Except Per Share Data)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **REVENUE:** | | | | |
| Communication services | $ 173,977 | $ 155,298 | $ 512,315 | $ 378,897 |
| Construction | 3,332 | 6,417 | 8,615 | 28,049 |
| Other | 4,904 | 5,045 | 12,800 | 8,189 |
| Total revenue | 182,213 | 166,760 | 533,730 | 415,135 |
| **OPERATING EXPENSES** *(excluding depreciation and amortization unless otherwise indicated)***:** | | | | |
| Cost of communication services and other | 78,949 | 70,732 | 229,821 | 168,717 |
| Cost of construction revenue | 3,321 | 5,855 | 8,640 | 27,997 |
| Selling, general and administrative | 58,056 | 53,360 | 173,575 | 131,705 |
| Transaction-related charges | 3,416 | 5,696 | 4,381 | 7,823 |
| Depreciation and amortization | 33,312 | 28,875 | 100,421 | 68,693 |
| Amortization of intangibles from acquisitions | 3,236 | 3,480 | 9,744 | 4,324 |
| (Gain) Loss on disposition of long-lived assets | 484 | (256) | 3,876 | 605 |
| Total operating expenses | 180,774 | 167,742 | 530,458 | 409,864 |
| Income from operations | 1,439 | (982) | 3,272 | 5,271 |
| **OTHER INCOME (EXPENSE)** | | | | |
| Interest income | 38 | 42 | 41 | 83 |
| Interest expense | (5,513) | (3,438) | (13,107) | (5,723) |
| Other income | 1,904 | (385) | 3,379 | 1,923 |
| Other income (expense), net | (3,571) | (3,781) | (9,687) | (3,717) |
| **INCOME BEFORE INCOME TAXES** | (2,132) | (4,763) | (6,415) | 1,554 |
| Income tax benefit | (360) | (288) | (1,378) | (1,535) |
| **NET INCOME (LOSS)** | (1,772) | (4,475) | (5,037) | 3,089 |
| Net (income) loss attributable to noncontrolling interests, net of tax expense (benefit) of $(0.8) million, $(1.2) million, $(1.3) million, and $(0.8) million, respectively. | (1,011) | 1,856 | 782 | (986) |
| **NET INCOME (LOSS) ATTRIBUTABLE TO ATN INTERNATIONAL, INC. STOCKHOLDERS** | $ (2,783) | $ (2,619) | $ (4,255) | $ 2,103 |
| **NET INCOME (LOSS) PER WEIGHTED AVERAGE SHARE ATTRIBUTABLE TO ATN INTERNATIONAL, INC. STOCKHOLDERS:** | | | | |
| Basic | $ (0.25) | $ (0.22) | $ (0.49) | $ 0.08 |
| Diluted | $ (0.25) | $ (0.22) | $ (0.49) | $ 0.08 |
| **WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:** | | | | |
| Basic | 15,763 | 15,860 | 15,746 | 15,891 |
| Diluted | 15,763 | 15,860 | 15,746 | 15,901 |
| **DIVIDENDS PER SHARE APPLICABLE TO COMMON STOCK** | $ 0.17 | $ 0.17 | $ 0.51 | $ 0.51 |

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

**ATN INTERNATIONAL, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**
**(Unaudited)**
**(In Thousands)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Net income (loss) | $ (1,772) | $ (4,475) | $ (5,037) | $ 3,089 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment | (391) | (604) | (1,814) | (1,014) |
| Reclassification of loss on pension settlement, net of $(0.8) million of tax | — | — | 915 | — |
| Unrealized gain (loss) on derivatives | — | 10 | (34) | 70 |
| Other comprehensive income (loss), net of tax | (391) | (594) | (933) | (944) |
| Comprehensive income (loss) | (2,163) | (5,069) | (5,970) | 2,145 |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | (1,011) | 1,856 | 782 | (986) |
| Comprehensive income (loss) attributable to ATN International, Inc. | $ (3,174) | $ (3,213) | $ (5,188) | $ 1,159 |

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

**ATN INTERNATIONAL, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

**(Unaudited)**
**(In Thousands, Except Per Share Data)**

| | Total Redeemable Noncontrolling Interests | | | Total Equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Redeemable Preferred Units | Redeemable Common Units | Total Redeemable Noncontrolling Interests | Common Stock | Treasury Stock, at cost | Additional Paid In Capital | Retained Earnings | Redeemable Common Units | Other Comprehensive Income/(Loss) | ATNI Stockholders' Equity | Non-Controlling Interests | Total Equity |
| Balance, June 30, 2022 | $ 52,566 | $ 22,640 | $ 75,206 | $ 172 | $ (73,828) | $ 195,432 | $ 465,112 | $ — | $ 4,231 | $ 591,119 | $ 95,752 | $ 686,871 |
| Stock-based compensation | — | — | — | — | — | 1,481 | — | — | — | 1,481 | 186 | 1,667 |
| Dividends declared on common stock ($0.17 per common share) | — | — | — | — | — | — | (2,681) | — | — | (2,681) | — | (2,681) |
| Investments made by minority shareholders in consolidated affiliates | — | — | — | — | — | — | — | — | — | — | 11 | 11 |
| Repurchase of noncontrolling interests | — | — | — | — | — | (10) | — | — | — | (10) | (120) | (130) |
| Accrued dividend - redeemable preferred units | 1,192 | — | 1,192 | — | — | — | (1,192) | — | — | (1,192) | — | (1,192) |
| Deemed dividend - redeemable common units | — | 1,083 | 1,083 | — | — | — | (1,083) | 1,083 | — | — | — | — |
| *Comprehensive income:* | | | | | | | | | | | | |
| Net income (loss) | — | (1,083) | (1,083) | — | — | — | (2,783) | (1,083) | — | (3,866) | 2,094 | (1,772) |
| Other comprehensive income | — | — | — | — | — | — | — | — | (391) | (391) | — | (391) |
| Total comprehensive income (loss) | — | (1,083) | (1,083) | — | — | — | (2,783) | (1,083) | (391) | (4,257) | 2,094 | (2,163) |
| Balance, September 30, 2022 | $ 53,758 | $ 22,640 | $ 76,398 | $ 172 | $ (73,828) | $ 196,903 | $ 457,373 | $ — | $ 3,840 | $ 584,460 | $ 97,923 | $ 682,383 |
| | | | | | | | | | | | | |
| Balance, June 30, 2021 | $ — | $ — | $ — | $ 172 | $ (63,388) | $ 189,006 | $ 516,208 | $ — | $ (72) | $ 641,926 | $ 99,260 | $ 741,186 |
| Issuance of 48,334 preferred units | 48,334 | — | 48,334 | — | — | — | — | — | — | — | — | — |
| Issuance of 23,199 common units | — | 22,640 | 22,640 | — | — | — | — | — | — | — | — | — |
| Purchase of 58,378 shares of common stock | — | — | — | — | (2,616) | — | — | — | — | (2,616) | — | (2,616) |
| Stock-based compensation | — | — | — | — | — | 1,435 | — | — | — | 1,435 | 99 | 1,534 |
| Exercise of stock options | — | — | — | — | — | 383 | — | — | — | 383 | — | 383 |
| Noncontrolling interests in acquired entity | — | — | — | — | — | — | — | — | — | — | 470 | 470 |
| Dividends declared on common stock ($0.17 per common share) | — | — | — | — | — | — | (2,694) | — | — | (2,694) | (335) | (3,029) |
| Accrued dividend on redeemable preferred | 846 | — | 846 | — | — | — | (846) | — | — | (846) | — | (846) |
| Repurchase of noncontrolling interests | — | — | — | — | — | — | — | — | — | — | (439) | (439) |
| Deemed dividend - redeemable common units | — | 5,083 | 5,083 | — | — | — | (5,083) | 5,083 | — | — | — | — |
| *Comprehensive income:* | | | | | | | | | | | | |
| Net income (loss) | — | (5,083) | (5,083) | — | — | — | (2,619) | (5,083) | — | (7,702) | 3,227 | (4,475) |
| Other comprehensive income (loss) | — | — | — | — | — | — | — | — | (594) | (594) | — | (594) |
| Total comprehensive income (loss) | — | (5,083) | (5,083) | — | — | — | (2,619) | (5,083) | (594) | (8,296) | 3,227 | (5,069) |
| Balance, September 30, 2021 | $ 49,180 | $ 22,640 | $ 71,820 | $ 172 | $ (66,004) | $ 190,824 | $ 504,966 | $ — | $ (666) | $ 629,292 | $ 102,282 | $ 731,574 |

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

**ATN INTERNATIONAL, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

| | Total Redeemable Noncontrolling Interests | | | Total Equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Redeemable Preferred Units | Redeemable Common Units | Total Redeemable Noncontrolling Interests | Common Stock | Treasury Stock, at cost | Additional Paid In Capital | Retained Earnings | Redeemable Common Units | Other Comprehensive Income/(Loss) | ATNI Stockholders' Equity | Non-Controlling Interests | Total Equity |
| Balance, December 31, 2021 | $ 50,296 | $ 22,640 | $ 72,936 | $ 172 | $ (71,714) | $ 192,132 | $ 475,887 | $ — | $ 4,773 | $ 601,250 | $ 101,003 | $ 702,253 |
| Purchase of 57,115 shares of common stock | — | — | — | — | (2,114) | — | — | — | — | (2,114) | — | (2,114) |
| Stock-based compensation | — | — | — | — | — | 5,225 | — | — | — | 5,225 | 471 | 5,696 |
| Dividends declared on common stock ($0.51 per common share) | — | — | — | — | — | — | (8,035) | — | — | (8,035) | (1,375) | (9,410) |
| Investments made by minority shareholders in consolidated affiliates | — | — | — | — | — | — | — | — | — | — | 22 | 22 |
| Repurchase of noncontrolling interests | — | — | — | — | — | (454) | — | — | — | (454) | (4,178) | (4,632) |
| Accrued dividend - redeemable preferred units | 3,462 | — | 3,462 | — | — | — | (3,462) | — | — | (3,462) | — | (3,462) |
| Deemed dividend - redeemable common units | | 2,762 | 2,762 | — | — | — | (2,762) | 2,762 | — | — | — | — |
| *Comprehensive income:* | | | | | | | | | | | | |
| Net income (loss) | — | (2,762) | (2,762) | — | — | — | (4,255) | (2,762) | — | (7,017) | 1,980 | (5,037) |
| Other comprehensive income (loss) | — | — | — | — | — | — | — | — | (933) | (933) | — | (933) |
| Total comprehensive income | — | (2,762) | (2,762) | — | — | — | (4,255) | (2,762) | (933) | (7,950) | 1,980 | (5,970) |
| Balance, September 30, 2022 | $ 53,758 | $ 22,640 | $ 76,398 | $ 172 | $ (73,828) | $ 196,903 | $ 457,373 | $ — | $ 3,840 | $ 584,460 | $ 97,923 | $ 682,383 |
| Balance, December 31, 2020 | $ — | $ — | $ — | $ 172 | $ (59,456) | $ 187,754 | $ 516,901 | $ — | $ 278 | $ 645,649 | $ 108,687 | $ 754,336 |
| Issuance of 48,334 preferred units | 48,334 | — | 48,334 | — | — | — | — | — | — | — | — | — |
| Issuance of 23,199 common units | — | 22,640 | 22,640 | — | — | — | — | — | — | — | — | — |
| Purchase of 139,784 shares of common stock | — | — | — | — | (6,548) | — | — | — | — | (6,548) | — | (6,548) |
| Stock-based compensation | — | — | — | — | — | 4,874 | — | — | — | 4,874 | 125 | 4,999 |
| Exercise of stock options | — | — | — | — | — | 383 | — | — | — | 383 | — | 383 |
| Noncontrolling interest in equity acquired | — | — | — | — | — | — | — | — | — | — | 544 | 544 |
| Dividends declared on common stock ($0.51 per common share) | — | — | — | — | — | — | (8,109) | — | — | (8,109) | (2,823) | (10,932) |
| Accrued dividend on redeemable preferred | 846 | — | 846 | — | — | — | (846) | — | — | (846) | — | (846) |
| Investments made by minority shareholders in consolidated affiliates | — | — | — | — | — | — | — | — | — | — | 329 | 329 |
| Repurchase of noncontrolling interests | — | — | — | — | — | (2,187) | — | — | — | (2,187) | (10,649) | (12,836) |
| Deemed dividend - redeemable common units | — | 5,083 | 5,083 | — | — | — | (5,083) | 5,083 | — | — | — | — |
| *Comprehensive income:* | | | | | | | | | | | | |
| Net income (loss) | — | (5,083) | (5,083) | — | — | — | 2,103 | (5,083) | — | (2,980) | 6,069 | 3,089 |
| Other comprehensive income (loss) | — | — | — | — | — | — | — | — | (944) | (944) | — | (944) |
| Total comprehensive income | — | (5,083) | (5,083) | — | — | — | 2,103 | (5,083) | (944) | (3,924) | 6,069 | 2,145 |
| Balance, September 30, 2021 | $ 49,180 | $ 22,640 | $ 71,820 | $ 172 | $ (66,004) | $ 190,824 | $ 504,966 | $ — | $ (666) | $ 629,292 | $ 102,282 | $ 731,574 |

# ATN INTERNATIONAL, INC. AND SUBSIDIARIES
# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
# FOR NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
# (In Thousands)

| | Nine Months Ended September 30, 2022 | Nine Months Ended September 30, 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ (5,037) | $ 3,089 |
| Adjustments to reconcile net income to net cash flows provided by operating activities: | | |
| Depreciation | 100,421 | 68,693 |
| Amortization of acquisition intangibles | 9,744 | 4,324 |
| Provision for doubtful accounts | 4,969 | 3,303 |
| Amortization of debt discount and debt issuance costs | 1,512 | 767 |
| Loss on disposition of long-lived assets | 3,876 | 605 |
| Stock-based compensation | 5,696 | 5,116 |
| Deferred income taxes | (6,619) | (5,939) |
| Gain on equity investments | (5,617) | (647) |
| Loss on pension settlement | 1,725 | — |
| Unrealized gain on foreign currency | — | (81) |
| Changes in operating assets and liabilities, excluding the effects of acquisitions and dispositions: | | |
| Accounts receivable | (1,401) | 152 |
| Customer receivable | (4,399) | (25,684) |
| Prepaid income taxes | 6,206 | 66 |
| Accrued taxes | 2,163 | (2,172) |
| Materials and supplies, prepayments, and other current assets | (16,358) | (4,689) |
| Accounts payable and accrued liabilities, advance payments and deposits and other current liabilities | (4,724) | 341 |
| Other assets | (4,016) | 429 |
| Other liabilities | (9,166) | 43 |
| Net cash provided by operating activities | 78,975 | 47,716 |
| Cash flows from investing activities: | | |
| Capital expenditures | (109,944) | (62,222) |
| Reimbursable capital expenditures | (4,015) | (8,700) |
| Purchases of strategic investments | (2,750) | (6,399) |
| Receipt of capital government grants | 2,668 | 7,094 |
| Sale of businesses, net of transferred cash of $0 and $0.9 million, respectively | 1,835 | 18,597 |
| Acquisition of business net of $11.9 million of cash acquired | — | (340,152) |
| Spectrum deposit refund | 1,136 | — |
| Proceeds from strategic investments | 15,745 | — |
| Proceeds from sale of assets | 683 | — |
| Net cash used in investing activities | (94,642) | (391,782) |
| Cash flows from financing activities: | | |
| Dividends paid on common stock | (8,028) | (8,118) |
| Distributions to noncontrolling interests | (1,375) | (4,823) |
| Payment of debt issuance costs | — | (6,568) |
| Finance lease payment | (820) | — |
| Term loan - repayments | (953) | (2,821) |
| Term loan - borrowings | 711 | 210,000 |
| Revolving credit facility – borrowings | 68,000 | 85,000 |
| Revolving credit facility – repayments | (45,000) | (10,000) |
| Proceeds from mezzanine equity | — | 71,533 |
| Proceeds from customer receivable credit facility | 12,225 | 27,540 |
| Repayment of customer receivable credit facility | (3,543) | (1,005) |
| Purchases of common stock – stock- based compensation | (1,169) | (1,713) |
| Purchases of common stock – share repurchase plan | (942) | (4,836) |
| Proceeds from exercise of stock options | — | 383 |
| Investments made by minority shareholders in consolidated affiliates | 22 | — |
| Repurchases of noncontrolling interests | (4,631) | (13,139) |
| Contingent consideration paid for business acquisition | (1,718) | — |
| Net cash provided by financing activities | 12,779 | 341,433 |
| Effect of foreign currency exchange rates on cash and cash equivalents | — | — |
| Net change in cash, cash equivalents, and restricted cash | (2,888) | (2,633) |
| Total cash, cash equivalents, and restricted cash, beginning of period | 80,697 | 104,997 |
| Total cash, cash equivalents, and restricted cash, end of period | $ 77,809 | $ 102,364 |
| Purchases of property, plant and equipment included in accounts payable and accrued expenses | $ 21,491 | $ 17,973 |

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

**ATN INTERNATIONAL, INC. AND SUBSIDIARIES**
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## 1. ORGANIZATION AND BUSINESS OPERATIONS

The Company is a provider of digital infrastructure and communications services in the United States and internationally, including the Caribbean region, with a focus on rural and remote markets with a growing demand for infrastructure investments. The Company's operating subsidiaries today primarily provide: (i) advanced wireless and wireline connectivity to residential, business and government customers, including a range of high-speed Internet and data services, fixed and mobile wireless solutions, and video and voice services; and (ii) carrier and enterprise communications services, such as terrestrial and submarine fiber optic transport, and communications tower facilities.

At the holding company level, the Company oversees the allocation of capital within and among its subsidiaries, affiliates, new investments, and stockholders. The Company also has developed significant operational expertise and resources that it uses to augment the capabilities of its individual operating subsidiaries in its local markets. Over the past 10 years, the Company has built a platform of resources and expertise to support its operating subsidiaries and to improve their quality of service with greater economies of scale and expertise than would typically be available at the operating subsidiary level. The Company also provides management, technical, financial, regulatory, and marketing services to its operating subsidiaries and typically receives a management fee calculated as a percentage of their revenues, which is eliminated in consolidation. The Company also actively evaluates potential acquisitions, investment opportunities and other strategic transactions, both domestic and international, and generally looks for those that it believes fit the Company's profile of telecommunications businesses and have the potential to complement its "glass and steel" and "fiber first" approach in markets while generating steady excess cash flows over extended periods of time. The Company uses the cash generated from its operations to re-invest in organic growth in its existing businesses, to make strategic investments in additional businesses, and to return cash to its investors through dividends or stock repurchases.

As of September 30, 2022, the Company offered the following types of services to its customers:

- ***Mobility Telecommunications Services.*** The Company offers mobile communications services and equipment over its wireless networks to both its business and consumer subscribers.

- ***Fixed Telecommunications Services***. The Company provides fixed data and voice telecommunications services to both its business and consumer subscribers in all of its markets. These services include consumer broadband and high speed data solutions for businesses. For some markets, fixed services also include video services and revenue derived from support under certain government programs.

- ***Carrier Telecommunication Services.*** The Company delivers services such as wholesale roaming, the leasing of critical network infrastructure such as tower and transport facilities, site maintenance and international long-distance services to other telecommunications providers.

- ***Managed Services.*** The Company provides information technology services such as network, application, infrastructure and hosting services to both its business and consumer customers to complement its fixed services in its existing markets.

Through September 30, 2022, the Company has identified three operating segments to manage and review its operations and to facilitate investor presentations of its results. These three operating segments are as follows:

- ***International Telecom***. In the Company's international markets, it offers fixed services, mobility services, carrier services and managed services to customers in Bermuda, the Cayman Islands, Guyana and the US Virgin Islands.

- ***US Telecom***. In the United States, the Company offers fixed services, carrier services, and managed services to business and consumer customers in Alaska and the western United States. In the western

United States, the Company also provides mobility services to enterprise and consumer customers.

- ***Renewable Energy.*** In India, the Company provided distributed generation solar power to commercial and industrial customers through January 27, 2021. See *Disposition of International Solar Business* for further details.

The following chart summarizes the operating activities of the Company's principal subsidiaries, the segments in which it reports its revenue and the markets it served during the three months ended September 30, 2022:

| Segment | Services | Markets | Tradenames |
|---|---|---|---|
| **International Telecom** | Mobility Services | Bermuda, Guyana, US Virgin Islands | One, GTT, Viya |
| | Fixed Services | Bermuda, Cayman Islands, Guyana, US Virgin Islands | One, Logic, GTT, Viya |
| | Carrier Services | Bermuda, Guyana, US Virgin Islands | One, GTT, Viya |
| | Managed Services | Bermuda, Cayman Islands, US Virgin Islands, Guyana | Fireminds, One, Logic, GTT, Viya |
| **US Telecom** | Mobility Services | United States (rural markets) | Choice, Choice NTUA Wireless |
| | Fixed Services | United States | Alaska Communications, Commnet Broadband, Choice NTUA Wireless |
| | Carrier Services | United States | Alaska Communications, Commnet, Essextel |
| | Managed Services | United States | Alaska Communications, Commnet Broadband |
| **Renewable Energy (1)** | Solar | India | Vibrant Energy |

(1) See *Disposition of International Solar Business* for further details.

For further information about the Company's financial segments and geographical information about its operating revenues and assets, see Note 13 to the Unaudited Condensed Consolidated Financial Statements included in this Report.

***Global Macroeconomic Conditions***

The Company's assessment of the impact of COVID-19 on its operations through September 30, 2022, did not indicate that there was a material adverse impact to its consolidated financial statements as of and for the three and nine months ended September 30, 2022. However, the Company may, in future periods, experience difficulty in procuring network or retail equipment, such as handsets for subscribers, as a result of COVID-19 restrictions and related supply chain challenges.

In addition to potential supply chain challenges, several of the Company's markets have experienced an increase in operating costs, some of which the Company believes, is attributable to macro-economic conditions, including inflation. If these conditions continue or worsen, they could negatively impact the Company by increasing its operating expenses. These conditions may lead to cost increases in multiple areas across the Company's business, for example, rises in the prices of raw materials and manufactured goods, increased energy rates, as well as increased wage pressures and other expenses related to the Company's employees. In particular, where the Company has agreed to undertake infrastructure build outs on a fixed budget for its carrier customers or by accepting government grants, these conditions may result in build costs that exceed the Company's original budget. To the extent that the Company is unable to pass on the impact of these conditions through increased prices, revised budget estimates, or offset them in other ways, such conditions may impact our financial condition and cash flows.

**2. BASIS OF PRESENTATION**

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The financial information included herein is unaudited; however, the Company believes such information and the disclosures herein are adequate to make the information presented not misleading and reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair statement of the Company's financial position and results of operations for the periods described therein. The year-end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. Results of interim periods may not be indicative of results for the full year. These condensed consolidated financial statements and related notes should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 16, 2022.

The condensed consolidated financial statements include the accounts of the Company, its subsidiaries in which the Company holds controlling interests and certain entities which are consolidated in accordance with the provisions of the Financial Accounting Standards Board's ("FASB") authoritative guidance on the consolidation of variable interest entities, since it is determined that the Company is the primary beneficiary of these entities.

***Presentation of Revenue***

Effective July 1, 2021, the Company began to categorize Mobility revenue and Fixed revenue as either "consumer" or "business" based upon the characteristics of our subscribers. Effective October 1, 2021, the Company's statement of operations separately reflects Construction revenue. All periods presented have been adjusted to conform to these presentation updates.

***Presentation of Operating Expenses***

Effective January 1, 2021, the Company changed its presentation of operating expenses in the Condensed Consolidated Statements of Operations by combining the previously disclosed Termination and Access Fees with Engineering and Operations as the newly represented Costs of Communication Services and Other. In addition, the previously disclosed Sales, Marketing and Customer Service expenses are now combined with the previously disclosed General and Administrative expenses within the newly represented Selling, General and Administrative expenses. The change in presentation was made to better align the Company's results with industry standards. Cost of construction services continues to be broken out separately and all depreciation and amortization continues to be shown separately.

***Recent Accounting Pronouncements***

In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company prospectively adopted this accounting standard in 2021. The adoption of ASC 2021-08 will result in the recognition of larger deferred revenue balances in future acquisitions.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance, which required entities to make specific annual disclosures about transactions with a government. The new standard is effective for fiscal years beginning after December 15, 2021. The adoption of ASU 2021-10 did not have a material impact on the Company's disclosures. Going forward the Company will evaluate the disclosure requirements based on its participation in government programs.

### 3. REVENUE RECOGNITION AND RECEIVABLES

*Revenue Accounted for in Accordance with Other Guidance*

The Company records revenue in accordance with ASC 606 from contracts with customers and ASC 842 from lease agreements, as well as government grants. Lease revenue recognized under ASC 842 is disclosed in Note 4 and government grant revenue is disclosed in Note 9.

*Timing of Revenue Recognition*

Revenue accounted for in accordance with ASC 606 consisted of the following for the periods presented below.

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Services transferred over time | $ 161,312 | $ 143,866 | $ 469,585 | $ 350,386 |
| Goods and services transferred at a point in time | 10,133 | 12,510 | 28,321 | 39,782 |
| Total revenue accounted for under ASC 606 | 171,445 | 156,376 | 497,906 | 390,168 |

*Contract Assets and Liabilities*

The Company recognizes contract assets and liabilities on its balance sheet. Contract assets represent unbilled amounts typically resulting from consumer Mobility contracts with both a multiyear service period and a promotional discount. In these contracts, the revenue recognized exceeds the amount billed to the customer. The current portion of the contract asset is recorded in prepayments and other current assets and the noncurrent portion is included in other assets on the Company's balance sheets.

Contract liabilities consist of advance payments and billings in excess of revenue recognized. Mobility and Fixed revenue for postpaid customers is generally billed one month in advance and recognized over the period that the corresponding service is rendered to customers. To the extent the service is not provided by the reporting date the amount is recognized as a contract liability. Prepaid service, including Mobility services, sold to customers is recorded as deferred revenue prior to the commencement of services. Contract liabilities also includes certain long term fixed business and carrier service customer contracts. Contract liabilities are recorded in advanced payments and deposits and other liabilities on the Company's balance sheets.

In July 2019, the Company entered into a Network Build and Maintenance Agreement with AT&T Mobility, LLC ("AT&T") and subsequently entered into amendments in August 2020, May 2021 and August 2022 (the "FirstNet Agreement"). In connection with the FirstNet Agreement, the Company is building a portion of AT&T's network for the First Responder Network Authority in or near the Company's current operating areas in the western United States (the "FirstNet Transaction"). The FirstNet Transaction includes construction and service performance obligations. The Company allocated the transaction price of the FirstNet Agreement to each performance obligation based on the relative standalone selling price of each performance obligation in the contract. The standalone selling price is the estimated price the Company would charge for the good or service in a separate transaction with similar customers in similar circumstances. The current portion of receivables under this agreement is recorded in customer receivable and the long-term portion is recorded in customer receivable long-term on the Company's balance sheet.

The Company has certain Carrier Services roaming agreements that contain stand-ready performance obligations and management allocates transaction value to performance obligations based on the standalone selling price. The standalone selling price is the estimated price the Company would charge for the good or service with similar customers in similar circumstances. Management determined the performance obligations were obligations to make the service continuously available and will recognize revenue evenly over the service period.

Contract assets and liabilities consisted of the following (amounts in thousands):

| | September 30, 2022 | December 31, 2021 | $ Change | % Change |
|---|---|---|---|---|
| Contract asset – current | $ 3,465 | $ 4,805 | $ (1,340) | (28)% |
| Contract asset – noncurrent | 1,095 | 900 | 195 | 22 % |
| Contract liability – current | (26,519) | (25,332) | (1,187) | (5)% |
| Contract liability – noncurrent | (74,260) | (81,391) | 7,131 | 9 % |
| Net contract liability | $ (96,219) | $ (101,018) | $ 4,799 | 5 % |

The contract asset – current is included in prepayments and other current assets and the contract asset – noncurrent is included in other assets on the Company's balance sheet. The contract liability – current is included in advance payments and deposits and the contract liability – noncurrent is included in other liabilities on the Company's balance sheet. The decrease in the Company's net contract liability was due to the timing of customer prepayments, contract billings, and recognition of deferred revenue. During the nine months ended September 30, 2022, the Company recognized revenue of $27.0 million related to its December 31, 2021 contract liability and amortized $2.5 million of the December 31, 2021 contract asset into revenue.

*Contract Acquisition Costs*

The September 30, 2022 balance sheet includes contract acquisition costs of $6.9 million in other assets. During the three and nine months ended September 30, 2022, the Company amortized $0.9 million and $2.5 million, respectively, of contract acquisition costs. During the three and nine months ended September 30, 2021, the Company amortized $1.4 million and $2.6 million, respectively, of contract acquisition costs.

*Remaining Performance Obligations*

Remaining performance obligations represent the transaction price allocated to unsatisfied performance obligations of certain multiyear Mobility contracts, which include a promotional discount, Managed Services contracts, and the Company's Carrier Services construction and service contracts. The transaction price allocated to unsatisfied performance obligations was $313 million and $369 million at September 30, 2022 and December 31, 2021, respectively. The Company expects to satisfy approximately 51% of the remaining performance obligations and recognize the transaction price within 24 months and the remainder thereafter.

The Company has certain Mobility, Fixed, and Carrier Services contracts where the transaction price is allocated to remaining performance obligations. However, the Company omits these contracts from its disclosure by applying the right to invoice, one year or less, and wholly unsatisfied performance obligation practical expedients.

*Disaggregation*

The Company's revenue is presented on a disaggregated basis in Note 13 based on an evaluation of disclosures outside the financial statements, information regularly reviewed by the chief operating decision makers for evaluating the financial performance of operating segments and other information that is used for performance evaluation and resource allocations. This includes revenue from Communication Services, Construction, and Other revenue. Communication Services revenue is further disaggregated into business and consumer Mobility, business and consumer Fixed, Carrier Services, and Other services. Other revenue is further disaggregated into Renewable Energy and Managed Services revenue. This disaggregation of revenue depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

*Receivables*

The Company records an estimate of future credit losses in conjunction with the revenue transaction based on the information available including historical experience and management's expectations of future conditions. Those estimates will be updated as additional information becomes available. The Company's allowance for uncollectible accounts receivable is based on management's assessment of the collectability of assets pooled together with similar risk characteristics.

At September 30, 2022, the Company had gross accounts receivable of $137.0 million, an allowance for credit losses of $16.1 million and a receivable under the FirstNet Agreement totaling $48.2 million of which $4.8 million was current and $43.4 million was long-term. At December 31, 2021, the Company had gross accounts receivable of $131.4 million, an allowance for credit losses of $13.9 million and a receivable under the FirstNet Agreement totaling $43.8 million, of which $4.1 million was current and $39.7 million was long-term. The Company monitors receivables through the use of historical operating data adjusted for the expectation of future performance as appropriate. Activity in the allowance for credit losses is below:

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2021 |
|---|---|---|
| Balance at beginning of period | $ 13,885 | $ 12,121 |
| Current period provision for expected losses | 4,969 | 3,303 |
| Write-offs charged against the allowance | (3,083) | (1,422) |
| Recoveries collected | 326 | 320 |
| Balance at end of period | $ 16,097 | $ 14,322 |

**4. LEASES**

*Lessee Disclosure*

The Company has operating and financing leases for towers, land, corporate offices, retail facilities, and data transport capacity. The lease terms are generally between three and 10 years, some of which include additional renewal options.

*Supplemental lease information*

The components of lease expense were as follows (in thousands):

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Operating lease cost: | | | | |
| Operating lease cost | $ 6,061 | $ 5,921 | $ 18,398 | $ 14,395 |
| Short-term lease cost | 714 | 661 | 1,869 | 1,798 |
| Variable lease cost | 1,010 | 633 | 2,456 | 2,713 |
| Total operating lease cost | $ 7,785 | $ 7,215 | $ 22,723 | $ 18,906 |
| | | | | |
| Finance lease cost: | | | | |
| Amortization of right-of-use asset | $ 742 | $ 618 | $ 2,321 | $ 1,807 |
| Variable costs | 209 | 194 | 667 | 586 |
| Interest costs | 93 | — | 290 | — |
| Total finance lease cost | $ 1,044 | $ 812 | $ 3,278 | $ 2,393 |

During the nine month periods ended September 30, 2022 and 2021, the Company paid $16.0 million and $12.7 million, respectively, for operating lease liabilities. During the nine months ended September 30, 2022 and 2021, the Company recorded $6.1 million and $9.4 million, respectively, of operating lease liabilities arising from ROU assets.

At September 30, 2022, finance leases with a cost of $26.6 million and accumulated amortization of $12.7 million were included in property, plant and equipment. During the nine months ended September 30, 2022, the Company paid $0.8 million of financing cash flows and $0.3 million of operating cash flows for finance lease liabilities and recorded $0.4 million of additional finance lease liabilities. Additionally, during the nine months ended September 30, 2022, the Company disposed of finance leases with a net book value of $2.3 million recording a loss for $1.0 million. At September 30, 2022, finance leases had a lease liability of $5.6 million, of which $1.0 million was current.

During the nine months ended September 30, 2021, the Company recorded $2.3 million of additional finance lease liabilities. At December 31, 2021, finance leases with a cost of $30.8 million and accumulated amortization of $12.1 million were included in property, plant and equipment.

The weighted average remaining lease terms and discount rates as of September 30, 2022 and December 31, 2021 are noted in the table below:

| | September 30, 2022 | December 31, 2021 |
|---|---|---|
| Weighted-average remaining lease term | | |
| Operating leases | 11.0 years | 11.3 years |
| Financing leases | 9.4 years | 9.5 years |
| | | |
| Weighted-average discount rate | | |
| Operating leases | 5.3% | 5.4% |
| Financing leases | 6.6% | 6.4% |

Maturities of lease liabilities as of September 30, 2022 were as follows (in thousands):

| | Operating Leases | Financing Leases |
|---|---|---|
| 2022 (excluding the nine months ended September 30, 2022) | $ 6,299 | $ 333 |
| 2023 | 19,419 | 1,337 |
| 2024 | 17,492 | 1,228 |
| 2025 | 14,569 | 1,030 |
| 2026 | 10,175 | 539 |
| Thereafter | 67,749 | 3,145 |
| Total lease payments | 135,703 | 7,612 |
| Less imputed interest | (40,428) | (1,999) |
| Total | $ 95,275 | $ 5,613 |

Maturities of lease liabilities as of December 31, 2021 were as follows (in thousands):

| | Operating Leases | Financing Leases |
|---|---|---|
| 2022 | $ 20,474 | $ 1,269 |
| 2023 | 17,941 | 1,278 |
| 2024 | 16,634 | 1,169 |
| 2025 | 13,640 | 975 |
| 2026 | 9,610 | 484 |
| Thereafter | 65,902 | 3,145 |
| Total lease payments | 144,201 | 8,320 |
| Less imputed interest | (42,333) | (2,268) |
| Total | $ 101,868 | $ 6,052 |

As of September 30, 2022, the Company did not have any material operating or finance leases that have not yet commenced.

*Lessor Disclosure*

The Company is the lessor in agreements to lease the use of its network assets including its cell sites and buildings. For the three and nine months ended September 30, 2022 the Company recorded $1.5 million and $4.4 million, respectively, of lease income from agreements in which the Company is the lessor. Lease income is classified as Carrier Services revenue in the statement of operations.

The following table presents the maturities of future undiscounted lease payments for the periods indicated:

| | | |
|---|---|---|
| 2022 (excluding the nine months ended September 30, 2022) | $ | 1,462 |
| 2023 | | 5,384 |
| 2024 | | 4,951 |
| 2025 | | 4,839 |
| 2026 | | 4,503 |
| Thereafter | | 11,216 |
| Total future lease payments | $ | 32,355 |

**5. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. The most significant estimates relate to the allowance for credit losses, useful lives of the Company's fixed and finite-lived intangible assets, allocation of purchase price to assets acquired and liabilities assumed in business combinations, fair value of indefinite-lived intangible assets, goodwill, assessing the impairment of assets, revenue, and income taxes. Actual results could differ significantly from those estimates.

The Company assessed certain accounting matters and estimates in context with the unknown future impacts of COVID-19 and concluded that there was not a material adverse impact to its consolidated financial statements as of and for the three and nine months ended September 30, 2022. However, future assessments of the impacts of COVID-19, such as the possible continued supply chain challenges, could result in adverse impacts to its consolidated financial statements in future reporting periods.

**6. ACQUISITIONS AND DISPOSITIONS**

***US Telecom***

*Acquisition of Sacred Wind Enterprises*

On November 7, 2022, the Company, via its newly formed wholly owned subsidiary Alloy, Inc. ("Alloy"), acquired all of the issued and outstanding stock of Sacred Wind Enterprises, Inc. ("Sacred Wind"), a rural telecommunications provider in New Mexico (the "Sacred Wind Transaction"). As part of the Sacred Wind Transaction, the Company paid approximately $27 million in cash and, following the contribution of all of its ownership interests in its Commnet business to Alloy, issued approximately 6% of the fully diluted shares in Alloy to the Sacred Wind stockholders. The Company will also assume Sacred Wind's debt of approximately $32 million, to the Rural Utilities Services. In addition, the Purchase Agreement includes certain earn-outs, based on various performance measures, the values of which are currently being assessed, to be paid to the Sacred Wind stockholders.

The Company believes that the acquisition of Sacred Wind will expand its infrastructure reach and broadband services in the rural Southwest and increase its wholesale carrier, residential and business broadband services.

*Acquisition of Alaska Communications*

On July 22, 2021, the Company completed the acquisition of Alaska Communications Systems Group, Inc. (“Alaska Communications”) for consideration of $339.5 million of cash, net of $11.9 million of cash and restricted cash acquired and $1.9 million of accrued consideration representing amounts payable related to stock compensation payable within one year of the close date (the “Alaska Transaction”). The cash consideration was used to purchase $186.8 million of Alaska Communications equity and repay $164.6 million of existing Alaska Communications debt.

The Company funded the acquisition with cash on hand, debt, and a $71.5 million contribution from certain affiliates of Freedom 3 Capital and other investors (the “Freedom 3 Investment”). The Company borrowed, through multiple financing transactions, a net of $283 million consisting of (i) the full $210 million aggregate amount of the Alaska Term Loan (as defined below) in a single borrowing by Alaska Communications; (ii) $10 million of the Alaska Revolving Facility (as defined below) by Alaska Communications; and (iii) $63.0 million under its revolving credit facility under the 2019 CoBank Credit Facility (as defined below). The Company incurred $6.6 million of debt issuance and debt discount costs.

The Company has accounted for the Freedom 3 Investment as redeemable noncontrolling interests in Alaska Communications its consolidated financial statements. As of July 22, 2021, the redeemable noncontrolling interests consisted of $22.6 million of redeemable common units, $48.3 million of redeemable preferred units, and $0.6 million of warrants to purchase common units, in each case, in an affiliate of Alaska Communications. The Company owns the remaining redeemable common units, redeemable preferred units and warrants in such entity. All common units contain a put option allowing the holder to sell the common units to such Alaska Communications affiliate at the then fair market value. The put option begins at the earlier of a future initial public offering of the Alaska Communications operations or July 2028. The redeemable preferred units carry a 9% preferred dividend which compounds quarterly. The preferred units contain a put option allowing the holder to sell the preferred units to an affiliate of Alaska Communications at the unpaid issue price plus unpaid dividends. The put option begins at the earlier of a future initial public offering of the Alaska Communications operations or July 2028. Lastly, the warrants in the Alaska Communications affiliate allow the holders to purchase an additional 3% of the common units at a fixed price.

The fair value of the common units remained at $22.6 million at September 30, 2022, unchanged from the value at July 22, 2021. The value of the preferred units was $53.8 million at September 30, 2022 which consists of the original issue price of $48.3 million and $5.5 million of accrued preferred dividends. The value of the warrants was $0.6 million at September 30, 2022, unchanged from July 22, 2021.

As a result of the Alaska Transaction, the Company owns 52% of the common equity of Alaska Communications and controls its operations and management.

The table below represents the allocation of the total consideration transferred to the acquired assets and assumed liabilities based on management's estimate of their acquisition date fair values (amounts in thousands):

| | | |
|---|---|---|
| **Consideration Transferred** | $ | 353,280 |
| Noncontrolling interests | | 470 |
| Total value to allocate | | 353,750 |
| **Purchase price allocation:** | | |
| Cash and cash equivalents | | 10,553 |
| Restricted cash | | 1,326 |
| Short-term investments | | 434 |
| Accounts receivable | | 30,453 |
| Inventory, materials and supplies | | 1,374 |
| Prepayments and other current assets | | 8,038 |
| Fixed assets | | 408,694 |
| Telecommunication licenses | | 683 |
| Intangible assets | | 44,333 |
| Operating lease right-of-use assets | | 60,402 |
| Other assets | | 2,387 |
| Accounts payable and accrued liabilities | | (39,188) |
| Accrued taxes | | (3,766) |
| Advance payments and deposits | | (15,842) |
| Current portion of lease liabilities | | (2,425) |
| Deferred income taxes | | (17,040) |
| Lease liabilities, excluding current portion | | (44,234) |
| Other liabilities | | (92,432) |
| Net assets acquired | $ | 353,750 |

The acquired fixed assets are comprised of telecommunication equipment located in Alaska and the western United States. The fixed assets were valued using the income and cost approaches. Cash flows were discounted between 4% and 14% based on the risk associated with the cash flows to determine fair value under the income approach. The fixed assets have useful lives ranging from 2 to 30 years. The intangible assets consist of $34.9 million of customer relationships and $9.5 million of trade name. The intangible assets were valued using an income approach based on data specific to Alaska Communications as well as market participant assumptions where appropriate. The estimated fair value of the customer relationships was determined using the multi-period excess earnings method. The estimated fair value of the trade name was determined using the relief from royalty method. The useful lives of the customer relationships and trade name are five and 15 years, respectively. The acquired receivables consist of trade receivables incurred in the ordinary course of business. The Company expects to collect the full amount of the receivables. Other liabilities includes $81.5 million of deferred revenue from long term customer contracts. The Company adopted ASU 2021-08 in 2021, which requires contract liabilities to be accounted for consistently with how they were recognized and measured in the acquiree's financial statements. As a result, the acquired deferred revenue was recorded at Alaska Communications' book value as of the Closing Date.

The Company's statement of operations for the three months ended September 30, 2022 includes $63.5 million of revenue and $3.2 million of losses before taxes attributable to the Alaska Transaction. The Company's statement of operations for the nine months ended September 30, 2022 includes $184.4 million of revenue and $8.3 million of losses before taxes attributable to the Alaska Transaction. The Company incurred $11.2 million of transaction related charges pertaining to legal, accounting, consulting services, and employee related costs associated with the transaction, of which $0.8 million were incurred during the nine months ended September 30, 2022. The Company paid $1.7 million of the accrued consideration during the nine months ended September 30, 2022.

The following table reflects unaudited pro forma operating results of the Company for the three and nine months ended September 30, 2021 assuming the transaction occurred on January 1, 2020. The unaudited pro forma amounts adjust Alaska Communications' results to reflect the depreciation and amortization that would have been recorded assuming the fair value adjustments to fixed assets and intangible assets had been applied from January 1,

2020. Additionally, all transaction costs associated with the Alaska Transaction were recorded on January 1, 2020 in the unaudited pro forma results. Lastly, the unaudited pro forma results were adjusted to reflect changes to the acquired entities' financial structure related to the transaction. Specifically, the pre-closing debt of $164.6 million, and associated interest, was removed and $283.0 million of transaction debt, and associated interest, was included in the unaudited pro forma results. In addition, the pro forma results included the allocation of income and accrual of preferred dividends to the redeemable noncontrolling interest. The table includes final purchase accounting adjustments recorded in the fourth quarter of 2021.

| | Three months ended September 30, 2021 | | Nine months ended September 30, 2021 | |
|---|---|---|---|---|
| | As Reported | Pro Forma | As Reported | Pro Forma |
| Revenue | $ 166,760 | $ 180,214 | $ 415,135 | $ 550,900 |
| Net Income (loss) attributable to ATN International, Inc. Stockholders | $ (2,619) | $ 4,778 | $ 2,103 | $ 5,089 |
| | | | | |
| Earnings (loss) Per Share | | | | |
| Basic | $ (0.22) | $ 0.22 | $ 0.08 | $ 0.09 |
| Diluted | $ (0.22) | $ 0.22 | $ 0.08 | $ 0.09 |

The unaudited pro forma adjustments increased net income attributable to ATN International, Inc. Stockholders by $7.4 million and $3.0 million for the three and nine months ended September 30, 2021, respectively. The increase was due to an increase from the net income of the Alaska Communications operations excluding transaction costs.

The unaudited pro forma data is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have occurred if the acquisitions had been consummated on these dates or of future operating results of the combined company following this transaction.

***Renewable Energy***

*Disposition of International Solar Business*

In January 2021, the Company completed the sale of 67% of the outstanding equity in its business that owns and operates distributed generation solar power projects operated under the Vibrant name in India (the "Vibrant Transaction"). The post-sale results of the Company's ownership interest in Vibrant are recorded through the equity method of accounting within the Corporate and Other operating segment. As such, the Company's consolidated financial statements do not include revenue and operating expenses from Vibrant, but instead, "other income (expense)" within the Corporate and Other operating segment includes the Company's share of Vibrant's profits or losses. The Company will continue to present the historical results of its Renewable Energy segment for comparative purposes.

The table below identifies the assets and liabilities transferred (in thousands):

| | | |
|---|---|---|
| **Consideration Received** | $ | 35,218 |
| **Assets and liabilities disposed** | | |
| Current assets | | 4,899 |
| Property, plant and equipment | | 45,891 |
| Other assets | | 439 |
| Current liabilities | | (759) |
| Net assets disposed | $ | 50,470 |
| **Consideration less net assets disposed** | | (15,252) |
| Foreign currency losses reclassified from accumulated other comprehensive income | | (6,258) |
| Loss on sale | | (21,510) |
| Transaction costs | | (1,283) |
| **Loss on sale including transaction costs** | $ | (22,793) |

The Company reported a loss on sale of $21.5 million during the year ended December 31, 2020 due to the Vibrant Transaction. The Company recorded transaction costs of $1.3 million on the Vibrant Transaction, of which $0.7 million was recorded during the year ended December 31, 2020 and $0.6 million was recorded during the year ended December 31, 2021. The consideration received includes $19.5 million of cash and $3.9 million of receivables related to the amounts held in escrow and earn out consideration. The Company has recorded $11.8 million pursuant to an equity method investment with respect to its remaining 33% ownership interest in Vibrant. The Company completed its assessment of earn out and escrow amounts in the third quarter of 2022. During the year ended December 31, 2021, the Company recorded additional losses of $1.6 million related to the ongoing working capital, escrow, and contingent consideration assessment. During the nine months ended September 30, 2022, the Company recorded an additional loss of $0.7 million related to its continuing assessment of those items and received $1.8 million of amounts previously held in escrow.

The Vibrant Transaction does not qualify as discontinued operations because the disposition was not a strategic shift which will have a major effect on the Company's operations, and as a result, the historical results and financial position of the operations are presented within continuing operations.

**7. FAIR VALUE MEASUREMENTS AND INVESTMENTS**

In accordance with the provisions of fair value accounting, a fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability, and defines fair value based upon an exit price model.

The fair value measurement guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

| | |
|---|---|
| Level 1 | Quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset and liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets and liabilities include money market funds, debt and equity securities and derivative contracts that are traded in an active exchange market. |
| Level 2 | Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes corporate obligations and non-exchange traded derivative contracts. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments and intangible assets that have been impaired whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. |

Assets and liabilities of the Company measured at fair value on a recurring basis as of September 30, 2022 and December 31, 2021 are summarized as follows (in thousands):

| | September 30, 2022 | | | |
|---|---|---|---|---|
| Description | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | Total |
| Money market funds | $ 2,716 | $ — | $ — | $ 2,716 |
| Short term investments | 300 | — | — | 300 |
| Other investments | — | — | 1,862 | 1,862 |
| Alaska Communications redeemable common units | — | — | (22,640) | (22,640) |
| Warrants on Alaska Communications redeemable common units | — | — | (559) | (559) |
| **Total assets and liabilities measured at fair value** | $ 3,016 | $ — | $ (21,337) | $ (18,321) |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| Description | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | Total |
| Money market funds | $ 3,301 | $ — | $ — | $ 3,301 |
| Short term investments | 300 | — | — | 300 |
| Other investments | — | — | 1,925 | 1,925 |
| Alaska Communications redeemable common units | — | — | (22,640) | (22,640) |
| Warrants on Alaska Communications redeemable common units | — | — | (559) | (559) |
| Interest rate swap | — | (894) | — | (894) |
| **Total assets and liabilities measured at fair value** | $ 3,601 | $ (894) | $ (21,274) | $ (18,567) |

During the nine months ended September 30, 2022, the fair value of the remaining Level 3 investments decreased $0.1 million due to a cash distribution.

*Money Market Funds*

As of September 30, 2022 and December 31, 2021, this asset class consisted of a money market portfolio that comprises Federal government and US Treasury securities. The asset class is classified within Level 1 of the fair value hierarchy because its underlying investments are valued using quoted market prices in active markets for identical assets.

*Other Investments*

The Company holds investments in equity securities consisting of noncontrolling investments in privately held companies. The investments are accounted for using equity method accounting, the measurement alternative for investments without a readily determinable fair value, or fair value. In the first quarter of 2021, the Company began to account for its former India solar operations under the equity method of accounting. The fair value investments are valued using level 3 inputs and the Company used the income approach to fair value the investment. The inputs consisted of a discount rate and future cash flows calculated based on the investment attributes. A roll forward of the investments is below:

| | Investments without a readily determinable fair value | Fair value investments | Equity investments | Total |
|---|---|---|---|---|
| Balance, December 31, 2021 | $ 17,820 | $ 1,925 | $ 28,699 | $ 48,444 |
| Sale of Investments(1) | — | — | (13,212) | (13,212) |
| Income (Loss) recognized | — | 326 | (2,163) | (1,837) |
| Contributions / (distributions) | — | (389) | 2,750 | 2,361 |
| Foreign currency loss | — | — | (1,815) | (1,815) |
| Gain recognized | 4,770 | — | — | 4,770 |
| Balance, September 30, 2022 | $ 22,590 | $ 1,862 | $ 14,259 | $ 38,711 |

(1) During the three months ended September 30, 2022, the Company sold an investment previously accounted for using the equity method for $15.7 million of cash. The investment had a book value of $13.2 and the Company recognized a gain of $2.5 million on the transaction.

These investments are included with other assets on the consolidated balance sheets.

*Redeemable Common Units and Warrants*

The Company issued redeemable common units, and warrants to purchase additional common units, in a subsidiary of the Company in connection with its acquisition of Alaska Communications (Refer to Note 6). The instruments are redeemable at the option of the holder. Both the common units and warrants to purchase common units are recorded at fair value in the Company's financial statements. The common units are recorded in redeemable noncontrolling interest and the warrants are recorded in other liabilities on the Company's balance sheets. The Company calculates the fair value of the instruments using a market approach with Level 3 inputs.

*Other Fair Value Disclosures*

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short-term maturities of these financial instruments. The fair value of the interest rate swap is measured using Level 2 inputs.

The fair value of long-term debt is estimated using Level 2 inputs. At September 30, 2022, the fair value of long-term debt, including the current portion, was $405.3 million and its book value was $399.2 million. At December 31, 2021, the fair value of long-term debt, including the current portion, was $373.7 million and its book value was $366.5 million.

## 8. LONG-TERM DEBT

***CoBank Credit Facility***

On April 10, 2019, the Company entered into a credit facility, with CoBank, ACB and a syndicate of other lenders (as amended, the "2019 CoBank Credit Facility"). The 2019 CoBank Credit Facility provides for a $200 million revolving credit facility that includes (i) up to $75 million for standby or trade letters of credit and (ii) up to $10 million under a swingline sub-facility. Approximately $26.0 million of performance letters of credit have been issued and remain outstanding and undrawn as of September 30, 2022. The 2019 CoBank Credit Facility matures on April 10, 2024.

Amounts borrowed under the 2019 CoBank Credit Facility bear interest at a rate equal to, at the Company's option, either (i) the London Interbank Offered Rate ("LIBOR") plus an applicable margin ranging between 1.25% to 2.25% or (ii) a base rate plus an applicable margin ranging from 0.25% to 1.25%. Swingline loans bear interest at the base rate plus the applicable margin for base rate loans. The base rate is equal to the higher of (i) 1.00% plus the higher of (x) LIBOR for an interest period of one month and (y) LIBOR for an interest period of one week; (ii) the Federal Funds Effective Rate (as defined in the 2019 CoBank Credit Facility) plus 0.50% per annum; and (iii) the Prime Rate (as defined in the 2019 CoBank Credit Facility). The applicable margin is determined based on the Total Net Leverage Ratio (as defined in the 2019 CoBank Credit Facility). Under the terms of the 2019 CoBank Credit Facility, the Company must also pay a commitment fee ranging from 0.150% to 0.375% of the average daily unused portion of the 2019 CoBank Credit Facility over each calendar quarter. On November 7, 2022, the Company amended the 2019 CoBank Credit Facility to allow for the incurrence of certain indebtedness related to payment guarantees in connection with its Remove and Replace project.

The 2019 CoBank Credit Facility contains customary representations, warranties and covenants, including a financial covenant that imposes a maximum ratio of indebtedness to EBITDA as well as covenants limiting additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. The Company's investments in "unrestricted" subsidiaries and certain dividend payments to our stockholders are not limited unless the Total Net Leverage Ratio is equal to or greater than 1.75 to 1.0. The Total Net Leverage Ratio is measured each fiscal quarter and is required to be less than or equal to 2.75 to 1.0. In the event of a Qualifying Acquisition (as defined in the 2019 CoBank Credit Facility), the Total Net Leverage Ratio increases to 3.25 to 1.0 for the subsequent three fiscal quarters.

The 2019 CoBank Credit Facility also provides for the incurrence by us of incremental term loan facilities, when combined with increases to revolving loan commitments, in an aggregate amount not to exceed $200 million (the "Accordion"). Amounts borrowed under the Accordion are also subject to proforma compliance with a net leverage ratio financial covenant.

As of September 30, 2022, the Company was in compliance with all of the financial covenants of the 2019 CoBank Credit Facility, had $71.0 million outstanding in borrowings and, net of the $26.0 million of outstanding performance letters of credit, had $103.0 million of availability under the 2019 CoBank Credit Facility. As of September 30, 2022, there are no outstanding interest rate hedge agreements associated with the 2019 CoBank Credit Facility.

***Alaska Credit Facility***

On July 22, 2021, Alaska Communications entered into a Credit Agreement (the "Alaska Credit Facility") with Fifth Third Bank, National Association, as Administrative Agent, and a syndicate of lenders to provide a $35.0 million revolving facility (the "Alaska Revolving Facility") and a $210.0 million initial term loan facility (the "Alaska Term Loan"). As of September 30, 2022, $210.0 million was outstanding under the Alaska Term Loan and $15.5 million was outstanding under the Alaska Revolving Facility. Both facilities mature on July 22, 2026.

The Company capitalized $6.6 million of fees associated with the Alaska Credit Facility which are being amortized over the life of the debt and $4.9 million were unamortized as of September 30, 2022.

The Alaska Credit Facility also provides for incremental facilities up to an aggregate principal amount of the greater of $70.0 million and Alaska Communications' trailing twelve-month Consolidated EBITDA (as defined in the Alaska Credit Facility).

The key terms and conditions of the Alaska Credit Facility include the following:

- Amounts outstanding bear an interest rate of LIBOR, or a LIBOR replacement rate as applicable, plus a margin ranging from 3.00% to 4.00% based on Alaska Communications' Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement) or an alternate base rate may be selected at a margin that is 1% lower than the counterpart LIBOR margin;

- Principal repayments are due quarterly commencing in the fourth quarter of 2023 in quarterly amounts as follows: from the fourth quarter of 2023 through the third quarter of 2024, $1.3 million; and from the fourth quarter of 2024 through the third quarter of 2026, $2.6 million. The remaining unpaid balance is due on the final maturity date;

- Alaska Communications is required to maintain financial ratios as defined in the Alaska Credit Facility, including (a) a maximum Consolidated Net Total Leverage Ratio of 4.00 to 1, stepping down to 3.75 to 1 beginning with the second quarter of 2024; and (b) a minimum Consolidated Fixed Charge Coverage Ratio of not less than 1.25 to 1; and

- The Alaska Credit Facility is non-recourse to the Company and is secured by substantially all of the personal property and certain material real property owned by Alaska Communications.

Alaska Communication's interest rate swap, which had been designated as a cash flow hedge with an interest rate of 1.6735%, expired on June 30, 2022. As of September 30, 2022, there are no outstanding interest rate hedge agreements associated with the Alaska Credit Facility.

***Alaska Term Facility***

On June 15, 2022, Alaska Communications Systems Holdings, the parent company of Alaska Communications, entered a secured lending arrangement with Bristol Bay Industrial, LLC. (the "Alaska Term Facility").

The Alaska Term Facility provides for a secured delayed draw term loan in an aggregate principal amount of up to $7.5 million and the proceeds may be used to pay certain invoices from a contractor for work performed in connection with a fiber build. Interest on the Alaska Term Facility accrues at a fixed rate of 4.0%. and is payable commencing on September 30, 2022. Scheduled quarterly payments of principal commence on March 31, 2023. The Alaska Term Facility matures on June 30, 2024.

The Alaska Term Facility contains events of default customary for facilities of this type.

As of September 30, 2022, the Company had $0.7 million outstanding and $6.8 million available under the Alaska Term Facility.

***FirstNet Receivables Credit Facility***

On March 26, 2020, Commnet Finance, a wholly owned subsidiary of Commnet Wireless, entered into a receivables credit facility with the Company, Commnet Wireless, and CoBank, ACB (the "Receivables Credit Facility").

The Receivables Credit Facility provides for a senior secured delayed draw term loan in an aggregate principal amount of up to $75.0 million and the proceeds may be used to acquire certain receivables from Commnet Wireless. The receivables to be financed and sold under the Receivables Credit Facility, which provide the loan security, relate to the obligations of AT&T under the FirstNet Agreement. On December 29, 2021, CoBank amended the Receivables Credit Facility and extended the delayed draw period to December 31, 2022.

The maturity date for each loan will be set by CoBank and will match the weighted average maturity of the certain receivables financed.

Interest on the loans accrues at a fixed annual interest rate to be quoted by CoBank.

The Receivables Credit Facility contains customary events of termination, representations and warranties, affirmative and negative covenants and events of default customary for facilities of this type.

As of September 30, 2022, the Company had $44.3 million outstanding, of which $5.7 million was current, and $25.4 million of availability under the Receivables Credit Facility. The Company capitalized $0.9 million of fees associated with the Receivables Credit Facility which are being amortized over the life of the debt and $0.8 million were unamortized as of September 30, 2022.

***Viya Debt***

The Company, and certain of our subsidiaries, have entered into a $60.0 million loan agreement (the “Viya Debt”) with Rural Telephone Finance Cooperative (“RTFC”). The Viya Debt agreement contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and a financial covenant that limits the maximum ratio of indebtedness to annual operating cash flow to 3.5 to 1.0 (the “Net Leverage Ratio”). This covenant is tested on an annual basis at the end of each fiscal year. Interest is paid quarterly at a fixed rate of 4.0% per annum and principal repayment is not required until maturity on July 1, 2026. Prepayment of the Viya Debt may be subject to a fee under certain circumstances. The debt is secured by certain assets of our Viya subsidiaries and is guaranteed by us.

The Company paid a fee of $0.9 million in 2016 to lock the interest rate at 4% per annum over the term of the Viya Debt. The fee was recorded as a reduction to the Viya Debt carrying amount and is being amortized over the life of the loan.

As of September 30, 2022, $60.0 million of the Viya Debt remained outstanding and $0.4 million of the rate lock fee was unamortized.

On May 5, 2022, RTFC agreed to amend the Net Leverage Ratio to 7.0 to 1.0 through the maturity date of July 1, 2026. This covenant will be tested on December 31, 2022.

***One Communications Debt***

The Company has an outstanding loan from HSBC Bank Bermuda Limited (the “One Communications Debt”) which is scheduled to mature on November 30, 2022 and bears interest at the one-month LIBOR plus a margin ranging between 2.5% to 2.75% per annum paid quarterly.

The One Communications Debt contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and financial covenants, tested annually as of and for the twelve months ended December 31st, that limit the ratio of tangible net worth to long term debt and total net debt to EBITDA and require a minimum debt service coverage ratio (as defined in the One Communications Debt agreement).

As of September 30, 2022, $3.8 million of the One Communications Debt was outstanding.

## 9. GOVERNMENT SUPPORT AND SPECTRUM MATTERS

***Universal Service Fund and Connect America Fund Phase II Programs***

The Company recognizes revenue from several government funded programs including the Universal Service Fund (“USF”), a subsidy program managed by the Federal Communications Commission (“FCC”), and the Alaska Universal Service Fund (“AUSF”), a similar program managed by the Regulatory Commission of Alaska (the “RCA”). USF funds are disbursed to telecommunication providers through four programs: the High Cost Program; the Low Income Program (“Lifeline Program”); the Schools and Libraries Program (“E-Rate Program”); and the Rural Health Care Support Program.

The Company also recognizes revenue from the Connect America Fund Phase II program (“CAF II”) which offers subsidies to carriers to expand broadband coverage in designated areas. Under CAF II, the Company’s US Telecom segment will receive an aggregate of $27.7 million annually through December 2025 and an aggregate of $8.0 million annually from January 2026 through July 2028.

Both the USF and CAFII programs are subject to certain operational and reporting compliance requirements. The Company believes it is in compliance with these requirements as of September 30, 2022. Revenue recognized from the USF and CAFII programs is recognized as revenue from government grants. Revenue from other programs is recognized in accordance with ASC 606.

***RDOF (“Rural Digital Opportunities Fund”)***

The Company expects to receive approximately $20.1 million over 10 years to provide broadband and voice coverage to over 10,000 households in the United States (not including Alaska) under the 2020 Rural Digital Opportunity Fund Phase I Auction (“RDOF”).

The Company recorded the amounts below as communication services revenue for the reported periods:

| | Three months ended September 30, 2022 | | | Nine months ended September 30, 2022 | | |
|---|---|---|---|---|---|---|
| | US Telecom | International Telecom | Total | US Telecom | International Telecom | Total |
| High cost support | $ 991 | $ 943 | $ 1,934 | $ 3,036 | $ 6,465 | $ 9,501 |
| CAF II | 6,822 | — | 6,822 | 20,466 | — | 20,466 |
| RDOF | 478 | — | 478 | 1,434 | — | 1,434 |
| Other Programs | 8,795 | — | 8,795 | 20,023 | 37 | 20,060 |
| Total | $ 17,086 | $ 943 | $ 18,029 | $ 44,959 | $ 6,502 | $ 51,461 |

| | Three months ended September 30, 2021 | | | Nine months ended September 30, 2021 | | |
|---|---|---|---|---|---|---|
| | US Telecom | International Telecom | Total | US Telecom | International Telecom | Total |
| High cost support | $ 840 | $ 2,761 | $ 3,601 | $ 1,462 | $ 11,146 | $ 12,608 |
| CAF II | 5,710 | — | 5,710 | 9,508 | — | 9,508 |
| Other Programs | 4,449 | — | 4,449 | 8,368 | — | 8,368 |
| Total | $ 10,999 | $ 2,761 | $ 13,760 | $ 19,338 | $ 11,146 | $ 30,484 |

In 2018, the FCC initiated a proceeding to replace the High Cost Program support received by Viya in the US Virgin Islands with a new Connect USVI Fund. On November 16, 2020, the FCC announced that Viya was not the recipient of the Connect USVI Fund award and authorized funding to be issued to the new awardee in June 2021. Pursuant to the terms of the program and effective in July 2021, Viya's annual USF support was reduced from $16.4 million to $10.9 million. In July 2022, this support was reduced to $5.5 million for the annual period through June 2023. Thereafter, Viya is not expected to receive support under the High Cost Program.

**Construction Grants**

The Company has also been awarded construction grants to build network connectivity for eligible communities. The funding of these grants, used to reimburse the Company for its construction costs, is distributed upon completion of a project. Completion deadlines begin in June 2023 and once these projects are constructed, the Company is obligated to provide service to the participants. The Company expects to meet all requirements associated with these grants. A rollforward of the Company's grant awards is below (in thousands).

| | Amount |
|---|---|
| Grants awarded, December 31, 2021 | $ 11,067 |
| New grants | 23,269 |
| Cancelled grants | (4,254) |
| Grants awarded, September 30, 2022 | $ 30,082 |

In addition, the Company partners with tribal governments to obtain grants under the Tribal Broadband Connectivity Program ("TBCP"). The TBCP is a program administered by the National Telecommunications and Information Administration to deploy broadband connectivity on tribal lands. The Company was identified as a sub recipient of TBCP grants totaling $77.5 million as of September 30, 2022. Additionally, in October 2022, the Company was identified as a sub-recipient for an additional TBCP grant of $52.3 million.

***Replace and Remove Program***

On July 15, 2022, the Company was notified that it was an approved participant in the Federal Communication Commission's Secure and Trusted Communications Networks Reimbursement Program (the "Replace and Remove Program"), designed to reimburse providers of communications services for reasonable costs incurred in the required removal, replacement, and disposal of covered communications equipment or services, that have been deemed to pose a national security risk, from their networks. Pursuant to the Replace and Remove Program, the Company was allocated up to approximately $207 million in reimbursement amounts to cover documented and approved costs to remove and securely destroy all ZTE communications equipment and services in its U.S. networks and replace such equipment. The Replace and Remove Program requires that the Company complete its first request for reimbursement for services performed under the program no later than July 14, 2023 and that it complete the project no later than one year from submitting its initial reimbursement request. The Company is currently assessing the program and anticipates that it will be able to meet the deadlines and requirements of the program. At September 30, 2022, the Company established a receivable for $2.1 million of costs for which it expects to be reimbursed under the program.

**CARES Act**

As of December 31, 2020, the Company had received $16.3 million of funding under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") to construct network infrastructure within the Company's US Telecom segment. During the year ended December 31, 2021, the Company received an additional $2.4 million of funding for the same purpose. The construction was completed as of December 31, 2021 and $18.4 million of the funding was recorded as a reduction to property, plant and equipment with a subsequent reduction to depreciation expense. The remaining $0.3 million was recorded as a reduction to operating expense in the year ended December 31, 2021.

**CBRS Auction**

During the third quarter of 2020, the Company participated in the FCC's Citizens Broadband Radio Service (CBRS) auction for Priority Access Licenses (PALs) in the 3.5 GHz spectrum band. These PALs are licensed on a county-by-county basis and are awarded for a 10-year renewable term. The Company was a winning bidder for PALs located strategically throughout the United States at a total cost of approximately $20.4 million. In the third quarter of 2022, the Company surrendered a portion of the PALs that it won in the auction in exchange for repayment of the approximately $1.1 million paid for such licenses, and entered into a Consent Decree with the FCC with respect to such surrender and receipt of the remaining licenses. In connection with the awarded licenses, the Company will have to achieve certain CBRS spectrum build out obligations. The Company currently expects to comply with all applicable requirements related to these licenses.

## 10. RETIREMENT PLANS

*Multi-employer Defined Benefit Plan*

Pension benefits for substantially all of the Company's Alaska-based employees are provided through the Alaska Electrical Pension Fund ("AEPF"). The Company pays a contractual hourly amount based on employee classification or base compensation to the AEPF. As a multi-employer defined benefit plan, the accumulated benefits and plan assets are not determined for, or allocated separately to, the individual employer. This plan was not in endangered or critical status during the plan year.

*Defined Benefit Plan*

The Company has noncontributory defined benefit pension and noncontributory defined medical, dental, vision, and life benefit plans for eligible employees in its International Telecom segment who meet certain eligibility criteria. As part of the Alaska Transaction, the Company acquired a defined benefit pension plan and a post-retirement medical plan covering certain employees. The pension plan had a projected benefit obligation of $15.4 million and plan assets of $12.1 million on July 22, 2021. The post-retirement medical plan is unfunded and had a projected benefit obligation of $0.4 million on July 22, 2021.

The Company recorded the net periodic benefit cost identified below (in thousands):

| | Three months ended | | | | Nine months ended | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2022 | | September 30, 2021 | | September 30, 2022 | | September 30, 2021 | |
| | Pension benefits | Postretirement benefits | Pension benefits | Postretirement benefits | Pension benefits | Postretirement benefits | Pension benefits | Postretirement benefits |
| Operating expense | | | | | | | | |
| Service cost | $ 57 | $ 36 | $ 54 | $ 35 | $ 171 | $ 108 | $ 162 | $ 105 |
| Non-operating expense | | | | | | | | |
| Interest cost | 565 | 33 | 645 | 41 | 1,695 | 99 | 1,789 | 123 |
| Expected return on plan assets | (925) | — | (833) | — | (2,775) | — | (2,207) | — |
| Settlements | — | — | — | — | (1,725) | — | — | — |
| Net periodic pension expense (benefit) | $ (303) | $ 69 | $ (134) | $ 76 | $ (2,634) | $ 207 | $ (256) | $ 228 |

The Company was not required to make contributions to its pension plans during the nine months ended September 30, 2022 and 2021. However, the Company periodically evaluates whether to make discretionary contributions. The Company funds its postretirement benefit plans as claims are made and did not make contributions to its pension plans during the nine months ended September 30, 2022 and 2021.

## 11. INCOME TAXES

The Company's effective tax rate for the three months ended September 30, 2022 and 2021 was 16.9% and 6.0%, respectively.

The Company recorded an income tax benefit of $0.4 million in relation to a pretax loss of $2.1 million for the three months ended September 30, 2022. The effective tax rate for the three months ended September 30, 2022 was primarily impacted by the following items (i) the mix of income generated among the jurisdictions in which the Company operates and (ii) discrete items including $0.9 million of expense for interest on unrecognized tax positions.

The effective tax rate for the three months ended September 30, 2021 was primarily impacted by the following items: (i) the mix of income generated among the jurisdictions in which the Company operates, (ii) certain transactional charges incurred in connection with the Company's recent acquisition that had no tax benefit, and (iii) a discrete expense of $0.5 million for interest on unrecognized tax positions.

The Company's effective tax rate for the nine months ended September 30, 2022 and 2021 was 21.5% and (98.8%), respectively.

The Company recorded an income tax benefit of $1.4 million in relation to a pretax loss of $6.4 million for the nine months ended September 30, 2022. The effective tax rate for the nine months ended September 30, 2022 was primarily impacted by the following items (i) the mix of income generated among the jurisdictions in which the Company operates, (ii) a $2.1 million net expense recognized discretely to record a valuation allowance on certain deferred tax assets that are not expected to be realizable based on the weight of positive and negative evidence and (iii) discrete items including a $3.3 million benefit from the reversal of an unrecognized tax position due to a statute of limitations expiration, and a $1.7 million expense for interest on unrecognized tax positions.

The effective tax rate for the nine months ended September 30, 2021 was primarily impacted by the following items: (i) the mix of income generated among the jurisdictions in which the Company operates, (ii) certain transactional charges incurred in connection with its recent acquisition that had no tax benefit, and (iii) discrete items including a $3.4 million benefit from the reversal of an unrecognized tax position due to statute expiration and a $1.5 million expense for interest on unrecognized tax positions.

The Company's effective tax rate is based upon estimated income before provision for income taxes for the year, composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for potential tax consequences, benefits and/or resolutions of tax contingencies. The Company's consolidated tax rate will continue to be impacted by any transactional or onetime items in the future and the mix of income in any given year generated among the jurisdictions in which the Company operates. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from the Company's accrued positions as a result of uncertain and complex applications of tax law and regulations. Additionally, the recognition and measurement of certain tax benefits include estimates and judgments by management. Accordingly, the Company could record additional provisions or benefits for US federal, state, and foreign tax matters in future periods as new information becomes available.

## 12. EARNINGS PER SHARE AND REDEEMABLE NONCONTROLLING INTERESTS

***Earnings Per Share***

The following table reconciles the numerator and denominator in the computations of basic and diluted earnings per share (in thousands):

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Numerator:** | | | | |
| Net income (loss) attributable to ATN International, Inc. stockholders | (2,783) | (2,619) | (4,255) | 2,103 |
| Less: Preferred dividends | 1,192 | 846 | 3,462 | 846 |
| Net income (loss) attributable to ATN International, Inc. common stockholders | $ (3,975) | $ (3,465) | $ (7,717) | $ 1,257 |
| | | | | |
| **Denominator:** | | | | |
| Weighted-average shares outstanding- Basic | 15,763 | 15,860 | 15,746 | 15,891 |
| Effective of dilutive securities: | | | | |
| Stock options, restricted stock units and performance stock units | — | — | — | 10 |
| Weighted-average shares outstanding- Diluted | 15,763 | 15,860 | 15,746 | 15,901 |

For each of the three and nine months ended September 30, 2021, the calculations of basic and diluted weighted average shares of common stock outstanding do not include 5,000 shares relating to stock options as the effects of those options were anti-dilutive.

***Redeemable Noncontrolling Interests***

In connection with the Alaska Transaction, the Company has accounted for the Freedom 3 Investment as redeemable noncontrolling interests in its consolidated financial statements. The redeemable noncontrolling interests consist of $22.6 million of redeemable common units and $48.3 million of redeemable preferred units. The common units contain a put option allowing the holder to sell the common units to a subsidiary of the Company at the then fair market value. The put option is solely the obligation of Alaska Communications and is nonrecourse to the Company. The put option begins at the earlier of a future initial public offering of the Alaska Communications operations or July 2028. The fair value of the common units remained at $22.6 million at September 30, 2022, unchanged from the value at July 22, 2021. The redeemable preferred equity carries a 9% preferred dividend which compounds quarterly. The preferred units contain a put option allowing the holder to sell the preferred units to a subsidiary of the Company at the unpaid issue price plus unpaid dividends. The put option is solely the obligation of Alaska Communications and is nonrecourse to the Company. The put option begins at the earlier of a future initial public offering of the Alaska Communications operations or July 2028. The unpaid preferred dividend was $5.5 million at September 30, 2022.

For the three and nine months ended September 30, 2022, the Company allocated losses of $1.1 million and $2.8 million, respectively, to the redeemable common units representing their proportionate share of operating losses. Additionally, the fair value of the redeemable common units increased by $2.8 million during the nine months ended September 30, 2022.

The following table provides a roll forward of the activity related to the Company's redeemable noncontrolling interests for the nine months ended September 30, 2022:

| | Redeemable Preferred Units | Redeemable Common Units | Total Redeemable Noncontrolling Interests |
|---|---|---|---|
| Balance, December 31, 2021 | $ 50,296 | $ 22,640 | $ 72,936 |
| Accrued preferred dividend | 3,462 | — | 3,462 |
| Allocated net loss | — | (2,762) | (2,762) |
| Change in fair value | — | 2,762 | 2,762 |
| Balance, September 30, 2022 | $ 53,758 | $ 22,640 | $ 76,398 |

**13. SEGMENT REPORTING**

The Company has the following three reportable and operating segments: i) International Telecom, ii) US Telecom, and iii) Renewable Energy.

The following tables provide information for each operating segment (in thousands):

| For the Three Months Ended September 30, 2022 | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 3,706 | $ 298 | $ — | $ — | $ 4,004 |
| Mobility - Consumer | 22,776 | 2,058 | — | — | 24,834 |
| Total Mobility | 26,482 | 2,356 | — | — | 28,838 |
| Fixed - Business | 18,578 | 32,509 | — | — | 51,087 |
| Fixed - Consumer | 39,989 | 19,143 | — | — | 59,132 |
| Total Fixed | 58,567 | 51,652 | — | — | 110,219 |
| Carrier Services | 3,220 | 31,360 | — | — | 34,580 |
| Other | 340 | — | — | — | 340 |
| Total Communication Services Revenue | 88,609 | 85,368 | — | — | 173,977 |
| Construction | — | 3,332 | — | — | 3,332 |
| Other | | | | | |
| Managed Services | 1,398 | 3,506 | — | — | 4,904 |
| Total Other Revenue | 1,398 | 3,506 | — | — | 4,904 |
| Total Revenue | 90,007 | 92,206 | — | — | 182,213 |
| Depreciation | 14,126 | 18,341 | — | 845 | 33,312 |
| Amortization of intangibles from acquisitions | 380 | 2,856 | — | — | 3,236 |
| Non-cash stock-based compensation | 54 | 132 | — | 1,483 | 1,669 |
| Operating income (loss) | 13,360 | 716 | (711) | (11,926) | 1,439 |

| For the Three Months Ended September 30, 2021 | | | | | |
|---|---|---|---|---|---|
| | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 1,422 | $ 231 | $ — | $ — | $ 1,653 |
| Mobility - Consumer | 22,423 | 1,909 | — | — | 24,332 |
| Total Mobility | 23,845 | 2,140 | — | — | 25,985 |
| Fixed - Business | 16,549 | 21,681 | — | — | 38,230 |
| Fixed - Consumer | 40,870 | 15,484 | — | — | 56,354 |
| Total Fixed | 57,419 | 37,165 | — | — | 94,584 |
| Carrier Services | 2,557 | 31,939 | — | — | 34,496 |
| Other | 233 | — | — | — | 233 |
| Total Communication Services Revenue | 84,054 | 71,244 | — | — | 155,298 |
| Construction | — | 6,417 | — | — | 6,417 |
| Other | | | | | |
| Managed Services | 1,252 | 3,793 | — | — | 5,045 |
| Total Other Revenue | 1,252 | 3,793 | — | — | 5,045 |
| Total Revenue | 85,306 | 81,454 | — | — | 166,760 |
| Depreciation | 13,308 | 14,327 | — | 1,240 | 28,875 |
| Amortization of intangibles from acquisitions | 418 | 3,062 | — | — | 3,480 |
| Non-cash stock-based compensation | 36 | 101 | — | 1,468 | 1,605 |
| Operating income (loss) | 13,213 | (9,830) | (55) | (4,310) | (982) |

| | For the Nine Months Ended September 30, 2022 | | | | |
|---|---|---|---|---|---|
| | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 10,997 | $ 973 | $ — | $ — | $ 11,970 |
| Mobility - Consumer | 64,025 | 5,063 | — | — | 69,088 |
| Total Mobility | 75,022 | 6,036 | — | — | 81,058 |
| Fixed - Business | 52,827 | 91,521 | — | — | 144,348 |
| Fixed - Consumer | 122,435 | 57,279 | — | — | 179,714 |
| Total Fixed | 175,262 | 148,800 | — | — | 324,062 |
| Carrier Services | 10,042 | 96,102 | — | — | 106,144 |
| Other | 1,051 | — | — | — | 1,051 |
| Total Communication Services Revenue | 261,377 | 250,938 | — | — | 512,315 |
| Construction | — | 8,615 | — | — | 8,615 |
| Other | | | | | |
| Managed Services | 3,820 | 8,980 | — | — | 12,800 |
| Total Other Revenue | 3,820 | 8,980 | — | — | 12,800 |
| Total Revenue | 265,197 | 268,533 | — | — | 533,730 |
| Depreciation | 43,109 | 54,546 | — | 2,766 | 100,421 |
| Amortization of intangibles from acquisitions | 1,192 | 8,552 | — | — | 9,744 |
| Non-cash stock-based compensation | 170 | 301 | — | 5,225 | 5,696 |
| Operating income (loss) | 36,889 | (4,199) | (755) | (28,663) | 3,272 |

| For the Nine Months Ended September 30, 2021 | | | | | |
|---|---|---|---|---|---|
| | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 3,917 | $ 1,149 | $ — | $ — | $ 5,066 |
| Mobility - Consumer | 64,503 | 6,258 | — | — | 70,761 |
| Total Mobility | 68,420 | 7,407 | — | — | 75,827 |
| Fixed - Business | 50,037 | 26,409 | — | — | 76,446 |
| Fixed - Consumer | 125,255 | 23,004 | — | — | 148,259 |
| Total Fixed | 175,292 | 49,413 | — | — | 224,705 |
| Carrier Services | 6,963 | 70,713 | — | — | 77,676 |
| Other | 689 | — | — | — | 689 |
| Total Communication Services Revenue | 251,364 | 127,533 | — | — | 378,897 |
| Construction | — | 28,049 | — | — | 28,049 |
| Other | | | | | |
| Renewable Energy | — | — | 418 | — | 418 |
| Managed Services | 3,978 | 3,793 | — | — | 7,771 |
| Total Other Revenue | 3,978 | 3,793 | 418 | — | 8,189 |
| Total Revenue | 255,342 | 159,375 | 418 | — | 415,135 |
| Depreciation | 40,080 | 24,598 | 188 | 3,827 | 68,693 |
| Amortization of intangibles from acquisitions | 1,262 | 3,062 | — | — | 4,324 |
| Non-cash stock-based compensation | 83 | 100 | 22 | 4,911 | 5,116 |
| Operating income (loss) | 40,999 | (10,920) | (1,488) | (23,319) | 5,271 |

(1) Corporate and Other items refer to corporate overhead costs and consolidating adjustments

Selected balance sheet data for each of the Company's segments as of September 30, 2022 and December 31, 2021 consists of the following (in thousands):

| | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
|---|---|---|---|---|---|
| **September 30, 2022** | | | | | |
| Cash, cash equivalents, and short-term investments | $ 38,340 | $ 32,937 | $ 463 | $ 5,274 | $ 77,014 |
| Total current assets | 110,610 | 114,960 | 488 | 6,466 | 232,524 |
| Fixed assets, net | 459,554 | 482,348 | — | 7,905 | 949,807 |
| Goodwill | 4,835 | 35,269 | — | — | 40,104 |
| Total assets | 641,307 | 871,181 | 14,735 | 67,977 | 1,595,200 |
| Total current liabilities | 84,848 | 99,663 | 356 | 27,989 | 212,856 |
| Total debt | 63,386 | 264,802 | — | 71,000 | 399,188 |
| **December 31, 2021** | | | | | |
| Cash, cash equivalents, and short-term investments | $ 43,128 | $ 28,486 | $ 659 | $ 7,628 | $ 79,901 |
| Total current assets | 108,677 | 111,741 | 3,585 | 8,614 | 232,617 |
| Fixed assets, net | 452,856 | 480,250 | — | 10,103 | 943,209 |
| Goodwill | 4,835 | 35,269 | — | — | 40,104 |
| Total assets | 630,515 | 877,041 | 17,481 | 83,567 | 1,608,604 |
| Total current liabilities | 91,090 | 108,950 | 356 | 20,548 | 220,944 |
| Total debt | 64,243 | 240,802 | — | 61,499 | 366,544 |

| | Capital Expenditures | | | |
|---|---|---|---|---|
| **Nine months ended September 30,** | **International Telecom** | **US Telecom** | **Corporate and Other (1)** | **Consolidated** |
| 2022 | $ 53,270 | $ 60,056 | $ 633 | $ 113,959 |
| 2021 | 32,485 | 36,157 | 2,280 | 70,922 |

(1) Corporate and other items refer to corporate overhead costs and consolidating adjustments

**14. COMMITMENTS AND CONTINGENCIES**

***Regulatory and Litigation Matters***

The Company is subject to certain regulatory and legal proceedings and other claims arising in the ordinary course of business, some of which involve claims for damages and taxes that are substantial in amount. The Company believes that, except for the items discussed below, for which the Company is currently unable to predict the final outcome, the disposition of proceedings currently pending will not have a material adverse effect on the Company's financial position or results of operations.

In 1990, the Company's Guyana subsidiary, GTT, was awarded a license to provide domestic and international voice and data services in Guyana on an exclusive basis until December 2030. Since 2001, the Government of Guyana has stated its intention to introduce additional competition into Guyana's telecommunications sector. In connection therewith, the Company and GTT met on several occasions with officials of the Government of Guyana to discuss potential modifications of GTT's exclusivity and other rights under the existing agreement and license. On October 5, 2020, the Prime Minister of Guyana formally implemented telecommunications legislation previously passed by the Guyana Parliament in 2016 that introduces material changes to many features of Guyana's existing telecommunications regulatory regime with the intention of creating a more competitive market. At that time, the Company was issued a new license to provide domestic and international voice as well as data services and mobile services in Guyana. Two of the

Company's competitors were issued service licenses as well. While the Company has requested details of its competitors' licenses, such information has not been made public by the Guyana Telecommunications Agency, and the Company is not yet able to ascertain whether the licenses issued to its competitors permit any competitors to provide services that have been subject to GTT's exclusive rights contained in its 1990 license.

On October 23, 2020, the Government of Guyana also brought into effect new telecommunications regulations called for by the telecommunications legislation. The regulations include new requirements for the market as a whole, which impose costly additional regulatory fees and impact the Company's operations, administrative reporting and services. There can be no assurance that these regulations will be effectively implemented, or that they will be administered in a fair and transparent manner.

Historically, GTT has been subject to other long-standing litigation proceedings and disputes in Guyana that have not yet been resolved. The Company believes that none of these additional proceedings would, in the event of an adverse outcome, have a material impact on the Company's consolidated financial position, results of operations or liquidity.

In a letter dated September 8, 2006, the National Frequency Management Unit ("NFMU") agreed that total spectrum fees in Guyana should not increase for the years 2006 and 2007. However, that letter implied that spectrum fees in 2008 and onward may be increased beyond the amount GTT agreed to with the Government of Guyana. GTT has objected to the NFMU's proposed action and reiterated its position that an increase in fees prior to development of an acceptable methodology would violate the Government's prior agreement. In 2011, GTT paid the NFMU $2.6 million representing payments in full for 2008, 2009 and 2010. However, by letter dated November 23, 2011, the NFMU stated that it did not concur with GTT's inference that the amount was payment in full for the specified years as it was NFMU's continued opinion that the final calculation for spectrum fees was not agreed upon and was still an outstanding issue. By further letter dated November 24, 2011, the NFMU further rejected a proposal that was previously submitted jointly by GTT and another communications provider that outlined a recommended methodology for the calculation of these fees. The NFMU stated that it would prepare its own recommendation for consideration by the Minister of Telecommunications, who would decide the matter. GTT has paid undisputed spectrum fees according to the methodology used for its 2011 payments and has reserved amounts payable according to this methodology. There have been limited further discussions on this subject and GTT has not been given the opportunity to review recommendations to the Minister on spectrum fee methodology, if any.

On May 8, 2009, a GTT competitor, Digicel, filed a lawsuit in Guyana challenging the legality of GTT's exclusive license rights under Guyana's constitution and GTT intervened in the suit in order to oppose Digicel's claims. The case remains pending. The Company believes that any legal challenge to GTT's exclusive license rights granted in 1990 is without merit and the Company continues to defend vigorously against such legal challenge.

GTT has filed several lawsuits in the High Court of Guyana asserting that, despite its denials, Digicel is engaged in international bypass in violation of GTT's exclusive license rights, the interconnection agreement between the parties, and the laws of Guyana. Digicel filed counterclaims alleging that GTT has violated the terms of the interconnection agreement and Guyana laws. These suits, filed in 2010 and 2012, have been consolidated with Digicel's constitutional challenge described above. At the first instance, GTT was successful in defending Digicel's application to strike out its claim. However, Digicel was successful before the Full Court in having the claims struck out. GTT has appealed the decision of the Full Court before Guyana's Court of Appeal and is waiting for a date for the hearing of the appeal.

GTT is also involved in several legal claims regarding its tax filings with the Guyana Revenue Authority dating back to 1991 regarding the deductibility of intercompany advisory fees as well as other tax assessments. The Company maintains that any liability GTT might be found to have with respect to the disputed tax assessments, would be offset in part by the amounts necessary to ensure that GTT's return on investment was no less than 15% per annum for the relevant periods.

On May 20, 2021, the Company was served with a notice of application for enforcement of a foreign judgment with respect to a matter brought by the Trinidad & Tobago Electric Commission ("TTEC") in the High Court of Justice in the Republic of Trinidad and Tobago in August 2013 against the Company and other defendants, alleging breach of contract due to the Company's failure to pay TTEC in connection with amounts alleged to be owed as reimbursement for cable repair costs. In May 2015, the Company failed to appear in the matter and a default judgment was entered against the Company in the amount of approximately $2.8 million. In May 2021, TTEC took steps to enforce the judgment by commencing proceedings against GTT in Guyana, however, in May of 2022, the High Court of Guyana denied TTEC's petition and TTEC has appealed the decision before Guyana's Court of Appeal. GTT intends to continue to defend its position against the legitimacy of the claim.

In February 2020, the Company's Alaska Communications subsidiary received a draft audit report from USAC in connection with USAC's inquiry into Alaska Communications' funding requests under the Rural Health Care Support Program for certain customers for the time period of July 2012 through June 2017. The draft audit report alleges violations of the FCC's rules for establishing rural rates and urban rates, the provisioning and billing of ineligible services and products, and violations of the FCC's competitive bidding rules. Alaska Communications has provided USAC with extensive comments in response to its draft audit report seeking correction of numerous factual and legal errors that it believed it had identified. As a result of these conversations and comments being submitted by Alaska Communications, USAC's auditors may revise their findings, including the amounts they recommend USAC seek to recover. USAC's auditors are expected to issue a final audit report incorporating Alaska Communications' responses that will be sent to USAC's Rural Health Care Division to review and determine if corrective action would be appropriate. In the event that the Company disagrees with USAC's final audit report, the Company can appeal that decision to USAC's Rural Health Care Division and/or the FCC. At this time, the Company cannot predict the contents or timing of the final USAC audit report, the outcome of the audit or the impact on the Company's business, financial condition, results of operations, or liquidity.

Alaska Communications also received a Letter of Inquiry on March 18, 2018, and subsequent follow up information requests, from the FCC Enforcement Bureau requesting historical information regarding Alaska Communications' participation in the FCC's Rural Health Care Support Program. The Company is engaged in discussions with the FCC's Enforcement Bureau and will continue to work constructively to provide it the information it is seeking. At this time, the Company cannot predict the outcome of the FCC Enforcement Bureau's inquiry or the impact it may have on its business, financial condition, results of operations or liquidity.

With respect to all of the foregoing matters, the Company believes that some adverse outcome is probable and has accordingly accrued $11.7 million as of September 30, 2022 for these and other potential liabilities arising in various claims, legal actions and regulatory proceedings arising in the ordinary course of business. The Company also faces contingencies that are reasonably possible to occur that cannot currently be estimated. It is the Company's policy to expense costs associated with loss contingencies, including any related legal fees, as they are incurred.

**15. SUBSEQUENT EVENTS**

On November 7, 2022, CoBank and the Company amended the 2019 Credit Facility to, among other items, consent to the Company's Sacred Wind Transaction and amend the calculation of the Total Leverage Ratio covenant to allow for the Company to guarantee indebtedness expected to be incurred in connection with the Remove and Replace project. A copy of the amendment is filed as Exhibit 10.1 to this Quarterly Report.

See Note 6 for a discussion of our acquisition of Sacred Wind Enterprises.

See Note 9 for a discussion regarding government grants to be received for our fiber builds in the southwestern United States and Alaska.

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Overview**

We are a provider of digital infrastructure and communications services in the United States and internationally, including the Caribbean region, with a focus on rural and remote markets with a growing demand for infrastructure investments. Our operating subsidiaries today primarily provide: (i) advanced wireless and wireline connectivity to residential, business and government customers, including a range of high-speed Internet and data services, fixed and mobile wireless solutions, and video and voice services; and (ii) carrier and enterprise communications services, such as terrestrial and submarine fiber optic transport, and communications tower facilities.

At the holding company level, we oversee the allocation of capital within and among our subsidiaries, affiliates, new investments, and stockholders. We also have developed significant operational expertise and resources that we use to augment the capabilities of our individual operating subsidiaries in our local markets. Over the past 10 years, we have built a platform of resources and expertise to support our operating subsidiaries and to improve their quality of service with greater economies of scale and expertise than would typically be available at the operating subsidiary level. We also provide management, technical, financial, regulatory, and marketing services to our operating subsidiaries and typically receive a management fee calculated as a percentage of their revenues, which is eliminated in consolidation. We also actively evaluate potential acquisitions, investment opportunities and other strategic transactions, both domestic and international, and generally look for those that we believe fit our profile of telecommunications businesses and have the potential to complement our "glass and steel" and "fiber first" approach in markets while generating steady excess cash flows over extended periods of time. We use the cash generated from our operations to re-invest in organic growth in our existing businesses, to make strategic investments in additional businesses, and to return cash to our investors through dividends or stock repurchases.

For further information about our financial segments and geographical information about our operating revenues and assets, see Notes 1 and 13 to the Consolidated Financial Statements included in this Report.

As of September 30, 2022, we offer the following types of services to our customers:

- ***Mobility Telecommunications Services***. We offer mobile communications services and equipment ("Mobility") over our wireless networks to both our business and consumer subscribers.

- ***Fixed Telecommunications Services***. We provide fixed data and voice telecommunications services ("Fixed") to both our business and consumer subscribers in all of our markets. These services include consumer broadband and high speed data solutions for businesses. For some markets, fixed services also include video services and revenue derived from support under certain government programs.

- ***Carrier Telecommunication Services***. We deliver services ("Carrier Services") such as wholesale roaming, the leasing of critical network infrastructure such as tower and transport facilities, site maintenance and international long-distance services to other telecommunications providers.

- ***Managed Services***. We provide information technology services ("Managed Services") such as network, application, infrastructure and hosting services to both our business and consumer customers to complement our Fixed Services in our existing markets.

Through September 30, 2022, we have identified three operating segments to manage and review our operations and to facilitate investor presentations of our results. These three operating segments are as follows:

- ***International Telecom.*** In our international markets, we offer Fixed Services, Mobility Services, Carrier Services and Managed Services to customers in Bermuda, the Cayman Islands, Guyana and the US Virgin Islands.

- ***US Telecom.*** In the United States, we offer Fixed Services, Carrier Services, and Managed Services to business and consumer customers in Alaska and the western United States. In the western United States, we also provide Mobility Services

- ***Renewable Energy.*** In India, we provided distributed generation solar power to commercial and industrial customers through January 27, 2021. See *Disposition of International Solar Business* for further details.

The following chart summarizes the operating activities of our principal subsidiaries, the segments in which we report our revenue and the markets we served as of September 30, 2022:

| Segment | Services | Markets | Tradenames |
|---|---|---|---|
| **International Telecom** | Mobility Services | Bermuda, Guyana, US Virgin Islands | One, GTT, Viya |
| | Fixed Services | Bermuda, Cayman Islands, Guyana, US Virgin Islands | One, Logic, GTT, Viya |
| | Carrier Services | Bermuda, Guyana, US Virgin Islands | One, GTT, Viya |
| | Managed Services | Bermuda, Cayman Islands, US Virgin Islands, Guyana | Fireminds, One, Logic, GTT, Viya |
| **US Telecom** | Mobility Services | United States (rural markets) | Choice, Choice NTUA Wireless |
| | Fixed Services | United States | Alaska Communications, Commnet Broadband, Choice NTUA Wirel |
| | Carrier Services | United States | Alaska Communications, Commnet, Essextel |
| | Managed Services | United States | Alaska Communications, Commnet Broadband |
| **Renewable Energy (1)** | Solar | India | Vibrant Energy |

(1) See *Disposition of International Solar Business* for further details.

***Acquisition of Sacred Wind Enterprises***

On November 7, 2022, we, via our newly formed wholly owned subsidiary Alloy, Inc. ("Alloy"), acquired all of the issued and outstanding stock of Sacred Wind Enterprises, Inc. ("Sacred Wind"), a rural telecommunications provider in New Mexico (the "Sacred Wind Transaction"). As part of the Sacred Wind Transaction, we paid approximately $27 million in cash and, following the contribution of all of our ownership interests in our Commnet business to Alloy, issued approximately 6% of the fully diluted shares in Alloy to the Sacred Wind stockholders. We will also assume Sacred Wind's debt of approximately $32 million, to the Rural Utilities Services. In addition, the Purchase Agreement includes certain earn-outs, based on various performance measures, the values of which are currently being assessed, to be paid to the Sacred Wind stockholders.

We believe that the acquisition of Sacred Wind will expand our infrastructure reach and broadband services in the rural Southwest and increase our wholesale carrier, residential and business broadband services.

***Acquisition of Alaska Communications***

On July 22, 2021, we completed the acquisition of Alaska Communications Systems Group, Inc. ("Alaska Communications"), a publicly listed company, for approximately $339.5 million in cash, net of cash acquired, (the "Alaska Transaction"). Alaska Communications provides broadband telecommunication and managed information technology services to customers in the state of Alaska and beyond using its statewide and interstate telecommunications network.

In conjunction with the Alaska Transaction, we entered into an agreement with affiliates and investment funds managed by Freedom 3 Capital, LLC as well as other institutional investors (collectively the "Freedom 3 Investors"). The Freedom 3 Investors contributed $71.5 million in conjunction with the Alaska Transaction (the "Freedom 3 Investment"). The Freedom 3 Investment consists of common and preferred equity instruments in our subsidiary of which holds the ownership of Alaska Communications. We accounted for the Freedom 3 Investment as a redeemable noncontrolling interest in our consolidated financial statements and we also entered into a financing transaction drawing $220 million on a new credit facility to complete the Alaska Transaction. As a result of the Alaska Transaction, we own approximately 52% of the common equity of Alaska Communications and control its operations and management. Beginning on July 22, 2021, the results of Alaska Communications are included in our US Telecom segment.

See *Liquidity and Capital Resources* for a discussion regarding the credit agreement used to help finance the Alaska Transaction.

***Global Macroeconomic Conditions***

Our assessment of the impact of COVID-19 on our operations through September 30, 2022, did not indicate that there was a material adverse impact to our consolidated financial statements as of and for the three and nine months ended September 30, 2022. However, we may, in future periods, experience difficulty in procuring network or retail equipment, such as handsets for subscribers, as a result of COVID-19 restrictions and related supply chain challenges.

In addition to potential supply chain challenges, several of our markets have experienced an increase in operating costs, some of which we believe, is attributable to macro-economic conditions, including inflation. If these conditions continue or worsen, they could negatively impact us by increasing our operating expenses. These conditions may lead to cost increases in multiple areas across our business, for example, rises in the prices of raw materials and manufactured goods, increased energy rates, as well as increased wage pressures and other expenses related to our employees. In particular, where we have agreed to undertake infrastructure build outs on a fixed budget for our carrier customers or by accepting government grants, these conditions may result in build costs that exceed our original budget. To the extent that we are unable to pass on the impact of these conditions through increased prices, revised budget estimates, or offset them in other ways, such conditions may impact our financial condition and cash flows.

***Disposition of International Solar Business***

In January 2021, we completed the sale of 67% of the outstanding equity in our business that owns and operates distributed generation solar power projects operated under the Vibrant name in India (the "Vibrant Transaction"). The post-sale results of our ownership interest in Vibrant will be recorded through the equity method of accounting within the Corporate and Other operating segment. We will continue to present the historical results of our Renewable Energy segment for comparative purposes.

The operations of Vibrant did not qualify as discontinued operations because the disposition did not represent a strategic shift that had a major effect on our operations and financial results.

***FirstNet Agreement***

In July 2019, we entered into a Network Build and Maintenance Agreement with AT&T Mobility, LLC ("AT&T") that we amended in August 2020, May 2021 and August 2022 (the "FirstNet Agreement"). In connection with the FirstNet Agreement, we are building a portion of AT&T's network for the First Responder Network Authority ("FirstNet") in or near our current operating area in the Western United States. Pursuant to the FirstNet Agreement and subject to certain limitations contained therein, all cell sites must be completed and accepted within a specified period of time. We expect that total construction revenue related to FirstNet will approximate $80 million to $85 million. Since inception of the project through September 30, 2022, we have recorded $52.1 million in construction revenue, including $8.6 million during 2022. In 2022 and 2023, we also expect to record additional construction revenue and related costs, as sites are completed. Revenues from construction are expected to have minimal impact on operating income. The network build portion of the FirstNet Agreement has continued during the COVID-19 pandemic, but the overall timing of the build schedule has been delayed.

Following acceptance of a cell site, AT&T will own the cell site and we will assign to AT&T any third-party tower lease applicable to such cell site. If the cell site is located on a communications tower we own, AT&T will pay us pursuant to a separate lease agreement for an initial term of eight years. In addition to building the network, we will provide ongoing equipment and site maintenance and high-capacity transport to and from these cell sites for an initial term ending in 2029.

AT&T will continue to use our wholesale domestic mobility network for roaming services at a fixed rate per site during the construction period until such time as the cell site is transferred to AT&T. Thereafter, revenue from the maintenance, leasing and transport services provided to AT&T is expected to generally offset revenue from wholesale mobility roaming services. We are currently receiving revenue from the FirstNet Transaction and expect overall operating income contributions from the FirstNet Transaction to have a relatively steady impact going forward.

***Universal Service Fund and Connect America Fund Phase II Programs***

We recognize revenue from several government funded programs including the USF, a subsidy program managed by the Federal Communications Commission ("FCC"), and the Alaska Universal Service Fund ("AUSF"), a similar program managed by the Regulatory Commission of Alaska (the "RCA"). USF funds are disbursed to telecommunication providers through four programs: the High Cost Program; the Low Income Program ("Lifeline Program"); the Schools and Libraries Program ("E-Rate Program"); and the Rural Health Care Support Program.

We also recognize revenue from the Connect America Fund Phase II program ("CAF II") which offers subsidies to carriers to expand broadband coverage in designated areas. Under CAF II, our US Telecom segment will receive an aggregate of $27.7 million annually through December 2025 and an aggregate of $8.0 million annually from January 2026 through July 2028.

Both the USF and CAFII programs are subject to certain operational and reporting compliance requirements. We believe we are in compliance with these requirements as of September 30, 2022.

In 2018, the FCC initiated a proceeding to replace the High Cost Program support received by Viya in the US Virgin Islands with a new Connect USVI Fund. On November 16, 2020, the FCC announced that Viya was not the recipient of the Connect USVI Fund award and authorized funding to be issued to the new awardee in June 2021. Pursuant to the terms of the program and effective in July 2021, Viya's annual USF support was reduced from $16.4 million to $10.9 million. In July 2022, this support will be reduced again to $5.5 million for the annual period through June 2023. Thereafter, Viya will not receive High Cost Program support.

***RDOF ("Rural Digital Opportunities Fund")***

We expect to receive approximately $20.1 million over 10 years to provide broadband and voice coverage to over 10,000 households in the United States (not including Alaska) under the 2020 Rural Digital Opportunity Fund Phase I Auction ("RDOF"). We recorded $0.5 million and $1.4 million of revenue from the RDOF program during the three and nine months ended September 30, 2022, respectively.

***Construction Grants***

We have also been awarded construction grants to build network connectivity for eligible communities. The funding of these grants, is used to reimburse us for construction costs, and is distributed upon completion of a project. Completion deadlines begin in June 2023 and once these projects are constructed, we are obligated to provide service to the participants. We expect to meet all requirements associated with these grants. A rollforward of the Company's grant awards is below (in thousands):

| | Amount |
|---|---|
| Grants awarded, December 31, 2021 | $ 11,067 |
| New grants | 23,269 |
| Cancelled grants | (4,254) |
| Grants awarded, September 30, 2022 | $ 30,082 |

In addition, we partner with tribal governments to obtain grants under the Tribal Broadband Connectivity Program ("TBCP"). The TBCP is a program administered by the National Telecommunications and Information Administration to deploy broadband connectivity on tribal lands. We were identified as a sub recipient of TBCP grants totaling $77.5 million as of September 30, 2022. Additionally, in October 2022, the company was identified as a sub-recipient for an additional TBCP grant of $52.3 million.

***Replace and Remove Program***

On July 15, 2022, we were notified that we were an approved participant in the Federal Communication Commission's Secure and Trusted Communications Networks Reimbursement Program (the "Replace and Remove Program"), designed to reimburse providers of communications services for reasonable costs incurred in the required removal, replacement, and disposal of covered communications equipment or services, that have been deemed to pose a national security risk, from their networks. Pursuant to the Replace and Remove Program, we were allocated up to approximately $207 million in reimbursement amounts to cover documented and approved costs to remove and securely destroy all ZTE communications equipment and services in our U.S. networks and replace such equipment. The Replace and Remove Program requires that we complete our first request for reimbursement for services performed under the program no later than July 14, 2023 and that we complete the project no later than one year from submitting our initial reimbursement request. We are currently assessing the impact of this program on our financial statements and anticipate that we will be able to meet the deadlines and requirements of the program. At September 30, 2022, we established a receivable for $2.1 million of costs for which we expect to be reimbursed under the program.

***CBRS Auction***

During the third quarter of 2020, we participated in the FCC's Citizens Broadband Radio Service (CBRS) auction for Priority Access Licenses (PALs) in the 3.5 GHz spectrum band. These PALs are licensed on a county-by-county basis and are awarded for a 10-year renewable term. We were a winning bidder for PALs located strategically throughout the United States at a total cost of approximately $20.4 million. In the third quarter of 2022, we surrendered a portion of the PALs that we won in the auction in exchange for repayment of the approximately $1.1 million paid for such licenses and entered into a Consent Decree with the FCC with respect to such surrender and receipt of the remaining licenses. In connection with the awarded licenses, we will have to achieve certain CBRS spectrum build out obligations. We currently expect to comply with all applicable requirements related to these licenses.

***Presentation of Revenue***

Effective July 1, 2021, we began to categorize Mobility revenue and Fixed revenue as either “consumer” or “business” based upon the characteristics of our subscribers. Effective October 1, 2021, our statement of operations separately reflects Construction revenue. All periods presented have been adjusted to conform to these presentation updates.

***Presentation of Operating Expenses***

Effective January 1, 2021, we changed our presentation of operating expenses in the Condensed Consolidated Statements of Operations by combining the previously disclosed Termination and Access Fees with Engineering and Operations as the newly represented Cost of communications services and other. In addition, the previously disclosed Sales, Marketing and Customer Service expenses are now combined with the previously disclosed General and Administrative expenses within the newly represented Selling, General and Administrative expenses. The change in presentation was made to better align our results with industry standards. Cost of construction services continues to be broken out separately and all depreciation and amortization continues to be shown separately.

**Selected Segment Financial Information**

The following represents selected segment information for the three months ended September 30, 2022 and 2021 (in thousands):

| For the Three Months Ended September 30, 2022 | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 3,706 | $ 298 | $ — | $ — | $ 4,004 |
| Mobility - Consumer | 22,776 | 2,058 | — | — | 24,834 |
| Total Mobility | 26,482 | 2,356 | — | — | 28,838 |
| Fixed - Business | 18,578 | 32,509 | — | — | 51,087 |
| Fixed - Consumer | 39,989 | 19,143 | — | — | 59,132 |
| Total Fixed | 58,567 | 51,652 | — | — | 110,219 |
| Carrier Services | 3,220 | 31,360 | — | — | 34,580 |
| Other | 340 | — | — | — | 340 |
| Total Communication Services Revenue | 88,609 | 85,368 | — | — | 173,977 |
| Construction | — | 3,332 | — | — | 3,332 |
| Other | | | | | |
| Managed Services | 1,398 | 3,506 | — | — | 4,904 |
| Total Other Revenue | 1,398 | 3,506 | — | — | 4,904 |
| Total Revenue | 90,007 | 92,206 | — | — | 182,213 |
| | | | | | |
| Operating income (loss) | 13,360 | 716 | (711) | (11,926) | 1,439 |

| For the Three Months Ended September 30, 2021 | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 1,422 | $ 231 | $ — | $ — | $ 1,653 |
| Mobility - Consumer | 22,423 | 1,909 | — | — | 24,332 |
| Total Mobility | 23,845 | 2,140 | — | — | 25,985 |
| Fixed - Business | 16,549 | 21,681 | — | — | 38,230 |
| Fixed - Consumer | 40,870 | 15,484 | — | — | 56,354 |
| Total Fixed | 57,419 | 37,165 | — | — | 94,584 |
| Carrier Services | 2,557 | 31,939 | — | — | 34,496 |
| Other | 233 | — | — | — | 233 |
| Total Communication Services Revenue | 84,054 | 71,244 | — | — | 155,298 |
| Construction | — | 6,417 | — | — | 6,417 |
| Other | | | | | |
| Managed Services | 1,252 | 3,793 | — | — | 5,045 |
| Total Other Revenue | 1,252 | 3,793 | — | — | 5,045 |
| Total Revenue | 85,306 | 81,454 | — | — | 166,760 |
| | | | | | |
| Operating income (loss) | 13,213 | (9,830) | (55) | (4,310) | (982) |

(1) Corporate and Other items refer to corporate overhead costs and consolidating adjustments

A comparison of our segment results for the three months ended September 30, 2022, and 2021 is as follows:

*International Telecom.* Revenues within our International Telecom segment increased $4.7 million, or 5.5%, to $90.0 million from $85.3 million for the three months ended September 30, 2022 and 2021, respectively, as a result of an increase in Fixed and Mobility subscribers within all of our international markets. In addition, our International Telecom segment recognized an increase in Carrier Services revenue due to increases in transport and access fees as well as roaming revenues as a result of increased tourism in certain markets. These increases, however, were partially offset by the $1.4 million scheduled step down in federal support revenues in the US Virgin Islands.

Operating expenses within our International Telecom segment increased by $4.5 million, or 6.2%, to $76.6 million from $72.1 million for the three months ended September 30, 2022 and 2021, respectively. The increase in operating expenses was primarily the result of an increase in direct costs, equipment costs, sales and marketing expenses to support the expansion of our subscriber base and additional costs for our continued investment in network expansion and enhancement.

As a result, our International Telecom segment's operating income increased $0.2 million, or 1.5%, to $13.4 million from $13.2 million for the three months ended September 30, 2022 and 2021, respectively.

*US Telecom*. Revenue within our US Telecom segment increased by $10.7 million, or 13.1%, to $92.2 million from $81.5 million for the three months ended September 30, 2022 and 2021, respectively, primarily as a result of the improved operating performance of our Alaska operations, and a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results partially offset by a $3.1 million reduction in construction revenue related to the FirstNet Transaction as well as a reduction in roaming revenue due to certain restructured carrier contracts in our western United States operations.

Operating expenses within our US Telecom segment increased $0.2 million to $91.5 million from $91.3 million for the three months ended September 30, 2022 and 2021, respectively, as a result of a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results and increases in other expenses being incurred in connection with both the FirstNet Transaction and the CARES Act-funded build-out of rural broadband operations. These increases were partially offset by decreases in both FirstNet construction costs of $2.5 million and transaction-related expenses, pertaining to the Alaska Transaction, of $8.8 million.

As a result of the above, our US Telecom segment's operating income (loss) increased by $10.5 million to income of $0.7 million from a loss of $(9.8) million for the three months ended September 30, 2022 and 2021, respectively.

*Renewable Energy.* Until the completion of the Vibrant Transaction on January 27, 2021, we distributed generation solar power to commercial and industrial customers under the Vibrant name in India. Accordingly, we did not generate revenue or incur operating expenses within our Renewable Energy segment subsequent to that date.

The following represents a year over year discussion and analysis of our results of operations for the three months ended September 30, 2022 and 2021 (in thousands):

| | Three Months Ended September 30, | | Amount of Increase | Percent Increase |
|---|---|---|---|---|
| | 2022 | 2021 | (Decrease) | (Decrease) |
| **REVENUE:** | | | | |
| Communication services | $ 173,977 | $ 155,298 | $ 18,679 | 12.0 % |
| Construction | 3,332 | 6,417 | (3,085) | (48.1) |
| Other | 4,904 | 5,045 | (141) | (2.8) |
| Total revenue | 182,213 | 166,760 | 15,453 | 9.3 |
| **OPERATING EXPENSES** (*excluding depreciation and amortization unless otherwise indicated*): | | | | |
| Cost of communications services and other | 78,949 | 70,732 | 8,217 | 11.6 |
| Cost of construction revenue | 3,321 | 5,855 | (2,534) | (43.3) |
| Selling, general and administrative | 58,056 | 53,360 | 4,696 | 8.8 |
| Transaction-related charges | 3,416 | 5,696 | (2,280) | (40.0) |
| Depreciation | 33,312 | 28,875 | 4,437 | 15.4 |
| Amortization of intangibles from acquisitions | 3,236 | 3,480 | (244) | (7.0) |
| (Gain) Loss on disposition of long-lived assets | 484 | (256) | 740 | (289.1) |
| Total operating expenses | 180,774 | 167,742 | 13,032 | 7.8 |
| Income (loss) from operations | 1,439 | (982) | 2,421 | (246.5) |
| **OTHER INCOME (EXPENSE):** | | | | |
| Interest income | 38 | 42 | (4) | n/m |
| Interest expense | (5,513) | (3,438) | (2,075) | 60.4 |
| Other income (expense) | 1,904 | (385) | 2,289 | n/m |
| Other expense, net | (3,571) | (3,781) | 210 | (5.6) |
| **LOSS BEFORE INCOME TAXES** | (2,132) | (4,763) | 2,631 | (55.2) |
| Income tax benefit | (360) | (288) | (72) | 25.0 |
| **NET INCOME (LOSS)** | (1,772) | (4,475) | 2,703 | (60.4) |
| (Net income) loss attributable to noncontrolling interests, net of tax: | (1,011) | 1,856 | (2,867) | (154.5) |
| **NET LOSS ATTRIBUTABLE TO ATN INTERNATIONAL, INC. STOCKHOLDERS** | $ (2,783) | $ (2,619) | $ (164) | 6.3 % |

n/m = not meaningful

***Communications Services Revenue***

**Mobility Revenue.** Our Mobility revenue consists of retail revenue generated within both our International Telecom and US Telecom segments by providing retail mobile voice and data services over our wireless networks as well as through the sale and repair services of related equipment, such as handsets and other accessories, to our retail subscribers. Mobility revenue increased by $2.8 million, or 10.8%, to $28.8 million for the three months ended September 30, 2022 from $26.0 million for the three months ended September 30, 2021. Of this increase, $2.3 million related to an increase in revenue from business customers while revenue from consumers increased by $0.5 million. The increase in Mobility revenue, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, Mobility revenue increased by $2.7 million, or 11.3%, to $26.5 million for the three months ended September 30, 2022 from $23.8 million for the three months ended September 30, 2021. Mobility revenue increased in each of our markets as total revenue from business and consumer customers increased by $2.3 million and $0.4 million, respectively. The net increases were the result of improved retail and marketing strategies which lead to an increase in subscribers in all of our markets and an increase in equipment and services revenues in certain markets.

- *US Telecom*. Mobility revenue within our US Telecom segment increased by $0.3 million, or 14.3%, to $2.4 million from $2.1 million for the three months ended September 30, 2022 and 2021, respectively. Of this increase, revenue from business and consumer customers increased by $0.1 million and $0.2 million, respectively.

We expect that Mobility revenue within our International Telecom segment may increase as a result of an increase in subscribers. However, such growth may be partially offset due to increased competition. We expect that Mobility revenue within our US Telecom segment will decrease over time as we put more emphasis on other revenue offerings.

**Fixed Revenue.** Fixed revenue is primarily generated by broadband, voice, and video service revenues provided to retail and business customers over our wireline networks. Fixed revenue within our US Telecom segment also includes revenue from the Connect America Fund Phase II program awards in the western United States and Alaska, as well as revenue from the Alaska Universal Service Fund. Within our International Telecom segment, Fixed revenue also includes funding under the FCC’s High Cost Program in the US Virgin Islands. Fixed revenue increased by $15.6 million, or 16.5%, to $110.2 million from $94.6 million for the three months ended September 30, 2022 and 2021, respectively. Of this increase, $12.9 million relates to revenue from business customers while the remaining increase of $2.7 million pertains to consumers. The increase in Fixed revenue, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, Fixed revenue increased by $1.2 million, or 2.1%, to $58.6 million from $57.4 million for the three months ended September 30, 2022 and 2021, respectively, primarily as a result of an increase in fixed broadband revenue as a result of an increase in broadband subscribers in all of our international markets as well as an increase in pricing within certain markets partially offset by the previously disclosed and scheduled $1.4 million step down in revenue from the FCC’s High Cost Program within our Viya operations.

- *US Telecom*. Fixed revenue within our US Telecom segment increased by $14.5 million, or 39.0%, to $51.7 million from $37.2 million for the three months ended September 30, 2022 and 2021, respectively. This increase was mostly a result of a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results, and to a lesser extent an increase, within the western United States, related to an increase in usage for both business and consumer subscribers to support our subscribers’ increased demand for remote working.

Fixed revenue within our International Telecom segment may further decrease as a result of the future scheduled step downs in USF funding in the US Virgin Islands, a decrease in demand for our video services due to subscribers using alternative methods to receive video content, and if COVID-19 travel related restrictions are reinstated in some of our international markets. Such decreases, however, may be offset as a result of an increase in demand for broadband and other data services from consumers, businesses and government, driven by such trends as the popularity of video and audio streaming, demand for cloud services and smart home, business and city solutions, and macro-economic and population growth in places like the Cayman Islands and Guyana.

Within our US Telecom segment, Fixed revenue is expected to increase as both our Alaska operations and our western United States operations further deploy broadband access to both consumers and businesses.

**Carrier Services Revenue.** Carrier Services revenue is generated by both our International Telecom and US Telecom segments**.** Within our International Telecom segment, Carrier Services revenue includes international long-distance services, roaming revenues generated by other carriers' customers roaming into our retail markets, transport services and access services provided to other telecommunications carriers. Within our US Telecom segment, Carrier Services revenue includes services provided under the FirstNet Transaction, wholesale roaming revenues, the provision of network switching services, tower lease revenue and other services provided to other carriers. Carrier Services revenue increased by $0.1 million, or 0.3%, to $34.6 million from $34.5 million for the three months ended September 30, 2022 and 2021, respectively. The increase, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, Carrier Services revenue increased by $0.6 million, or 23.1%, to $3.2 million from $2.6 million for the three months ended September 30, 2022 and 2021, respectively, as a result of an increase in transport and access services as well as higher roaming revenues from an increase in tourism within certain international markets.

- *US Telecom*. Carrier Services revenue within our US Telecom segment decreased by $0.5 million, or 1.6%, to $31.4 million from $31.9 million, for the three months ended September 30, 2022 and 2021, respectively. This decrease was primarily related to the $4.1 million revenue reduction in our western United States operations as a result of the restructure of certain carrier contracts partially offset by a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results.

Within our International Telecom segment, Carrier Services revenue may continue to increase if tourism continues to move toward a return to pre-pandemic levels. Also, within our International Telecom segment, we expect that Carrier Services revenue from our international long-distance business in Guyana may decrease as consumers seek to use alternative technology services to place long-distance calls. In addition, such revenue may decline as the result of the implementation, by the Government of Guyana, of passed legislation which terminates our right to be the exclusive provider of domestic Fixed and international long-distance service in Guyana. While the loss of our exclusive rights may cause an immediate reduction in our Carrier Services revenue, the complete impact of the new legislation to our operations will not be fully known until the Government of Guyana makes the terms and conditions of licenses issued to two of our competitors available to us. Over the longer term, such declines in Carrier Services revenue may be offset by increased Fixed revenue from broadband services to consumers and enterprises in Guyana, increased Mobility revenue from an increase in regulated local calling rates in Guyana or possible economic growth within that country.

Within our US Telecom segment, Carrier Services revenue is expected to increase as a result of our transition away from our legacy wholesale roaming business to other carrier and consumer-based infrastructure services. Such increases may be partially offset by the impact of continued reduced contractual wholesale roaming rates and imposed revenue caps with our Carrier customers.

The most significant competitive factor we face within our US Telecom segment is competition from other providers of such shared infrastructure services, including the leasing of our tower space and transport services, as well as the extent to which our carrier customers choose to roam on our networks.

**Other Communications Services Revenue.** Other Communications Services revenue includes miscellaneous services that the operations within our International Telecom segment provide to retail subscribers. Other Communications Services revenue increased to $0.3 million from $0.2 million for the three months ended September 30, 2022 and 2021, respectively.

***Construction Revenue***

Construction revenue represents revenue generated within our US Telecom segment for the construction of network cell sites related to the FirstNet Agreement. During the three months ended September 30, 2022 and 2021, Construction revenue decreased to $3.3 million from $6.4 million, respectively, as a result of a decrease in the number of sites completed during the three months ended September 30, 2022 as compared to the same period in 2021. As of September 30, 2022, 70% of the cell sites related to the FirstNet Agreement were completed and we expect another 5% of the total build to be completed during the fourth quarter of 2022 with the remainder to be completed in 2023.

***Other Revenue***

**Renewable Energy Revenue.** We did not generate any renewable energy revenue during the three months ended September 30, 2022 or 2021 as a result of the Vibrant Transaction.

**Managed Services Revenue.** Managed Services revenue is generated within both our International and US Telecom segments and includes network, application, infrastructure, and hosting services. Managed Services revenue decreased by $0.1 million, or 2.0%, to $4.9 million from $5.0 million for the three months ended September 30, 2022 and 2021, respectively.

*International Telecom.* Managed Services revenue in our International Telecom segment increased slightly to $1.4 million, or 7.7%, from $1.3 million for the three months ended September 30, 2022 and 2021, respectively.

*US Telecom*. Within our US Telecom segment, Managed Services revenue decreased to $3.5 million, or 7.9%, from $3.8 million for the three months ended September 30, 2022 and 2021, respectively.

We expect that Managed Services revenue may increase in our both our US and International Telecom segments as a result of our continued effort to sell certain Managed Services solutions to both our consumer and business customers in all of our markets.

***Operating Expenses***

**Cost of communication services and other.** Cost of communication services and other are charges that we incur for voice and data transport circuits (in particular, the circuits between our Mobility sites and our switches), internet capacity, video programming costs, access fees we pay to terminate our calls, telecommunication spectrum fees and direct costs associated within our managed services businesses. Cost of communication services and other also includes expenses associated with developing, operating, upgrading and supporting our telecommunications networks, including the salaries and benefits paid to employees directly involved in the development and operation of those businesses, as well as bad debt reserves and the cost of handsets and customer resale equipment incurred by our retail businesses.

Cost of communication services and other increased by $8.2 million, or 11.6%, to $78.9 million from $70.7 million for the three months ended September 30, 2022 and 2021, respectively. The net increase in cost of communication services and other, within our segments, consisted of the following:

- *International Telecom.* Within our International Telecom segment, cost of communication services and other increased by $1.6 million, or 4.7%, to $35.6 million from $34.0 million, for the three months ended September 30, 2022 and 2021, respectively. This increase was the result of increased equipment costs, primarily the cost of handsets, as a result of an increase in subscribers due to seasonal promotions and marketing strategies.
- *US Telecom*. Cost of communication services and other within our US Telecom segment increased by $6.7 million, or 18.3%, to $43.3 million from $36.6 million for the three months ended September 30, 2022 and 2021, respectively. This increase was a result of a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results and an increase in data transport costs in connection with the fully constructed cell sites as part of the First Net Transaction. These increases were

partially offset by a reduction of costs within our private network business which terminated a majority of its operations in early 2022.

We expect that cost of communication services and other may increase within our International Telecom segment due to an expected increase in roaming costs if tourism continues to return to pre-pandemic levels. Within the US Telecom segment, these expenses are expected to increase in connection with our expected increase in carrier services revenue, an increase in the expenses associated with our funding award under the CARES Act and anticipated expenses in connection with our performance related to the construction phase of our FirstNet Transaction which is expected to be completed in 2023. In addition, we expect cost of services may increase as a result of continued inflationary pressure, issues facing the global supply chain and geopolitical uncertainty.

**Cost of construction revenue.** Cost of construction revenue includes the expenses incurred in connection with the construction of and the delivery to AT&T of cell sites in accordance with our FirstNet Agreement. During the three months ended September 30, 2022 and September 30, 2021, cost of construction revenue decreased to $3.3 million from $5.9 million as a result of a decrease in the number of sites completed during the three months ended September 30, 2022 as compared to the same period in 2021. As of September 30, 2022, 70% of the cell sites related to the FirstNet Agreement were completed and we expect another 5% of the total build to be completed during the fourth quarter of 2022 with the remainder to be completed in 2023.

**Selling, general and administrative expenses.** Selling, general and administrative expenses include salaries and benefits we pay to sales personnel, customer service expenses and the costs associated with the development and implementation of our promotional and marketing campaigns. Selling, general and administrative expenses also include salaries, benefits and related costs for general corporate functions including executive management, finance and administration, legal and regulatory, facilities, information technology and human resources as well as internal costs associated with our performance of due-diligence and integration related costs associated with acquisition activities.

Selling, general and administrative expenses increased by $4.7 million, or 8.8%, to $58.1 million from $53.4 million for the three months ended September 30, 2022 and 2021, respectively. The net increase in selling, general and administrative expenses, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, our selling, general and administrative expenses increased by $2.2 million, or 9.1%, to $26.5 million from $24.3 million for the three months ended September 30, 2022 and 2021, respectively. This increase was incurred within all of our international markets primarily as a result of an increase in both our sales and marketing efforts and customer support capabilities to support the expansion of our subscriber base.

- *US Telecom*. Selling, general and administrative expenses increased within our US Telecom segment by $1.1 million, or 4.9%, to $23.7 million from $22.6 million, for the three months ended September 30, 2022 and 2021, respectively. This increase was the result of a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results and an increase in such costs in connection with the First Net Transaction partially offset by a reduction of costs within our private network business which terminated a majority of its operations in early 2022.

- *Renewable Energy.* During the three months ended September 30, 2022 and 2021, our Renewable Energy segment incurred a nominal amount of selling, general and administrative expenses.

- *Corporate Overhead.* Selling, general and administrative expenses within our corporate overhead increased by $1.4 million, or 21.9%, to $7.8 million from $6.4 million, for the three months ended September 30, 2022 and 2021, respectively, primarily related to increased professional services and travel-related expenses.

We expect an increase in these costs as a result of expected costs associated with our recent funding award under the CARES Act, our recently received grant to bring fiber connectivity to certain areas in southern Apache County, Arizona and the cost impact of the construction phase of the FirstNet Transaction which is expected to be completed during 2023. Our Corporate Overhead segment may also experience an increase in these expenses to support our expanding operations.  In addition, we expect our selling, general, and administrative expenses may increase as a result of continued inflationary pressure, issues facing the global supply chain and geopolitical uncertainty.

**Transaction-related charges.** Transaction-related charges include the external costs, such as legal, tax, accounting and consulting fees directly associated with acquisition and disposition-related activities, which are expensed as incurred. Transaction-related charges do not include internal costs, such as employee salary and travel-related expenses, incurred in connection with acquisitions or dispositions or any integration-related costs.

We incurred $3.4 million and $5.7 million of transaction-related charges during the three months ended September 30, 2022 and 2021, respectively.

**Depreciation and amortization expenses.** Depreciation and amortization expenses represent the depreciation and amortization charges we record on our property and equipment.

Depreciation and amortization expenses increased by $4.5 million, or 15.6%, to $33.3 million from $28.8 million for the three months ended September 30, 2022 and 2021, respectively.  The net increase in depreciation and amortization expenses, within our segments, consisted primarily of the following:

- *International Telecom*. Depreciation and amortization expenses increased within our International Telecom segment by $0.8 million, or 6.0%, to $14.1 million from $13.3 million, for the three months ended September 30, 2022 and 2021, respectively. This increase was a result of recent upgrades and expansions to this segment's network.

- *US Telecom*. Depreciation and amortization expenses increased within our US Telecom segment by $4.1 million, or 28.9%, to $18.3 million from $14.2 million, for the three months ended September 30, 2022 and 2021, respectively, primarily as a result of a full three months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results.

- *Corporate Overhead*.  Depreciation and amortization expenses decreased within our corporate overhead by $0.4 million, or 33.3%, to $0.8 million from $1.2 million, for the three months ended September 30, 2022 and 2021, respectively, primarily as a result of certain assets becoming fully depreciated in recent periods.

We expect depreciation and amortization expense to increase within all of our segments as we acquire tangible assets to expand or upgrade our telecommunications networks.

**Amortization of intangibles from acquisitions.** Amortization of intangibles from acquisitions include the amortization of customer relationships and trade names related to our completed acquisitions.

Amortization of intangibles from acquisitions decreased by $0.4 million, or 11.1%, to $3.2 million from $3.6 million for the three months ended September 30, 2022 and 2021, respectively, as a result of the scheduled amortization of costs incurred in previous periods.

We expect that amortization of intangibles from acquisitions will decrease as such costs continue to amortize as scheduled.

**Loss on disposition of long-lived assets**.  During the three months ended September 30, 2022, we recorded a $0.5 million loss on the disposal of certain assets, primarily within our Renewable Energy segment related to the final settlement of the Vibrant Transaction.

During the three months ended September 30, 2021, we recorded a loss on the disposition of miscellaneous long-lived assets of $0.3 million.

**Interest income.** Interest income represents interest earned on our cash, cash equivalents, restricted cash and short-term investment balances and were nominal amounts during both the three months ended September 30, 2022 and 2021.

**Interest expense.** We incur interest expense on the 2019 CoBank Credit Facility, the Alaska Credit Facility (beginning in July 2021 and in conjunction with the completion of the Alaska Transaction), the Viya Debt, the One Communications Debt and the Receivables Credit Facility (each as defined below). Interest expense also includes commitment fees, letter of credit fees and the amortization of debt issuance costs.

Interest expense increased to $5.5 million from $3.4 million for the three months ended September 30, 2022 and 2021, respectively, as additional interest expense was incurred as a result of new borrowings under the 2019 CoBank Credit Facility, the Alaska Credit Facility and the Receivables Credit Facility as well as an increase in interest rates on those facilities.

We expect that interest expense may increase in future periods as a result of increased interest rates and borrowings.

**Other income (expenses).** Other income (expenses) represents miscellaneous non-operational income earned and expenses incurred.

For the three months ended September 30, 2022, other income (expenses) was $1.9 million of income primarily related to gains from our noncontrolling investments partially offset by losses on foreign currency transactions.

For the three months ended September 30, 2021, other income (expenses) was an expense of $0.4 million which was primarily related to losses from our noncontrolling investments and on foreign currency transactions. These losses were partially offset by miscellaneous income generated during the quarter.

**Income taxes.** Our effective tax rate for the three months ended September 30, 2022 and 2021 was 16.9% and 6.0%, respectively.

We recorded an income tax benefit of $0.4 million in relation to a pretax loss of $2.1 million for the three months ended September 30, 2022. The effective tax rate for the three months ended September 30, 2022 was primarily impacted by the following items (i) the mix of income generated among the jurisdictions in which we operate and (ii) discrete items including $0.9 million of expense for interest on unrecognized tax positions.

The effective tax rate for the three months ended September 30, 2021 was primarily impacted by the following items: (i) the mix of income generated among the jurisdictions in which we operate, (ii) certain transactional charges incurred in connection with our recent acquisition that had no tax benefit, and (iii) a discrete expense of $0.5 million for interest on unrecognized tax positions.

Our effective tax rate is based upon estimated income before provision for income taxes for the year, composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for potential tax consequences, benefits and/or resolutions of tax contingencies. Our consolidated tax rate will continue to be impacted by any transactional or onetime items in the future and the mix of income in any given year generated among the jurisdictions in which we operate. While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from our accrued positions as a result of uncertain and complex applications of tax law and regulations. Additionally, the recognition and measurement of certain tax benefits include estimates and judgments by management. Accordingly, we could record additional provisions or benefits for US federal, state, and foreign tax matters in future periods as new information becomes available.

**Net income attributable to noncontrolling interests, net of tax.** Net income attributable to noncontrolling interests, net of tax reflected an allocation of income of $1.0 million and losses of $1.9 million generated by our less than wholly owned subsidiaries for the three months ended September 30, 2022 and 2021, respectively. Changes in net income attributable to noncontrolling interests, net of tax, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, net income attributable to noncontrolling interests, net of tax increased by $0.1 million, or 4.3%, to an allocation of $2.4 million of income from an allocation of $2.3 million of income for the three months ended September 30, 2022 and 2021, respectively, primarily as a result of increased profitability at our less than wholly owned subsidiaries partially offset by an increase in our ownership of certain less than wholly owned subsidiaries in certain international markets.

- *US Telecom*. Within our US Telecom segment, net income attributable to noncontrolling interests, net of tax decreased by $2.3 million to an allocation of losses of $1.4 million from an allocation of losses of $4.2 million for the three months ended September 30, 2022 and 2021, respectively, as a result the completion of the Alaska Transaction.

**Net income (loss) attributable to ATN International, Inc. stockholders.** Net income (loss) attributable to ATN International, Inc. stockholders was a loss of $2.8 million and $2.6 million for the three months ended September 30, 2022 and 2021, respectively.

On a per diluted share basis, net income (loss) was a loss of $0.25 and $0.22 per diluted share for the three months ended September 30, 2022 and 2021, respectively. Such per share losses were impacted by accrued preferred dividends of $1.2 million and $0.8 million for the three months ended September 30, 2022 and 2021, respectively.

**Selected Segment Financial Information**

The following represents selected segment information for the nine months ended September 30, 2022 and 2021 (in thousands):

| | For the Nine Months Ended September 30, 2022 | | | | |
|---|---|---|---|---|---|
| | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 10,997 | $ 973 | $ — | $ — | $ 11,970 |
| Mobility - Consumer | 64,025 | 5,063 | — | — | 69,088 |
| Total Mobility | 75,022 | 6,036 | — | — | 81,058 |
| Fixed - Business | 52,827 | 91,521 | — | — | 144,348 |
| Fixed - Consumer | 122,435 | 57,279 | — | — | 179,714 |
| Total Fixed | 175,262 | 148,800 | — | — | 324,062 |
| Carrier Services | 10,042 | 96,102 | — | — | 106,144 |
| Other | 1,051 | — | — | — | 1,051 |
| Total Communication Services Revenue | 261,377 | 250,938 | — | — | 512,315 |
| Construction | — | 8,615 | — | — | 8,615 |
| Other | | | | | |
| Managed Services | 3,820 | 8,980 | — | — | 12,800 |
| Total Other Revenue | 3,820 | 8,980 | — | — | 12,800 |
| Total Revenue | 265,197 | 268,533 | — | — | 533,730 |
| | | | | | |
| Operating income (loss) | 36,889 | (4,199) | (755) | (28,663) | 3,272 |

| | For the Nine Months Ended September 30, 2021 | | | | |
|---|---|---|---|---|---|
| | International Telecom | US Telecom | Renewable Energy | Corporate and Other (1) | Consolidated |
| Revenue | | | | | |
| Communication Services | | | | | |
| Mobility - Business | $ 3,917 | $ 1,149 | $ — | $ — | $ 5,066 |
| Mobility - Consumer | 64,503 | 6,258 | — | — | 70,761 |
| Total Mobility | 68,420 | 7,407 | — | — | 75,827 |
| Fixed - Business | 50,037 | 26,409 | — | — | 76,446 |
| Fixed - Consumer | 125,255 | 23,004 | — | — | 148,259 |
| Total Fixed | 175,292 | 49,413 | — | — | 224,705 |
| Carrier Services | 6,963 | 70,713 | — | — | 77,676 |
| Other | 689 | — | — | — | 689 |
| Total Communication Services Revenue | 251,364 | 127,533 | — | — | 378,897 |
| Construction | — | 28,049 | — | — | 28,049 |
| Other | | | | | |
| Renewable Energy | — | — | 418 | — | 418 |
| Managed Services | 3,978 | 3,793 | — | — | 7,771 |
| Total Other Revenue | 3,978 | 3,793 | 418 | — | 8,189 |
| Total Revenue | 255,342 | 159,375 | 418 | — | 415,135 |
| Operating income (loss) | 40,999 | (10,920) | (1,488) | (23,319) | 5,272 |

(1) Reconciling items refer to corporate overhead costs and consolidating adjustments

A comparison of our segment results for the nine months ended September 30, 2022, and 2021 is as follows:

*International Telecom.* Revenues within our International Telecom segment increased $9.9 million, or 3.9%, to $265.2 million from $255.3 million for the nine months ended September 30, 2022 and 2021, respectively, as a result of an increase in Fixed and Mobility subscribers within our international markets. In addition, our US Virgin Islands and Bermuda markets recognized an increase in Carrier Services revenue as a result of increased tourism in those markets. These increases, however, were partially offset by a $4.1 million reduction in federal support revenues in the US Virgin Islands.

Operating expenses within our International Telecom segment increased by $14.0 million, or 6.5%, to $228.3 million from $214.3 million for the nine months ended September 30, 2022 and 2021, respectively. The increase was primarily the result of an increase in direct costs, primarily roaming expenses due to increased tourism in the US Virgin Islands and Bermuda, equipment expenses due to increased handset sales and an increase in sales and marketing expenses to support the expansion of our subscriber base.

As a result, our International Telecom segment's operating income decreased $4.1 million, or 10.0%, to $36.9 million from $41.0 million for the nine months ended September 30, 2022 and 2021, respectively.

*US Telecom.* Revenue within our US Telecom segment increased by $109.1 million, or 68.4%, to $268.5 million from $159.4 million for the nine months ended September 30, 2022 and 2021, respectively, primarily as a result of a full nine months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results partially offset by a $19.4 million reduction in construction revenue related to the FirstNet Transaction as well as a reduction in roaming revenue due to the restructuring of certain carrier contracts in our western United States operations.

Operating expenses within our US Telecom segment increased $102.4 million to $272.7 million from $170.3 million for the nine months ended September 30, 2022 and 2021, respectively, as a result of a full nine months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results and increases in other expenses being incurred in connection with both the FirstNet Transaction and the CARES Act-funded build-out of rural broadband operations. These increases were partially offset by decreases in FirstNet construction costs of $19.4 million and transaction-related expenses, primarily related to the Alaska Transaction, of $7.9 million.

As a result of the above, our US Telecom segment's operating loss decreased by $6.7 million to a loss of $4.2 million from a loss of $10.9 million for the nine months ended September 30, 2022 and 2021, respectively.

*Renewable Energy.* Until the completion of the Vibrant Transaction on January 27, 2021, we distributed generation solar power to commercial and industrial customers under the Vibrant name in India. Accordingly, we did not generate revenue or incur operating expenses within our Renewable Energy segment subsequent to that date. For the nine months ended September 30, 2021, we generated revenue, incurred operating expenses and reported an operating loss of $3.4 million, $4.6 million and $1.2 million, respectively.

The following represents a year over year discussion and analysis of our results of operations for the nine months ended September 30, 2022 and 2021 (in thousands):

| | Nine Months Ended September 30, | | Amount of Increase | Percent Increase |
|---|---|---|---|---|
| | 2022 | 2021 | (Decrease) | (Decrease) |
| **REVENUE:** | | | | |
| Communication services | $ 512,315 | $ 378,897 | $ 133,418 | 35.2 % |
| Construction | 8,615 | 28,049 | (19,434) | (69.3) |
| Other | 12,800 | 8,189 | 4,611 | 56.3 |
| Total revenue | 533,730 | 415,135 | 118,595 | 28.6 |
| **OPERATING EXPENSES** (*excluding depreciation and amortization unless otherwise indicated*): | | | | |
| Cost of communication services and other | 229,821 | 168,717 | 61,104 | 36.2 |
| Cost of construction revenue | 8,640 | 27,997 | (19,357) | (69.1) |
| Selling, general and administrative | 173,575 | 131,705 | 41,870 | 31.8 |
| Transaction-related charges | 4,381 | 7,823 | (3,442) | (44.0) |
| Depreciation and amortization | 100,421 | 68,693 | 31,728 | 46.2 |
| Amortization of intangibles from acquisitions | 9,744 | 4,324 | 5,420 | 125.3 |
| Loss on disposition of long-lived assets | 3,876 | 605 | 3,271 | 540.7 |
| Total operating expenses | 530,458 | 409,864 | 120,594 | 29.4 |
| Income (loss) from operations | 3,272 | 5,271 | (1,999) | (37.9) |
| **OTHER INCOME (EXPENSE):** | | | | |
| Interest income | 41 | 83 | (42) | (50.6) |
| Interest expense | (13,107) | (5,723) | (7,384) | 129.0 |
| Other income | 3,379 | 1,923 | 1,456 | 75.7 |
| Other expense, net | (9,687) | (3,717) | (5,970) | 160.6 |
| **INCOME (LOSS) BEFORE INCOME TAXES** | (6,415) | 1,554 | (7,969) | (512.8) |
| Income tax benefit | (1,378) | (1,535) | 157 | (10.2) |
| **NET INCOME (LOSS)** | (5,037) | 3,089 | (8,126) | (263.1) |
| Net (income) loss attributable to noncontrolling interests, net of tax: | 782 | (986) | 1,768 | (179.3) |
| **NET INCOME (LOSS) ATTRIBUTABLE TO ATN INTERNATIONAL, INC. STOCKHOLDERS** | $ (4,255) | $ 2,103 | $ (6,358) | (302.3)% |

n/m = not meaningful

***Communications Services Revenue***

**Mobility Revenue.** Mobility revenue increased by $5.3 million, or 7.0%, to $81.1 million for the nine months ended September 30, 2022 from $75.8 million for the nine months ended September 30, 2021. Of this increase, $6.9 million related to an increase in revenue from business customers while revenue from consumers declined by $1.7 million. The increase in Mobility revenue, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, Mobility revenue increased by $6.6 million, or 9.6%, to $75.0 million for the nine months ended September 30, 2022 from $68.4 million for the nine months ended September 30, 2021. Mobility revenue increased in each of our markets as total revenue from business customers was the majority of that increase. The increases were the result of improved retail and marketing strategies which lead to an increase in subscribers and equipment sales in certain markets.

- *US Telecom*. Mobility revenue within our US Telecom segment decreased by $1.4 million, or 18.9%, to $6.0 million from $7.4 million for the nine months ended September 30, 2022 and 2021, respectively. Of this decrease, $1.2 million related to a decrease in revenue from consumers within our retail operations due to a decrease in subscribers while the remaining $0.2 million decrease was the result of a decrease in revenue from our private networks business.

**Fixed Revenue.** Fixed revenue increased by $99.4 million, or 44.2%, to $324.1 million from $224.7 million for the nine months ended September 30, 2022 and 2021, respectively. Of this increase, $67.9 million and $31.5 million relate to revenue from business and consumer customers, respectively. The increase in Fixed revenue, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, Fixed revenue was consistent at $175.3 million for the nine months ended September 30, 2022 and 2021, as increases in fixed broadband subscribers in all of our international markets and data pricing in certain markets was offset by the previously disclosed and scheduled $4.1 million reduction in revenue from the FCC's High Cost Program.

- *US Telecom*. Fixed revenue within our US Telecom segment increased by $99.4 million to $148.8 million from $49.4 million for the nine months ended September 30, 2022 and 2021, respectively. This increase was a result of a full nine months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results, and a $2.9 million increase, within the western United States, related to an increase in usage for both business and consumer subscribers to support our subscribers' increased demand for remote working.

**Carrier Services Revenue.** Carrier Services revenue increased by $28.4 million, or 36.6%, to $106.1 million from $77.7 million for the nine months ended September 30, 2022 and 2021, respectively. The increase, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, Carrier Services revenue increased by $3.0 million, or 42.9%, to $10.0 million, from $7.0 million for the nine months ended September 30, 2022 and 2021, respectively, as a result of an increase in transport and access services and in tourism, primarily within the US Virgin Islands and Bermuda, that resulted in increased roaming revenues.

- *US Telecom*. Carrier Services revenue within our US Telecom segment increased by $25.4 million, or 35.9%, to $96.1 million from $70.7 million, for the nine months ended September 30, 2022 and 2021, respectively. This increase was primarily related to a full nine months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results partially offset by a decrease of $11.0 million in our western United States operations as a result of the restructure of certain carrier contracts.

**Other Communications Services Revenue.** Other Communications Services revenue increased to $1.1 million from $0.7 million for the nine months ended September 30, 2022 and 2021, respectively.

***Construction Revenue***

During the nine months ended September 30, 2022 and 2021, Construction revenue decreased to $8.6 million from $28.0 million, respectively, as a result of a decrease in the number of sites completed during 2022 as compared to 2021. As of September 30, 2022, 70% of the cell sites related to the FirstNet Agreement were completed and we expect another 5% of the total build to be completed during the fourth quarter of 2022 with the remainder to be completed in 2023.

***Other Revenue***

**Renewable Energy Revenue.** As a result of the Vibrant Transaction, we did not generate any renewable energy revenue during the nine months ended September 30, 2022 and generated $0.4 million of renewable energy revenue during the nine months ended September 30, 2021.

**Managed Services Revenue.** Managed Services revenue increased by $5.0 million, or 64.1%, to $12.8 million from $7.8 million for the nine months ended September 30, 2022 and 2021, respectively.

*International Telecom.* Managed Services revenue in our International Telecom segment decreased $0.2 million to $3.8 million, or 5.0%, from $4.0 million for the nine months ended September 30, 2022 and 2021, respectively.

*US Telecom*. Within our US Telecom segment, Managed Services revenue increased to $9.0 million from $3.8 million for the nine months ended September 30, 2022 and 2021, respectively, primarily related to a full nine months of our Alaska operations, which were acquired on July 22, 2021, included in our 2022 results

***Operating Expenses***

**Cost of communication services and other.** Cost of communication services and other increased by $41.7 million, or 36.2%, to $229.8 million from $168.7 million for the nine months ended September 30, 2022 and 2021, respectively. The net increase in cost of communication services and other, within our segments, consisted of the following:

- *International Telecom.* Within our International Telecom segment, cost of communication services and other increased by $3.0 million, or 2.9%, to $104.7 million from $101.7 million, for the nine months ended September 30, 2022 and 2021, respectively. This increase was the result of an increase in roaming expense, due to an increase in related roaming revenues from higher levels of travel and tourism in the US Virgin Islands and Bermuda, as well as an increase in equipment expenses. Primarily the cost of handsets, as a result of improved retail and marketing strategies which lead to an increase in subscribers and handset sales.
- *US Telecom*. Cost of communication services and other within our US Telecom segment increased by $58.5 million, or 86.8%, to $125.8 million from $67.3 million for the nine months ended September 30, 2022 and 2021, respectively. This increase was a result of a full nine months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results, and an increase in data transport costs in connection with the fully constructed cell sites as part of the FirstNet Transaction and an increase within our wholesale long-distance voice services business to support its increased revenues. These increases were partially offset by decreases in our private network business which terminated its operations in early 2022.

**Cost of construction revenue.** During the nine months ended September 30, 2022 and September 30, 2021, cost of construction revenue decreased to $8.6 million from $28.0 million as a result of a decrease in the number of sites completed during 2022 as compared to 2021. As of September 30, 2022, 70% of the cell sites related to the FirstNet Agreement were completed and we expect another 5% of the total build to be completed during the fourth quarter of 2022 with the remainder to be completed in 2023.

**Selling, general and administrative expenses.** Selling, general and administrative expenses increased by $41.9 million, or 31.8%, to $173.6 million from $131.7 million for the nine months ended September 30, 2022 and 2021, respectively. The net increase in selling, general and administrative expenses, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, our selling, general and administrative expenses increased by $6.9 million, or 9.7%, to $78.3 million from $71.4 million for the nine months ended September 30, 2022 and 2021, respectively. This increase was incurred within all of our international markets primarily as a result of an increase in our sales and marketing capabilities to support the expansion of our subscriber base.

- *US Telecom*. Selling, general and administrative expenses increased within our US Telecom segment by $33.5 million, or 87.0%, to $72.0 million from $38.5 million, for the nine months ended September 30, 2022 and 2021, respectively. This increase was the result of a full nine months of our Alaska operations, which were acquired on July 22, 2021, being included in our 2022 results and an increase in such costs in connection with the First Net Transaction partially offset by a reduction of costs within our private network business which terminated its operations in early 2022.

- *Renewable Energy.* During the nine months ended September 30, 2022 and 2021, our Renewable Energy segment incurred a nominal amount and $0.5 million of selling, general and administrative expenses, respectively, as a result of the Vibrant Transaction.

- *Corporate Overhead.* Selling, general and administrative expenses within our corporate overhead increased by $1.8 million, or 8.4%, to $23.2 million from $21.4 million, for the nine months ended September 30, 2022 and 2021, respectively, primarily related to an increase in professional service expenses, integration costs associated with the completion of the Alaska Transaction and an increase in travel related costs.

**Transaction-related charges.** We incurred $4.4 million and $7.8 million of transaction-related charges during the nine months ended September 30, 2022 and 2021, respectively.

**Depreciation and amortization expenses.** Depreciation and amortization expenses increased by $31.8 million, or 46.4%, to $100.4 million from $68.6 million for the nine months ended September 30, 2022 and 2021, respectively. The net increase in depreciation and amortization expenses, within our segments, consisted primarily of the following:

- *International Telecom*. Depreciation and amortization expenses increased within our International Telecom segment by $3.0 million, or 7.5%, to $43.1 million from $40.1 million, for the nine months ended September 30, 2022 and 2021, respectively. This increase was the result of a full nine months of our Alaska operations, which were acquired on July 22, 2021, included in our 2022 results and the depreciation expense recorded on recent capital expenditures.

- *US Telecom*. Depreciation and amortization expenses increased within our US Telecom segment by $30.0 million to $54.5 million from $24.5 million, for the nine months ended September 30, 2022 and 2021, respectively, primarily as a result of the Alaska Transaction.

- *Renewable Energy*. Our Renewable Energy segment did not record any depreciation and amortization expense during the nine months ended September 30, 2022 as a result of the Vibrant Transaction. This segment incurred $0.2 million of depreciation and amortization expenses during the nine months ended September 30, 2021.

- *Corporate Overhead.* Depreciation and amortization expenses decreased within our corporate overhead by $1.0 million, or 26.3%, to $2.8 million from $3.8 million, for the nine months ended September 30, 2022 and 2021, respectively, primarily as a result of certain assets becoming fully depreciated in recent periods.

**Amortization of intangibles from acquisitions.** Amortization of intangibles from acquisitions increased by $5.3 million to $9.7 million from $4.4 million for the nine months ended September 30, 2022 and 2021, respectively, as a result of the Alaska Transaction which was completed on July 22, 2021.

**Loss on disposition of long-lived assets**. During the nine months ended September 30, 2022, we recorded a loss on the disposition of long-lived assets of $3.9 million. Of this amount, $2.1 million was incurred in our US Telecom segment relating to the disposal of certain assets while $1.0 million was incurred in our International Telecom segment as a result of the modification of agreements for the use of other certain assets, while the remaining amount pertains to the final settlement of the Vibrant Transaction within our Renewable Energy segment.

During the nine months ended September 30, 2021, we recorded a loss on the disposition of long-lived assets of $0.6 million, primarily related to the Vibrant Transaction, partially offset by gains within the US Telecom segment.

**Interest income.** Interest income represents interest earned on our cash, cash equivalents, restricted cash and short-term investment balances and were nominal amounts during both the nine months ended September 30, 2022 and 2021.

**Interest expense.** Interest expense increased to $13.1 million from $5.7 million for the nine months ended September 30, 2022 and 2021, respectively, as additional interest expense was incurred as a result of new borrowings under the 2019 CoBank Credit Facility, the Alaska Credit Facility and the Receivables Credit Facility as well as an increase in interest rates.

**Other income (expenses).** For the nine months ended September 30, 2022, other income (expenses) was $3.4 million of income primarily related to gains from our noncontrolling investments partially offset by increased expenses associated with certain employee benefit plans and losses on foreign currency transactions.

For the nine months ended September 30, 2021, other income (expense) was income of $1.9 million which was primarily related to gains from our noncontrolling investments partially offset by a net loss on foreign currency transactions.

**Income taxes.** Our effective tax rate for the nine months ended September 30, 2022 and 2021 was 21.5% and (98.8%), respectively.

We recorded an income tax benefit of $1.4 million in relation to a pretax loss of $6.4 million for the nine months ended September 30, 2022. The effective tax rate for the nine months ended September 30, 2022 was primarily impacted by the following items (i) the mix of income generated among the jurisdictions in which we operate, (ii) a $2.1 million net expense recognized discretely to record a valuation allowance on certain deferred tax assets that are not expected to be realizable based on the weight of positive and negative evidence and (iii) discrete items including a $3.3 million benefit from the reversal of an unrecognized tax position due to a statute of limitations expiration, and a $1.7 million expense for interest on unrecognized tax positions.

The effective tax rate for the nine months ended September 30, 2021 was primarily impacted by the following items: (i) the mix of income generated among the jurisdictions in which we operate, (ii) certain transactional charges incurred in connection with our recent acquisition that had no tax benefit, and (iii) discrete items including a $3.4 million benefit from the reversal of an unrecognized tax position due to statute expiration and a $1.5 million expense for interest on unrecognized tax positions.

Our effective tax rate is based upon estimated income before provision for income taxes for the year, composition of the income in different countries, and adjustments, if any, in the applicable quarterly periods for potential tax consequences, benefits and/or resolutions of tax contingencies. Our consolidated tax rate will continue to be impacted by any transactional or onetime items in the future and the mix of income in any given year generated among the jurisdictions in which we operate. While we believe we have adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from our accrued positions as a result of uncertain and complex applications of tax law and regulations. Additionally, the recognition and measurement of certain tax benefits include estimates and judgments by management. Accordingly, we could record additional provisions or benefits for US federal, state, and foreign tax matters in future periods as new information becomes available.

**Net income attributable to noncontrolling interests, net of tax.** Net income attributable to noncontrolling interests, net of tax reflected an allocation of $0.8 million of losses and $1.0 million of income generated by our less than wholly owned subsidiaries for the nine months ended September 30, 2022 and 2021, respectively. Changes in net income attributable to noncontrolling interests, net of tax, within our segments, consisted of the following:

- *International Telecom*. Within our International Telecom segment, net income attributable to noncontrolling interests, net of tax decreased by $1.1 million, or 18.6%, to an allocation of $4.8 million of income from an allocation of $5.9 million of income for the nine months ended September 30, 2022 and 2021, respectively, primarily as a result of reduced profitability at our less than wholly owned subsidiaries partially offset by an increase in our ownership in certain international markets.

- *US Telecom*. Within our US Telecom segment, net income attributable to noncontrolling interests, net of tax increased by $1.5 million to an allocation of losses of $5.6 million from an allocation of losses of $4.1 million for the nine months ended September 30, 2022 and 2021, respectively, as a result of the Alaska Transaction, which was completed on July 22, 2021 and reduced profitability in certain less than wholly owned subsidiaries within our US Mobility operations.

**Net income (loss) attributable to ATN International, Inc. stockholders.** Net income (loss) attributable to ATN International, Inc. stockholders was a loss of $4.3 million for the nine months ended September 30, 2022 as compared to income of $2.1 million for the nine months ended September 30, 2021.

On a per diluted share basis, net income (loss) was a loss of $0.49 per diluted share for the nine months ended September 30, 2022 as compared to income of $0.08 per diluted share for the nine months ended September 30, 2021. Such per share amounts were impacted by accrued preferred dividends of $3.5 million and $2.3 million.

**Regulatory and Tax Issues**

We are involved in several regulatory and tax proceedings. A material and adverse outcome in one or more of these proceedings could have a material adverse impact on our financial condition and future operations. For a discussion of ongoing proceedings, see Note 14 o the Consolidated Financial Statements in this Report

***Tax Reform***

The Tax Cuts and Jobs Act of 2017 (the “Tax Act”), which was signed into law on December 22, 2017, has resulted in significant changes to the US corporate income tax system and the US Virgin Islands mirror code which replaces “United States” with “US Virgin Islands” throughout the Internal Revenue Code. The Tax Act transitions international taxation from a worldwide system to a modified territorial system and includes two base erosion prevention measures on non-US earnings, which has the effect of subjecting certain earnings of our foreign subsidiaries to US taxation as global intangible low taxed income (“GILTI”), eliminates the deduction of certain payments made to related foreign corporations, and imposes a minimum tax if greater than regular tax under the base-erosion and anti-abuse tax (“BEAT”). These changes became effective beginning in 2018 but did not have an impact on us in the initial or following years. Based on our forecasted income for 2022, we are not currently projecting a GILTI inclusion. We do not expect we will be subject to BEAT and therefore have not included any tax impacts of BEAT in our consolidated financial statements for the quarter ended September 30, 2022.

**Liquidity and Capital Resources**

Historically, we have met our operational liquidity needs and have funded our capital expenditures and acquisitions through a combination of cash-on-hand, internally generated funds, proceeds from dispositions, borrowings under our credit facilities and seller financings. We believe our current cash, cash equivalents, short term investments and availability under our current credit facilities will be sufficient to meet our cash needs for at least the next twelve months for working capital needs and capital expenditures.

*Total liquidity.* As of September 30, 2022, we had approximately $77.8 million in cash, cash equivalents and restricted cash. Of this amount, $29.7 million was held by our foreign subsidiaries and is indefinitely invested outside the United States. In addition, we had approximately $399.2 million of debt, net of unamortized deferred financing costs, as of September 30, 2022. How and when we deploy our balance sheet capacity will figure prominently in our longer-term growth prospects and stockholder returns.

***Uses of Cash***

*Acquisitions and investments.* We have historically funded our acquisitions with a combination of cash-on-hand, borrowings under our credit facilities as well as equity investor and seller financings.

*Alaska Transaction.* On July 22, 2021, Alaska Communications entered into a new debt financing in connection with the Alaska Transaction. See *Acquisition of Alaska Communications System Group, Inc.*

We continue to explore opportunities to expand our telecommunications business or acquire new businesses and telecommunications licenses in the United States, the Caribbean and elsewhere. Such acquisitions may require external financing. While there can be no assurance as to whether, when or on what terms we will be able to acquire any such businesses or licenses or make such investments, such acquisitions may be completed through the issuance of shares of our capital stock, payment of cash or incurrence of additional debt. From time to time, we may raise capital ahead of any definitive use of proceeds to allow us to move more quickly and opportunistically if an attractive investment materializes.

*Cash used in investing activities.* Cash used in investing activities decreased by $297.1 million to $94.6 million from $391.8 million for the nine months ended September 30, 2022 and 2021, respectively. Excluding the $339.5 million of cash used for the Alaska Transaction, cash used in investing activities increased by $42.4 million, primarily as a result of an increase in capital expenditures of $43.1 million to $114.0 million from $70.9 million. Offsetting this increase was a reduction in reimbursable capital expenditures of $4.7 million to $4.0 million from $8.7 million.

*Cash provided by (used in) financing activities.* Cash provided by financing activities decreased by $328.7 million to $12.8 million from $341.4 million. Excluding cash provided by the Alaska Transaction of $291.5 million (including $220.0 million of debt financing and $71.5 million of equity financing provided by a non-controlling third party), cash provided by financing activities decreased by $37.1 million primarily related to a reduction in borrowings, net of repayments, under our credit facilities partially offset by a reduction in expenditures for the repurchase of non-controlling interests and repurchases of our common stock.

*Working Capital.* Historically, we have internally funded our working capital needs. Pursuant to the FirstNet Agreement, AT&T has the option to repay construction costs, with interest, over an eight-year period. To fund the working capital needs created by AT&T's option to extend its payment terms, we completed the Receivables Credit Facility, as discussed below, on March 26, 2020.

*Capital expenditures.* Historically, a significant use of our cash has been for capital expenditures to expand and upgrade our telecommunications networks and to expand our previously owned renewable energy operations.

For the nine months ended September 30, 2022 and 2021, we spent approximately $114.0 million and $70.9 million, respectively, on capital expenditures relating to our telecommunications networks and our business support systems of which $4.0 million and $8.7 million, respectively, are reimbursable. The following notes our capital expenditures, by operating segment, for these periods (in thousands):

| | Capital Expenditures | | | |
|---|---|---|---|---|
| Nine months ended September 30, | International Telecom | US Telecom | Corporate and Other (1) | Consolidated |
| 2022 | $ 53,270 | $ 60,056 | $ 633 | $ 113,959 |
| 2021 | 32,485 | 36,157 | 2,280 | 70,922 |

(1) Corporate and other items refer to corporate overhead costs and consolidating adjustments

We are continuing to invest in our telecommunication networks along with our operating and business support systems in many of our markets. Such investments primarily relate to the upgrade and expansion of our networks and are expected to total approximately $150 million to $160 million, net of reimbursable amounts, for the full year 2022.

We expect to fund our current capital expenditures primarily from our current cash balances, cash generated from operations and our existing credit facilities.

*Income taxes.* We have historically used cash-on-hand to make payments for income taxes. Our policy is to allocate capital where we believe we will get the best returns and to date has been to indefinitely reinvest the undistributed earnings of our foreign subsidiaries. As we continue to reinvest our remaining foreign earnings, no additional provision for income taxes has been made on accumulated earnings of foreign subsidiaries.

*Dividends.* We use cash-on-hand to make dividend payments to our stockholders when declared by our Board of Directors. For the three months ended September 30, 2022, our Board of Directors declared $2.7 million of dividends to our stockholders which includes a $0.17 per share dividend declared on September 15, 2022 and paid on October 7, 2022. We have declared quarterly dividends since the fourth quarter of 1998.

*Stock Repurchase Plan.* On September 19, 2016, our Board of Directors authorized the repurchase of up to $50.0 million of our common stock from time to time on the open market or in privately negotiated transactions (the “2016 Repurchase Plan”). We repurchased $0.9 million and $2.6 million of our common stock under the 2016 Repurchase Plan during the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, we had $19.5 million authorized and available for share repurchases under the 2016 Repurchase Plan.

***Sources of Cash***

*Cash provided by operations.* Cash provided by operating activities was $79.0 million for the nine months ended September 30, 2022 as compared to $47.7 million for the nine months ended September 30, 2021. The increase of $31.3 million was primarily related to a decrease in net income of $8.1 million offset by an increase in depreciation and amortization expenses of $37.1 million.

***CoBank Credit Facility***

On April 10, 2019, we entered into a credit facility, with CoBank, ACB and a syndicate of other lenders (as amended, the “2019 CoBank Credit Facility”). The 2019 CoBank Credit Facility provides for a $200 million revolving credit facility that includes (i) up to $75 million for standby or trade letters of credit and (ii) up to $10 million under a swingline sub-facility. Approximately $26.0 million of performance letters of credit have been issued and remain outstanding and undrawn as of September 30, 2022. The 2019 CoBank Credit Facility matures on April 10, 2024.

Amounts borrowed under the 2019 CoBank Credit Facility bear interest at a rate equal to, at our option, either (i) the London Interbank Offered Rate (“LIBOR”) plus an applicable margin ranging between 1.25% to 2.25% or (ii) a base rate plus an applicable margin ranging from 0.25% to 1.25%. Swingline loans bear interest at the base rate plus the applicable margin for base rate loans. The base rate is equal to the higher of (i) 1.00% plus the higher of (x) LIBOR for an interest period of one month and (y) LIBOR for an interest period of one week; (ii) the Federal Funds Effective Rate (as defined in the 2019 CoBank Credit Facility) plus 0.50% per annum; and (iii) the Prime Rate (as defined in the 2019 CoBank Credit Facility). The applicable margin is determined based on the Total Net Leverage Ratio (as defined in the 2019 CoBank Credit Facility). Under the terms of the 2019 CoBank Credit Facility, we must also pay a commitment fee ranging from 0.150% to 0.375% of the average daily unused portion of the 2019 CoBank Credit Facility over each calendar quarter.

The 2019 CoBank Credit Facility contains customary representations, warranties and covenants, including a financial covenant that imposes a maximum ratio of indebtedness to EBITDA as well as covenants limiting additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes. Our investments in "unrestricted" subsidiaries and certain dividend payments to our stockholders are not limited unless the Total Net Leverage Ratio is equal to or greater than 1.75 to 1.0. The Total Net Leverage Ratio is measured each fiscal quarter and is required to be less than or equal to 2.75 to 1.0. In the event of a Qualifying Acquisition (as defined in the 2019 CoBank Credit Facility), the Total Net Leverage Ratio increases to 3.25 to 1.0 for the subsequent three fiscal quarters. On November 7, 2022, we amended the 2019 CoBank Credit Facility to allow for the incurrence of certain indebtedness related to payment guarantees in connection with our Remove and Replace project.

The 2019 CoBank Credit Facility also provides for the incurrence by us of incremental term loan facilities, when combined with increases to revolving loan commitments, in an aggregate amount not to exceed $200 million (the "Accordion"). Amounts borrowed under the Accordion are also subject to proforma compliance with a net leverage ratio financial covenant.

As of September 30, 2022, we were in compliance with all of the financial covenants, had $71.0 million outstanding in borrowings and, net of the $26.0 million of outstanding performance letters of credit, had $103.0 million of availability under the 2019 CoBank Credit Facility. As of September 30, 2022, there are no outstanding interest rate hedge agreements associated with the 2019 CoBank Credit Facility.

***Alaska Credit Facility***

On July 22, 2021, Alaska Communications entered into a Credit Agreement (the "Alaska Credit Facility") with Fifth Third Bank, National Association, as Administrative Agent, and a syndicate of lenders to provide a $35.0 million revolving facility (the "Alaska Revolving Facility") and a $210.0 million initial term loan facility (the "Alaska Term Loan"). As of September 30, 2022, $210.0 million was outstanding under the Alaska Term Loan and $15.5 million was outstanding under the Alaska Revolving Facility. Both facilities mature on July 22, 2026.

We capitalized $6.6 million of fees associated with the Alaska Credit Facility which are being amortized over the life of the debt and $4.9 million were unamortized as of September 30, 2022.

The Alaska Credit Facility also provides for incremental facilities up to an aggregate principal amount of the greater of $70.0 million and Alaska Communications' trailing twelve-month Consolidated EBITDA (as defined in the Alaska Credit Facility).

The key terms and conditions of the Alaska Credit Facility include the following:

- Amounts outstanding bear an interest rate of LIBOR, or a LIBOR replacement rate as applicable, plus a margin ranging from 3.00% to 4.00% based on Alaska Communications' Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement) or an alternate base rate may be selected at a margin that is 1% lower than the counterpart LIBOR margin;

- Principal repayments are due quarterly commencing in the fourth quarter of 2023 in quarterly amounts as follows: from the fourth quarter of 2023 through the third quarter of 2024, $1.3 million; and from the fourth quarter of 2024 through the third quarter of 2026, $2.6 million. The remaining unpaid balance is due on the final maturity date;

- Alaska Communications is required to maintain financial ratios as defined in the Alaska Credit Facility, including (a) a maximum Consolidated Net Total Leverage Ratio of 4.00 to 1, stepping down to 3.75 to 1 beginning with the second quarter of 2024; and (b) a minimum Consolidated Fixed Charge Coverage Ratio of not less than 1.25 to 1; and

- The Alaska Credit Facility is non-recourse to the Company and is secured by substantially all of the personal property and certain material real property owned by Alaska Communications.

Alaska Communication's interest rate swap, that had been designated as a cash flow hedge with an interest rate of 1.6735%, expired on June 30, 2022. As of September 30, 2022, there are no outstanding interest rate hedge agreements associated with the Alaska Credit Facility.

***Alaska Term Facility***

On June 15, 2022, Alaska Communications Systems Holdings, the parent company of Alaska Communications, entered a secured lending arrangement with Bristol Bay Industrial, LLC. (the "Alaska Term Facility").

The Alaska Term Facility provides for a secured delayed draw term loan in an aggregate principal amount of up to $7.5 million and the proceeds may be used to pay certain invoices from a contractor for work performed in connection with a fiber build. Interest on the Alaska Term Facility accrues at a fixed rate of 4.0%. and is payable commencing on September 30, 2022. Scheduled quarterly payments of principal commence on March 31, 2023. The Alaska Term Facility matures on June 30, 2024.

The Alaska Term Facility contains events of default customary for facilities of this type.

As of September 30, 2022, we had $0.7 million outstanding under the Alaska Term Facility.

***FirstNet Receivables Credit Facility***

On March 26, 2020, Commnet Finance, a wholly owned subsidiary of Commnet Wireless, entered into a receivables credit facility with the Company, Commnet Wireless, and CoBank, ACB (the "Receivables Credit Facility").

The Receivables Credit Facility provides for a senior secured delayed draw term loan in an aggregate principal amount of up to $75.0 million and the proceeds may be used to acquire certain receivables from Commnet Wireless. The receivables to be financed and sold under the Receivables Credit Facility, which provide the loan security, relate to the obligations of AT&T under the FirstNet Agreement. On December 29, 2021, CoBank amended the Receivables Credit Facility and extended the delayed draw period to December 31, 2022.

The maturity date for each loan will be set by CoBank and will match the weighted average maturity of the certain receivables financed.

Interest on the loans accrues at a fixed annual interest rate to be quoted by CoBank at the time of the delayed draw.

The Receivables Credit Facility contains customary events of termination, representations and warranties, affirmative and negative covenants and events of default customary for facilities of this type.
As of September 30, 2022, we had $44.3 million outstanding, of which $5.7 million was current, and $25.4 million of availability under the Receivables Credit Facility. We capitalized $0.9 million of fees associated with the Receivables

Credit Facility which are being amortized over the life of the debt and $0.8 million were unamortized as of September 30, 2022.

***Viya Debt***

We, and certain of our subsidiaries, have entered into a $60.0 million loan agreement (the "Viya Debt") with Rural Telephone Finance Cooperative ("RTFC"). The Viya Debt agreement contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and a financial covenant that limits the maximum ratio of indebtedness to annual operating cash flow to 3.5 to 1.0 (the "Net Leverage Ratio"). This covenant is tested on an annual basis at the end of each fiscal year. Interest is paid quarterly at a fixed rate of 4.0% per annum and principal repayment is not required until maturity on July 1, 2026. Prepayment of the Viya Debt may be subject to a fee under certain circumstances. The debt is secured by certain assets of our Viya subsidiaries and is guaranteed by us.

We paid a fee of $0.9 million in 2016 to lock the interest rate at 4% per annum over the term of the Viya Debt. The fee was recorded as a reduction to the Viya Debt carrying amount and is being amortized over the life of the loan.

As of September 30, 2022, $60.0 million of the Viya Debt remained outstanding and $0.4 million of the rate lock fee was unamortized.

On May 5, 2022, RTFC agreed to amend the Net Leverage Ratio to 7.0 to 1.0 through the maturity date of July 1, 2026. This covenant will be tested on December 31, 2022.

***One Communications Debt***

We have an outstanding loan from HSBC Bank Bermuda Limited (the "One Communications Debt") which is scheduled to mature on November 30, 2022 and bears interest at the one-month LIBOR plus a margin ranging between 2.5% to 2.75% per annum paid quarterly.

The One Communications Debt contains customary representations, warranties and affirmative and negative covenants (including limitations on additional debt, guaranties, sale of assets and liens) and financial covenants, tested annually as of and for the twelve months ended December 31st, that limit the ratio of tangible net worth to long term debt and total net debt to EBITDA and require a minimum debt service coverage ratio (as defined in the One Communications Debt agreement).

As of September 30, 2022, $3.8 million of the One Communications Debt was outstanding.

***Factors Affecting Sources of Liquidity***

*Internally generated funds.* The key factors affecting our internally generated funds are demand for our services, competition, regulatory developments, economic conditions in the markets where we operate our businesses and industry trends within the telecommunications.

*Restrictions under Credit Facility.* Our 2019 CoBank Credit Facility contains customary representations, warranties and covenants, including covenants limiting additional indebtedness, liens, guaranties, mergers and consolidations, substantial asset sales, investments and loans, sale and leasebacks, transactions with affiliates and fundamental changes.

In addition, the 2019 CoBank Credit Facility contains a financial covenant that imposes a maximum ratio of indebtedness to EBITDA. As of September 30, 2022, we were in compliance with all of the financial covenants of the 2019 CoBank Credit Facility.

*Capital markets.* Our ability to raise funds in the capital markets depends on, among other things, general economic conditions, the conditions of the telecommunications and renewable energy industries, our financial performance, the state of the capital markets and our compliance with SEC requirements for the offering of securities.

***Foreign Currency***

We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies, primarily the Guyana Dollar, to US Dollars at the appropriate rates as of the balance sheet date. Changes in the carrying value of these assets and liabilities attributable to fluctuations in rates are recognized in foreign currency translation adjustment, a component of accumulated other comprehensive income on our balance sheet. Income statement accounts are translated using the monthly average exchange rates during the year. Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is reported in other income within our income statement. During the three months ended September 30, 2022 and 2021, we recorded $0.2 million and $0.3 million, respectively, in losses on foreign currency transactions. During each of the nine months ended September 30, 2022 and 2021, we recorded $0.7 million in losses on foreign currency transactions. We will continue to assess the impact of our exposure to the Guyana Dollar.

***Inflation***

Several of our markets have experienced an increase in operating costs, some of which we believe, is attributable to inflation. If inflation continues or worsens, it could negatively impact our Company by increasing our operating expenses. Inflation may lead to cost increases in multiple areas across our business, for example, rises in the prices of raw materials and manufactured goods, increased energy rates, as well as increased wage pressures and other expenses related to our employees. In particular, where we have agreed to undertake infrastructure build outs on a fixed budget for our carrier customers or by accepting government grants, inflation may result in build costs that exceed our original budget given the long delays experienced in procuring equipment and materials due to global supply chain delays. To the extent that we are unable to pass on these costs through increased prices, revised budget estimates, or offset them in other ways, they may impact our financial condition and cash flows.

**Recent Accounting Pronouncements**

See Note 2 to the Unaudited Condensed Consolidated Financial Statements included in this Report.

**Critical Accounting Estimates**

There were no changes to critical accounting estimates from those disclosed in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" of our Annual Report on Form 10-K for the year ended December 31, 2021.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

*Translation and Remeasurement.* We translate the assets and liabilities of our foreign subsidiaries from their respective functional currencies, primarily the Guyana Dollar, to US Dollars at the appropriate rates as of the balance sheet date. Changes in the carrying value of these assets and liabilities attributable to fluctuations in rates are recognized in foreign currency translation adjustment, a component of accumulated other comprehensive income on our balance sheet. Income statement accounts are translated using the monthly average exchange rates during the year.

Monetary assets and liabilities denominated in a currency that is different from a reporting entity's functional currency must first be remeasured from the applicable currency to the legal entity's functional currency. The effect of this remeasurement process is reported in other income on our income statement.

*Employee Benefit Plans.* We sponsor pension and other postretirement benefit plans for employees of certain subsidiaries. Net periodic pension expense is recognized in our income statement. We recognize a pension or other postretirement plan's funded status as either an asset or liability in our consolidated balance sheet. Actuarial gains and losses are reported as a component of other comprehensive income and amortized through other income in subsequent periods.

*Interest Rate Sensitivity*. As of September 30, 2022, we had $300.2 million of outstanding variable rate debt which is subject to fluctuations in interest rates. We believe that a 100-basis-point change in interest rates would result in a $3.0 million change in our annual interest expense.

**Item 4. CONTROLS AND PROCEDURES**

*Management's Evaluation of Disclosure Controls and Procedures*. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2022. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2022, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

*Changes in internal control over financial reporting.* There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings**

See Note 14 to the Unaudited Condensed Consolidated Financial Statements included in this Report.

**Item 1A. Risk Factors**

In addition to the other information set forth in this Report, you should carefully consider the factors discussed under Part I, Item 1A "Risk Factors" of our 2021 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022. The risks described herein and in our 2021 Annual Report on Form 10-K K and our 10-Q, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

*Purchases of Equity Securities by the Issuer*

On September 19, 2016, our Board of Directors authorized the repurchase of up to $50.0 million of our common stock from time to time on the open market or in privately negotiated transactions (the "2016 Repurchase Plan"). We have $19.5 million available to be repurchased under that plan as of September 30, 2022.

The following table reflects the repurchases by us of our common stock during the quarter ended September 30, 2022:

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares that May be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| July 1, 2022 — July 31, 2022 | — | $ — | | $ 19,451,514 |
| August 1, 2022 — August 31, 2022 | — | — | — | 19,451,514 |
| September 1, 2022 — September 30, 2022 | — | — | — | 19,451,514 |

**Item 6. Exhibits:**

| | |
|---|---|
| 10.1* | Fourth Amendment, Consent and Confirmation Agreement, dated November 7, 2022, among ATN International, Inc., each of the Guarantors named therein, CoBank, ACB, and each of the Lenders named therein. |
| 10.2 | Third Amendment to Network Build and Maintenance Agreement dated as of the 4th day of August, 2022 and effective as of the 1st day of January, 2022 by and between Commnet Wireless, LLC and AT&T Mobility LLC , incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (file No. 001-12593) for the quarterly period ended June 30, 2022 filed on August 8, 2022. |
| 31.1* | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of Chief Executive Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of Chief Financial Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data file (formatted as Inline XBRL and embedded within Exhibit 101). |

* Filed herewith.

** The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Report and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates them by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| | ATN International, Inc. |
| Date: November 9, 2022 | /s/ Michael T. Prior |
| | Michael T. Prior<br>President and Chief Executive Officer |
| Date: November 9, 2022 | /s/ Justin D. Benincasa |
| | Justin D. Benincasa<br>Chief Financial Officer |

**EXECUTION VERSION**

# FOURTH AMENDMENT, CONSENT AND CONFIRMATION AGREEMENT

This **FOURTH AMENDMENT, CONSENT AND CONFIRMATION AGREEMENT** (this "**Agreement**") is entered into as of November 7, 2022, among **ATN INTERNATIONAL, INC.**, a Delaware corporation ("**Borrower**"), each of the subsidiaries of Borrower identified as guarantors on the signature pages hereto (individually, a "**Guarantor**" and, collectively, the "**Guarantors**"; and together with Borrower, individually a "**Loan Party**" and, collectively, the "**Loan Parties**"), **COBANK, ACB**, as Administrative Agent ("**Administrative Agent**"), and each of the financial institutions executing this Agreement and identified as a Lender on the signature pages hereto (collectively, the "**Lenders**").

## RECITALS

**WHEREAS**, Borrower, the Guarantors and the Lenders (as defined therein) have entered into that certain Fourth Amended and Restated Credit Agreement, dated as of December 19, 2014, as amended or modified by, as applicable, (i) that certain Amendment, Consent and Confirmation Agreement, dated as of January 11, 2016, by and among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, (ii) that certain Consent Agreement, dated as of February 21, 2017, among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, (iii) that certain Second Amendment and Confirmation Agreement, dated as of April 14, 2017, by and among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, (iv) that certain Joinder Agreement, dated as of April 10, 2019, among the New Subsidiaries (as defined therein), the Guarantors (as defined therein), the Pledgors (as defined therein), Borrower and Administrative Agent, (v) that certain Third Amendment and Confirmation Agreement, dated as of April 10, 2019, by and among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, (vi) that certain Guarantor Joinder Agreement, dated as of September 30, 2019, among the New Subsidiary (as defined therein), the Guarantors (as defined therein), the Pledgors (as defined therein), Borrower and Administrative Agent, (vii) that certain Consent and Confirmation Agreement, dated as of February 27, 2020, among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, (viii) that certain Guarantor Joinder Agreement, dated as of February 28, 2020, among the New Subsidiary (as defined therein), the Guarantors, (ix) that certain Consent, Release and Confirmation Agreement, dated as of March 26, 2020, among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, and (x) that certain Consent and Confirmation Agreement, dated as of June 25, 2020, among Borrower, Administrative Agent, the guarantors party thereto and the lenders party thereto, (as so amended and modified, and as amended, modified, supplemented, extended or restated from time to time, the "**Credit Agreement**");

**WHEREAS**, Borrower owns the issued and outstanding membership interests of Commnet Wireless, LLC, a Delaware limited liability company ("**Commnet**"), which is a Guarantor and a Loan Party under the Credit Agreement and a Grantor under the Pledge and Security Agreement;

**WHEREAS**, Borrower owns all of the issued and outstanding equity interests of Commnet Broadband, LLC, a Delaware limited liability company ("**Commnet Broadband**"), which is currently an Excluded Subsidiary under the Credit Agreement;

**WHEREAS**, Borrower owns all of the issued and outstanding equity interests of Alloy, Inc., a Delaware corporation ("**Alloy**"), which is currently an Excluded Subsidiary under the Credit Agreement;

**WHEREAS,** Borrower desires to contribute 100% of its ownership interests in Commnet and Commnet Broadband to Alloy (the "**Alloy Contribution**") within 120 days of the consummation of the Sacred Wind Acquisition (defined below);

**WHEREAS**, Alloy has entered into that certain Stock Purchase Agreement, dated as of July 26, 2022 (the "**Stock Purchase Agreement**") by and among Alloy, Sacred Wind Enterprises, Inc., a New Mexico corporation (the "**Target**"), the SWE Employee Stock Ownership Trust (the "**ESOT**"), Sacred Wind Holdings, LLC, a Delaware limited liability company ("**Unity HoldCo**"), the individual sellers named therein (the ESOT, such individual sellers and Unity HoldCo, the "**Sellers**") and Joseph Badal, an individual residing in New Mexico, as representative of the Sellers, pursuant to which Alloy will acquire 100% of the issued and outstanding shares of the Target (such acquisition, the "**Sacred Wind Acquisition**");

**WHEREAS**, in connection with the Sacred Wind Acquisition, the Sellers will collectively receive up to 6% of the issued and outstanding equity interests of Alloy in the form of Series A Preferred Stock (the "**Seller Equity**");

**WHEREAS**, in connection with the Sacred Wind Acquisition, Alloy also desires to (i) implement an equity incentive plan (the "**Alloy Incentive Plan**"), pursuant to which up to 10% of the common stock of Alloy or common stock equivalents structured as phantom stock grants with cash payments (collectively, the "**Incentive Grants**") will be made available to officers and employees of Alloy or its Subsidiaries (any person who holds an equity interest in Alloy pursuant to the Alloy Incentive Plan, together with the Sellers, individually, a "**Minority Owner**"), and (ii) amend and restate or otherwise modify the governing documents of certain of the Target, Alloy, Commnet and Commnet Broadband to reflect Alloy Contribution, the Seller Equity and the Alloy Incentive Plan (the "**Amended and Restated Organizational Documents**");

**WHEREAS**, pursuant to Section 3.7 of the Credit Agreement, each of Borrower and Commnet are restricted from making certain Asset Dispositions, including the issuance of the Seller Equity and the Incentive Grants;

**WHEREAS**, pursuant to the Secure and Trusted Communications Networks Act of 2019, Commnet, NTUA Wireless, LLC, and Vitelcom Cellular, Inc. d/b/a Viya Wireless (collectively, the "**Replace and Remove Applicants**") have qualified for an allocation for removal and replacement of certain equipment (the "**Replace and Remove Project**");

**WHEREAS**, the Replace and Remove Applicants anticipate receiving invoices from applicable equipment vendors in connection with the Replace and Remove Project (the "**Replace and Remove Invoices**");

**WHEREAS**, Borrower wishes to enter into unsecured guarantees (the "**Replace and Remove Guarantees**") in favor of such applicable equipment vendors for the obligations of the applicable Replace and Remove Applicant in connection with the Replace and Remove Project, in an aggregate maximum amount of $75,000,000 at any time outstanding;

**WHEREAS**, pursuant to Section 3.4 of the Credit Agreement, the Borrower is restricted from entering into certain Contingent Obligations, including the Replace and Remove Guarantees;

**WHEREAS**, Borrower has requested and Administrative Agent and the Lenders (which constitute Requisite Lenders) have agreed, subject to the terms and conditions provided herein, to consent to Replace and Remove Invoices (to the extent the same constitutes Indebtedness prohibited by Section 3.1 of the Credit Agreement), the Replace and Remove Guarantees, the issuance of the Seller Equity and the issuance of the Incentive Grants pursuant to the Alloy Incentive Plan;

**WHEREAS**, Borrower has requested and Administrative Agent and the Lenders (which constitute Requisite Lenders) have agreed, subject to the terms and conditions provided herein, to amend the definition of Total Net Leverage Ratio in order to accommodate the Replace and Remove Guarantees and the Replace and Remove Invoices;

**NOW**, **THEREFORE**, in consideration of the foregoing and the agreements set forth in this Agreement, each of Borrower, the Guarantors, Administrative Agent and the Lenders hereby agrees as follows:

**SECTION 1. Defined Terms; Recitals**. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement. The recitals set forth above are hereby incorporated into this Amendment as if set forth at length herein.

**SECTION 2. Consents**. Borrower has requested the consent of Administrative Agent and the Lenders to permit (A) the Replace and Remove Invoices of any Replace and Remove Applicant (to the extent such Replace and Remove Invoices constitute Indebtedness prohibited by Section 3.1 of the Credit Agreement) to the extent the Replace and Remove Invoices relevant to any Replace and Remove Applicant subject to Section 3.1 do not exceed the then applicable Available Approved Prorated Allocation (as defined in Section 3 of the Agreement below) of such Replace and Remove Applicant, (B) the Replace and Remove Guarantees, (C) the issuance of the Seller Equity, and (D) the issuance of the Incentive Grants pursuant to the Alloy Incentive Plan, (the consents to clauses (A), (B), (C) and (D), collectively, the "**Consents**"). In reliance on (a) the representations and warranties of Borrower and the Guarantors contained in this Agreement and in connection with the request of Borrower for the Consents and (b) the agreements of the parties set forth below, Administrative Agent and the Lenders hereby grant the Consents; provided, that (1) the Replace and Remove Guarantees will be in a maximum aggregate amount outstanding at any time not in excess of $75,000,000, (2) the Replace and Remove Guarantees will be unsecured, (3) Alloy is joined as a Guarantor and a Loan Party under the Credit Agreement and Grantor under the Pledge and Security Agreement concurrent with or prior to the consummation of the Alloy Contribution and the Target and its Subsidiaries (other than Excluded Subsidiaries) be joined as Guarantors and Loan Parties under the Credit Agreement and Grantors under the Pledge and Security Agreement pursuant to the terms and conditions of the Loan Documents, (4) within 120 days of the first issuance of either the Seller Equity or the Incentive Grants pursuant to the Alloy Incentive Plan, Alloy will own 100% of the Equity Interests of Commnet on a fully diluted basis and any options or other rights issued with respect to the Equity Interests of Commnet pursuant to any equity incentive plan shall have been terminated, (5) no additional Equity Interests in Commnet will be issued to any Person other than Alloy, and (6) the Alloy Incentive Plan shall be in a form reasonably acceptable to the Administrative Agent.

**SECTION 3. Amendments.**

**(A)** A new definition of "Available Approved Prorated Allocation" is hereby added to Section 10.1 in the appropriate alphabetical order:

"**Available Approved Prorated Allocation**" means, as of any date of determination, the result of (i) the amount of cash funds (a) approved by the FCC to be received by a Replace and Remove Applicant and (b) for which cash funds have been allocated by the U.S. Congress (after giving effect to any applicable budgetary proration), in each case, pursuant to the Secure and Trusted Communications Networks Act of 2019 or similar Applicable Law minus (ii) the amount of cash funds such Replace and Remove Applicant has received pursuant to the Secure and Trusted Communications Networks Act of 2019 or similar Applicable Law.

**(B)** A new definition of "Replace and Remove Applicants" is hereby added to Section 10.1 in the appropriate alphabetical order:

"**Replace and Remove Applicants**" means, collectively, Commnet Wireless, LLC, NTUA Wireless, LLC, and Vitelcom Cellular, Inc. d/b/a Viya Wireless.

**(C)** A new definition of "Replace and Remove Guarantees" is hereby added to Section 10.1 in the appropriate alphabetical order:

"**Replace and Remove Guarantees**" means unsecured guarantees by the Borrower in favor of the applicable equipment vendors for the obligations of a Replace and Remove Applicant in connection with the Replace and Remove Project in a maximum aggregate amount outstanding at any time not to exceed $75,000,000.

**(D)** A new definition of "Replace and Remove Invoices" is hereby added to Section 10.1 in the appropriate alphabetical order:

"**Replace and Remove Invoices**" means invoices owed by a Replace and Remove Applicant to an applicable equipment vendor in connection with the Replace and Remove Project.

**(E)** A new definition of "Replace and Remove Project" is hereby added to Section 10.1 in the appropriate alphabetical order:

"**Replace and Remove Project**" means the project in connection with the allocation for removal and replacement of certain equipment that the Replace and Remove Applicants have qualified for pursuant to the Secure and Trusted Communications Networks Act of 2019.

**(F)** The definition of "Total Net Leverage Ratio" in Section 10.1 is amended and restated in its entirety to read as follows:

"**Total Net Leverage Ratio**" means, as of the date of calculation, the ratio derived by dividing (A) the result of (x) Indebtedness (other than (i) as described in clause (H) of the definition of Indebtedness, (ii) to the extent related to or supporting the Indebtedness described in clause (H) of such definition, as described in clauses (K), (L), (M) and (N) of the definition of Indebtedness, (iii) excluding for purposes of clause (L) of the definition of Indebtedness, the Replace and Remove Guarantees to the extent that the Replace and Remove Guarantees relevant to any Replace and Remove Applicant do not exceed the then applicable Available Approved Prorated Allocation with respect to such Replace and Remove Applicant, and (iv), without duplication of clause (iii) hereof and to the extent constituting Indebtedness of the Borrower and its Restricted Subsidiaries on a consolidated basis, any Replace and Remove Invoices to the extent the Replace and Remove Invoices relevant to any Replace and Remove Applicant do not exceed the then applicable Available Approved Prorated Allocation of such Replace and Remove Applicant, minus (y) the aggregate of the Unrestricted Pledged Cash of Borrower and its Domestic Subsidiaries in excess of \$25,000,000; provided that, as of the date of determination, the aggregate amount of any Unrestricted Pledged Cash subtracted under this subclause (y) shall not exceed \$125,000,000, by (B) EBITDA.

**(G)** Exhibit 4.2(C) is amended and restated in its entirety as set forth on Exhibit 4.2(C) attached hereto.

**SECTION 4. No Novation**. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document. Except as expressly provided in this Agreement, the execution and delivery of this Agreement does not and will not amend, modify or supplement any provision of, or constitute a consent to or a waiver of any noncompliance with the provisions of, the Loan Documents, and the Loan Documents shall remain in full force and effect. On and after the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the "Credit Agreement", shall mean and be a reference to the Credit Agreement, as amended by this Agreement.

**SECTION 5. Representations and Warranties**. In order to induce Administrative Agent and the Lenders to agree to the Consents and Amendments contained in this Agreement, each Loan Party hereby jointly and severally represents and warrants as follows:

**(A)** Such Loan Party has the right and power, and has taken all necessary action to authorize it, to execute, deliver and perform this Agreement in accordance with its terms. This Agreement has been duly executed and delivered by such Loan Party and is a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and general principles of equity.

**(B)** The execution, delivery and performance of this Agreement in accordance with its terms do not and will not, by the passage of time, the giving of notice or otherwise,

**(1)** require any Governmental Approval (except as previously obtained) or violate any Applicable Law relating to such Loan Party;

**(2)** materially conflict with, result in a material breach of or constitute a material default under the organizational documents of such Loan Party;

**(3)** conflict with, result in a breach of or constitute a default under any Governmental Approval relating to such Person except as would not reasonably be expected to have a Material Adverse Effect; or

**(4)** result in or require the creation or imposition of any Lien (except as permitted by the Loan Documents) upon or with respect to any property now owned or hereafter acquired by such Loan Party.

**(C)** The recitals set forth above are true and correct in all material respects. The representations and warranties of such Loan Party set forth in the Loan Documents (after giving effect to the consents and amendments contained in this Agreement) are true, correct and complete in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof, provided, that such representations and warranties (i) that relate solely to an earlier date are true and correct as of such earlier date and (ii) are true and correct in all respects if they are qualified by a materiality standard.

**(D)** No Default or Event of Default has occurred and is continuing or would be reasonably expected to result after giving effect to the consents and amendments contained in this Agreement.

**(E)** The governing documents of Alloy, including the Stockholder's Agreement (as such term is defined in the Stock Purchase Agreement and is referred to in this Amendment as, the "**Alloy Shareholder Agreement**") and the Alloy Incentive Plan, provide (or will provide once the Alloy Incentive Plan is adopted) that Alloy may sell any or all of its assets, pledge any or all of its assets and merge, in each case, without the consent of any Minority Owner of Alloy (or, if subject to a vote including the Minority Owners of Alloy, such vote is proportional based on relative percentage equity interest ownership).

**(F)** Borrower (or its affiliate) is able to pledge its equity interests in Alloy without the consent of any Minority Owner of Alloy.

**(G)** The effective voting rights of the Minority Owners of Alloy under the governing documents of Alloy including the Alloy Shareholder Agreement and the Alloy Incentive Plan, are no greater than proportional based on relative percentage equity interest ownership.

**(H)** Upon a sale of all of the equity interests of Alloy held by Borrower (or its affiliate), each Minority Owner of Alloy is contractually obligated to sell its equity interests to the purchaser of Borrower's (or its affiliate's) equity interests on substantially the same terms as the sale by Borrower (or its affiliate).

**(I)** The transactions contemplated by the Stock Purchase Agreement constitute a Permitted Acquisition and Investment under the Credit Agreement.

**SECTION 6. Borrower Confirmations**. Borrower hereby confirms and agrees that (a) each Security Document is and shall continue to be in full force and effect, and (b) the obligations secured by each such document include any and all obligations of the Loan Parties to the Secured Parties under the Credit Agreement as modified hereby.

**SECTION 7. Guarantor Confirmations**. Each of the Guarantors hereby confirms and agrees that (a) its guarantee contained in the Credit Agreement and each Security Document to which it is a party is and shall continue to be in full force and effect, and (b) the obligations guaranteed or secured by each such applicable document include any and all obligations of the Loan Parties to the Secured Parties under the Credit Agreement as modified hereby.

**SECTION 8. Acknowledgement of Loan Parties.** Each of the Loan Parties hereby acknowledges and agrees that any amendment to the Amended and Restated Organizational Documents and the Alloy Incentive Plan, in a manner such that the representations and warranties set forth in Section 5(E), 5(F), 5(G) or 5(H) of this Agreement would not be true and correct after giving effect to such amendment shall be deemed to be materially adverse to the interests of the Lenders for purposes of Section 3.6(A) of the Credit Agreement.

**SECTION 9. Conditions to Effectiveness**. This Agreement shall become effective as of such date (herein called the "**Agreement Effective Date**") when each of the following conditions shall have been met:

**(A)** **Agreement**. Administrative Agent shall have received (1) counterparts of this Agreement duly executed and delivered on behalf of each Loan Party, the Administrative Agent and the Requisite Lenders and (2) the documents listed on Exhibit A listed as required to be delivered on or before the Agreement Effective Date.

**(B)** **No Default**. No Default or Event of Default shall have occurred and be continuing.

**(C)** **Representations and Warranties**. The representations and warranties in Section 5 shall be true and correct as of the Agreement Effective Date.

**SECTION 10. Costs and Expenses**. Borrower agrees to pay to Administrative Agent, on demand, all reasonable and documented out-of-pocket costs and expenses incurred by Administrative Agent, including, without limitation, the reasonable and documented fees and expenses of one deal counsel and one regulatory counsel retained by Administrative Agent, in connection with the negotiation, preparation, execution and delivery of this Agreement and all other instruments and documents contemplated hereby.

**SECTION 11. Counterparts**. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original and shall be binding upon all parties and their respective permitted successors and assigns, and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state laws based on the Uniform Electronic Transactions Act.

**SECTION 12. Governed under Provisions of Credit Agreement**. This Agreement shall be governed by and shall be construed and enforced in accordance with all provisions of the Credit Agreement, including the governing law provisions thereof.

[Signatures Follow on Next Page.]

Witness the due execution hereof by the respective duly authorized officers of the undersigned as of the date first written above.

BORROWER:

**ATN INTERNATIONAL, INC.**

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer and Treasurer

GUARANTORS:

**COMMNET WIRELESS, LLC**
**COMMNET FOUR CORNERS, LLC**
**COMMNET OF ARIZONA, L.L.C.**
**GILA COUNTY WIRELESS, LLC**
**EXCOMM, L.L.C.**
**COMMNET OF NEVADA, LLC**
**TISDALE TELEPHONE COMPANY, LLC**
**COMMNET OF GEORGIA, LLC**
**COMMNET NEWCO, LLC**
**COMMNET OF TEXAS, LLC**
**ESSEXTEL, INC.**
**TISDALE NEBRASKA, LLC**

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer and Treasurer

[Signatures continued from previous page.]

**ATN VI, INC.**
**COMMNET WIRELESS SUBCO, LLC**
**COMMNET AZ, LLC**
**COMMNET NM, LLC**
**COMMNET NEVADA SUBCO, LLC**
**COMMNET FOUR CORNERS SUBCO, LLC**
**CHOICE SPLASH, LLC**
**COMMNET RURAL AMERICA, LLC**
**WESTNET NEVADA, LLC**
**ATN INTERNATIONAL SERVICES, LLC**
**ATLANTIC TELE-NETWORK, LLC**

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Treasurer

**SAL SPECTRUM LLC**

By: ATN International, Inc., its Sole Member

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer and Treasurer

[Signatures continued from previous page.]

**COBANK, ACB**, as Administrative Agent and as a Lender

By: /s/ Gary Franke
Gary Franke
Managing Director

[Signatures continued from previous page.]

**FIFTH THIRD BANK**, as a Lender

By: /s/ Sergey Gevorgyan
Name: Sergey Gevorgyan
Title: Associate

[Signatures continued from previous page.]

**MUFG UNION BANK, N.A.**, as a Lender

By: /s/ Colin Donnarumma
Name: Colin Donnarumma
Title: Vice President

[Signatures continued from previous page.]

**THE BANK OF NOVA SCOTIA**, as a Lender

By: /s/ Michelle C. Phillips
Name: Michelle C. Phillips
Title: Managing Director

[Signatures continued from previous page.]

**NORTHWEST FARM CREDIT SERVICES, FLCA**, as a Voting Participant

By: /s/ Jeremy A. Roewe
Name: Jeremy A. Roewe
Title: Vice President

[Signatures continued from previous page.]

**AGFIRST FARM CREDIT BANK**, as a Voting Participant

By: /s/ Christopher Reynolds
Name: Christopher Reynolds
Title: SVP

[Signatures continued from previous page.]

**AMERICAN AGCREDIT, FLCA**, as a Voting Participant

By: /s/ Daniel K. Hansen
Name: Daniel K. Hansen
Title: Vice President

[Signatures continued from previous page.]

**FARM CREDIT BANK OF TEXAS**, as a Voting Participant

By: /s/ John McCarty
Name: John McCarty
Title: Director, Capital Markets

[Signatures continued from previous page.]

**FARM CREDIT WEST, FLCA**, as a Voting Participant

By: /s/ Austin Taylor
Name: Austin Taylor
Title: Vice President, Capital Markets

[Signatures continued from previous page.]

**FARM CREDIT OF NEW MEXICO, FLCA**, a wholly owned subsidiary of Farm Credit of New Mexico, ACA, as a Voting Participant

By: /s/ Mitch Selking
Name: Mitch Selking
Title: Director – Corporate Agribusiness Lending

[Signatures continued from previous page.]

**FARM CREDIT EAST, ACA**, as a Voting Participant

By: /s/ Benjamin Thompson
Name: Benjamin Thompson
Title: Vice President

**Exhibit 31.1**

**CERTIFICATIONS PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael T. Prior, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATN International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

ATN International, Inc.

Date: November 9, 2022

/s/ Michael T. Prior
Michael T. Prior
President and Chief Executive Officer

**CERTIFICATIONS PURSUANT TO
RULE 13a-14(a) OR RULE 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Justin D. Benincasa, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ATN International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

ATN International, Inc.

Date: November 9, 2022

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of ATN International, Inc. (the “Company”) for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael T. Prior, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

ATN International, Inc.

Date: November 9, 2022

By: /s/ Michael T. Prior
Michael T. Prior
President and Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of ATN International, Inc. (the “Company”) for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Justin D. Benincasa, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

ATN International, Inc.

Date: November 9, 2022

By: /s/ Justin D. Benincasa
Justin D. Benincasa
Chief Financial Officer