

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

**Financial Statements
For the Year Ended
December 31, 2023**

**Cayon Street 10
Basseterre, St. Kitts**

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

TABLE OF CONTENTS

	<u>Page Number</u>
Financial Statements:	
Independent Auditor's Report	<u>1</u>
Statement of Financial Position as of December 31, 2023	<u>5</u>
Statement of Comprehensive Income for the Year Ended December 31, 2023	<u>6</u>
Statement of Changes in Equity for the Year Ended December 31, 2023	<u>7</u>
Statement of Cash Flows for the Year Ended December 31, 2023	<u>8</u>
Notes to Financial Statements	<u>9</u>

GLOSSARY OF DEFINED TERMS

Unless the context requires otherwise, references to “**C&W St. Kitts & Nevis**”, “**we**,” “**our**,” “**Company**” and “**us**” in this report refers to Cable & Wireless St. Kitts & Nevis Limited. We have used several other terms in this report, most of which are defined or explained below.

B2B	Business-to-business
C&W West Indies	Cable and Wireless (West Indies) Limited, another subsidiary of Liberty Latin America
CIP	Construction-in-process
CPE	Customer premises equipment
CWIC	CWI Caribbean Limited, another subsidiary of Liberty Latin America
CWIC Revolving Facility	1-month LIBOR revolving credit and deposit agreement with CWIC; subject to termination upon 30-days notice by either party
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS Accounting Standards	IFRS Accounting Standards, as promulgated by the IASB
Liberty Latin America	Liberty Latin America Ltd.
LIBOR	London Inter-Bank Offered Rate
U.S.	United States
USD	United States Dollar
VAT	Value-added taxes
Weather Derivative	Weather derivative contract that provides insurance coverage for certain weather-related events
XCD	Eastern Caribbean Dollar

RSM Cayman Ltd.

Zephyr House, 122 Mary Street
PO Box 10311, George Town
Grand Cayman KY1-1003
Cayman Islands

T +1 (345) 743-3000

www.rsm.ky

Independent Auditor's Report

To the Directors
Cable & Wireless St. Kitts & Nevis Limited

Opinion

We have audited the financial statements of Cable & Wireless St. Kitts & Nevis Limited (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matter that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Revenue	
Refer to Note 14 of the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company has recognized revenue of \$74,124 thousand during the year ended December 31, 2023.</p> <p>The Company's revenue is derived from mobile, residential, business to business, and wholesale sales.</p> <p>The accuracy of revenue recorded relies on accurate customer billing and appropriate recognition of amounts billed according to customer contracts, considering the requirements of IFRS.</p> <p>Furthermore, manual journal entries and post-closing adjustments to revenue present an inherent risk around recognition of revenue.</p> <p>Due to the significance of the Company's revenue accounts and the risks addressed throughout our audit, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of processes and controls surrounding revenue recognition; • Assessing the Company's accounting policies, as set out in Note 3 of the financial statements, and the adequacy of disclosures against the requirements of IFRS; and • Performing substantive tests of details, selecting a sample of transactions throughout the reporting period and obtaining evidence of appropriate recognition of revenue. • Reviewing and verifying manual journal entries and post-closing adjustments to revenue.

Property and Equipment	
Refer to Note 6 of the financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Company's statement of financial position includes property and equipment with a carrying amount of \$77,585 thousand.</p> <p>The following areas are those where judgment impacts the carrying amount of property and equipment:</p> <ul style="list-style-type: none"> • Asset capitalisation policy • Estimates of useful economic lives; • The timing of bringing into use of fixed assets; <p>Changes in these judgements can have significant impact on the carrying amount of the Company's property and equipment. Accordingly, this was considered a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Company's capitalisation policy; • Assessing the appropriateness of management's estimates of useful economic lives of property and equipment; and • Performing substantive tests of details, selecting a sample of capitalised assets and assets brought into use in the reporting period and obtaining evidence of appropriate recognition.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alex Bodden.

RSM Cayman Ltd.

Grand Cayman, Cayman Islands
October 22, 2024


CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
STATEMENT OF FINANCIAL POSITION

		December 31,	
	Note	2023	2022
		XCD in thousands	
ASSETS			
Current assets:			
Cash		\$ 1,780	\$ 2,705
Accounts receivable, net	5	9,221	8,522
Other current receivables – related-party	10	8,593	8,768
Notes receivable, net – related-party	10	105,290	102,051
Interest receivable, net – related-party	10	11,097	9,589
Prepaid expenses		1,009	2,051
Other current assets, net		2,781	3,421
Total current assets		139,771	137,107
Property and equipment, net	6	77,585	73,231
Other assets		472	975
Total assets		\$ 217,828	\$ 211,313
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable:			
Third-party		\$ 2,588	\$ 3,947
Related-party	10	8,562	10,021
Management fees payable	10	11,784	13,896
Subscriber deposits		3,156	3,247
Current income tax payable	11	923	2,694
Other accrued and current liabilities:			
Third-party		11,007	9,246
Related-party	10	10	1,153
Total current liabilities		38,030	44,204
Deferred tax liabilities	11	5,583	4,264
Other long term tax liabilities	11	8,780	8,202
Asset retirement obligations		1,908	1,908
Other long-term liabilities		991	1,016
Total liabilities		55,292	59,594
Equity:			
Share capital	12	33,130	33,130
Share premium	12	3,009	3,009
Accumulated earnings		126,397	115,580
Total equity		162,536	151,719
Total liabilities and equity		\$ 217,828	\$ 211,313

These financial statements were approved by the Directors and authorized for issue on October 22, 2024 and are signed on its behalf by:



Lorraine Mitchell, Director



Dr. Osbert Liburd, Director

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

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31,	
		2023	2022
		XCD in thousands	
Revenue	14	\$ 74,124	\$ 70,535
Operating costs and expenses (exclusive of depreciation and amortization, shown separately below):			
Programming and other direct costs of services	8	6,312	7,066
Other operating costs and expenses	9	37,452	33,753
Related-party fees and allocations	10	2,015	2,376
Depreciation and amortization	6,7	9,831	10,477
Impairment, restructuring and other operating items, net		684	41
		56,294	53,713
Operating income		17,830	16,822
Non-operating income (expense):			
Interest income – related-party	10	1,741	3,178
Realized losses on derivative instruments	10	(482)	(1,181)
Other expense, net		(116)	(62)
		1,143	1,935
Income before income taxes		18,973	18,757
Income tax expense	11	(8,156)	(7,056)
Net comprehensive income		\$ 10,817	\$ 11,701

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

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Share premium</u>	<u>Accumulated earnings</u>	<u>Total equity</u>
	XCD in thousands			
Balance at January 1, 2022	\$ 33,130	\$ 3,009	\$ 103,879	\$ 140,018
Net comprehensive income	—	—	11,701	11,701
Balance at December 31, 2022	<u>\$ 33,130</u>	<u>\$ 3,009</u>	<u>\$ 115,580</u>	<u>\$ 151,719</u>
Balance at January 1, 2023	\$ 33,130	\$ 3,009	\$ 115,580	\$ 151,719
Net comprehensive income	—	—	10,817	10,817
Balance at December 31, 2023	<u>\$ 33,130</u>	<u>\$ 3,009</u>	<u>\$ 126,397</u>	<u>\$ 162,536</u>

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

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED

STATEMENT OF CASH FLOWS

		Year ended December 31,	
	Note	2023	2022
		XCD in thousands	
Cash flows from operating activities:			
Net comprehensive income		\$ 10,817	\$ 11,701
Adjustments to reconcile net comprehensive income to net cash provided by operating activities:			
Depreciation and amortization	6	9,831	10,477
Impairments and other non-cash charges, net		104	74
Realized losses on derivative instruments	10	482	1,181
Deferred income tax expense (benefit)		1,319	(1,040)
Changes in operating assets and liabilities:			
Accounts receivables, net		(699)	1,282
Interest receivable – related-party	10	(1,508)	(2,839)
Other current assets		(1,153)	(8,077)
Other assets		119	190
Payables and other operating liabilities		8,111	14,765
Other accrued and current liabilities		15,895	13,847
Accrued share-based compensation		313	326
Income taxes paid	11	(8,844)	(6,451)
Net cash provided by operating activities		34,787	35,436
Cash flows from investing activities:			
Capital expenditures, net	6	(15,186)	(11,542)
Loans to affiliates and other related parties, net	10	(20,080)	(22,242)
Net cash used by investing activities		(35,266)	(33,784)
Cash flows from financing activities:			
Payments of principal amounts of finance lease obligations	7	(428)	(437)
Other financing activities, net		(13)	91
Net cash used by financing activities		(441)	(346)
Effect of exchange rate changes on cash		(5)	—
Net increase (decrease) in cash		(925)	1,306
Cash:			
Beginning of year		2,705	1,399
End of year		\$ 1,780	\$ 2,705

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

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements
December 31, 2023

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

(1) Basis of Presentation

General Information

C&W St. Kitts & Nevis is a 77%-owned subsidiary of C&W West Indies, which is a wholly-owned subsidiary of Liberty Latin America, a registered public company in Bermuda. The registered office of the Company is Cayon Street 10, Basseterre, St. Kitts.

On January 31, 2008, C&W St. Kitts & Nevis was listed on the Eastern Caribbean Securities Exchange.

C&W St. Kitts & Nevis is a provider of mobile and fixed telecommunications services in the Federation of St. Kitts & Nevis, operating under a current 15-year non-exclusive telecommunications licensing agreement granted by the Government of the Federation of St. Kitts & Nevis from an effective date of December 11, 2021.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with IFRS Accounting Standards.

These financial statements are presented in XCD (\$) and all values are in thousands. The financial statements have been prepared on the historical cost basis.

The Directors of the Company determined that C&W St. Kitts & Nevis has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting is appropriate.

Director approval

These financial statements were authorized for issuance by the Directors on October 22, 2024 and reflect our consideration of the accounting and disclosure implications of subsequent events through the date of issuance.

(2) Recent Accounting Pronouncements

We have assessed the impact of the following standards on our financial statements.

First-time Application of Accounting Standards

The application of the following accounting standards did not have a material impact on our financial statements:

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules – Application of the exception and disclosure of that fact	May 23, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	April 1, 2021
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	January 1, 2022

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are relevant to our company, there were no additional standards and interpretations issued by the IASB that are not yet effective for the current reporting periods that we see as relevant for our Company. We have not early adopted these accounting standards.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after
Amendments to IFRS 1	Classification of liabilities as current or non-current	January 1, 2024
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	January 1, 2024
IFRS S2	Climate-related Disclosures	January 1, 2024

(3) Summary of Material Accounting Policies

Estimates

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

Financial Instruments

Due to the short maturities of cash and cash equivalents, trade and other receivables, other current assets, accounts payable, accrued liabilities and other accrued and current liabilities, their respective carrying values approximate their respective fair values. Financial assets and financial liabilities are offset and the net amount presented in our statement of financial position when we have a legally enforceable right to set off the amounts and intend to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Cash

Cash consists of cash in hand at bank and short-term deposits.

Receivables

Trade receivables and related-party notes receivables are reported net of an allowance for expected credit losses.

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

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

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

The aggregate changes in our allowance for expected credit losses associated with our trade receivables and related-party notes receivables are set forth below:

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Beginning balance	\$ 2,290	\$ 2,996
Provision for expected losses, net	1,483	(500)
Write-offs, net of recoveries	109	(206)
Ending balance	<u>\$ 3,882</u>	<u>\$ 2,290</u>

Payables and Accrued Liabilities

Our financial liabilities, which generally consist of accounts payable, management fees payable and accrued liabilities, are measured at cost or amortized cost using the effective interest method. Our accounts payable consist of invoiced amounts due to our vendors, generally related to operating and capital expenditures. Our accrued and other current liabilities generally consist of obligations as a result of services and goods received not yet invoiced.

For additional information related to related-party financial liability balances, refer to note 10.

Weather Derivative

Our Weather Derivative provides us with insurance coverage for certain weather-related events and is not accounted for at fair value. The premium paid associated with the Weather Derivative is recorded in other current assets, net, in our statement of financial position, and the amortization of the premium is included in realized losses on derivative instruments in our statement of comprehensive income. The cash paid associated with the premium is classified as an operating activity in our statements of cash flows. In the event of a payout under our Weather Derivative, the cash received would be classified as an operating activity in our statements of cash flows.

Property and Equipment

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

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset. Useful lives used to depreciate our property and equipment are assessed periodically and are adjusted when warranted. The useful lives of cable and mobile distribution systems that are undergoing a rebuild are adjusted such that property and equipment to be retired will be fully depreciated by the time the rebuild is completed. For additional information regarding the useful lives of our property and equipment, see note 6.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

The estimated useful lives of our major components of property and equipment at December 31, 2023 are as follows:

Distribution systems	3 to 25 years
Support equipment and buildings	3 to 40 years
CPE	3 to 5 years

Land owned by the Company is not depreciated.

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

We recognize a liability for asset retirement obligations in the period in which it is incurred if sufficient information is available to make a reasonable estimate of fair values. Asset retirement obligations primarily relate to assets placed on leased wireless towers and other premises.

Impairment of Property and Equipment

When circumstances warrant, we review the carrying amounts of our property and equipment to determine whether such carrying amounts continue to be recoverable. Such changes in circumstance may include (i) the impact of natural disasters, such as hurricanes, (ii) an expectation of a sale or disposal of an asset or asset group, (iii) adverse changes in market or competitive conditions, (iv) an adverse change in legal factors or business climate in the markets in which we operate and (v) operating or cash flow losses. For purposes of impairment testing of property and equipment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). An impairment adjustment is recognized if the carrying amount of the asset or asset group is greater than its recoverable amount, being the higher of its fair value less costs to sell and its value in use. We generally measure fair value by considering (i) sale prices for similar assets, (ii) discounted estimated future cash flows using an appropriate discount rate and/or (iii) estimated replacement cost. Assets to be disposed of are recorded at the lower of their carrying amount or fair value less costs to sell.

Deferred Revenue

We record deferred revenue when we have received payment prior to transferring goods or services to a customer. Deferred revenue primarily relates to (i) advanced payments on fixed subscription services, mobile airtime services and long-term capacity contracts and (ii) deferred installation and other upfront fees. Our aggregate current and long-term deferred revenue as of December 31, 2023 and 2022 was \$1,946 thousand and \$1,564 thousand, respectively, and are included in other accrued and current liabilities and other long-term liabilities, respectively, in our statement of financial position.

Leases

Our leases primarily consist of (i) property leases for mobile tower locations that generally have initial terms of five to ten years with one or more renewal options and (ii) lease commitments for (a) retail stores, offices and facilities, (b) other network assets and (c) other equipment. It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by similar leases. For additional information regarding our leases, see note 7.

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

The right-of-use asset is subsequently measured at amortized cost and depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability as a result of any lease modifications.

We use a credit-adjusted discount rate to measure our lease liabilities. We derive the discount rates by firstly constructing a credit curve which is based on the implied credit spread between the risk free rate (generally U.S. dollar denominated U.S.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

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

Income Taxes

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

Revenue Recognition

We categorize revenue into two major categories: (i) residential revenue, which includes revenue from fixed and mobile services provided to residential customers, and (ii) B2B revenue, which includes enterprise revenue and wholesale revenue. For additional information regarding our revenue by major category, see note 14. Our revenue recognition policies are as follows.

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

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

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

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

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

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

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

Wholesale Revenue – Long-term Capacity Contracts. We enter into certain long-term capacity contracts with customers where the customer either pays a fixed fee over time or prepays for the capacity upfront and pays a portion related to operating and maintenance of the network over time. We assess whether prepaid capacity contracts contain a significant financing component. If the financing component is significant, interest expense is accreted over the life of the contract using the effective interest method. The revenue associated with prepaid capacity contracts is deferred and generally recognized on a straight-line basis over the life of the contract.

Sales, Use and Other VAT. Revenue is recorded net of applicable sales, use and other value-added taxes.

Litigation Costs

Legal fees and related litigation costs are expensed as incurred.

(4) Fair Value Measurements

General

IFRS Accounting Standards provide for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. As at December 31, 2023 and 2022, there were no assets or liabilities measured at fair value.

Nonrecurring Fair Value Measurements

Fair value measurements are also used for purposes of nonrecurring valuations performed in connection with certain impairment assessments. During 2023, we did not perform any non-recurring fair value measurement valuations.

(5) Accounts Receivables, Net

The details of our accounts receivables, net, are set forth below:

	December 31,	
	2023	2022
	XCD in thousands	
Trade receivables	\$ 8,602	\$ 7,710
Allowance for expected credit losses	(730)	(252)
Trade receivables, net	7,872	7,458
Unbilled receivables (a):		
Third-party	1,250	938
Related-party	99	126
Total unbilled receivables	1,349	1,064
Accounts receivables, net	<u>\$ 9,221</u>	<u>\$ 8,522</u>

- (a) Represents amounts not billed to customers for subscription services, primarily associated with the service period from the most recent invoicing date through the end of the reporting period.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

The following table provides the aging of gross trade receivables as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
	XCD in thousands	
Overdue 30 days or less	\$ 3,858	\$ 3,399
Overdue 31 to 60 days	1,150	1,139
Overdue 61 to 90 days	487	509
Overdue 91 to 180 days	689	1,122
Overdue 181 days to 360 days	1,342	925
Overdue more than 360 days	1,076	616
Total	\$ 8,602	\$ 7,710

Due to the nature of the telecommunications industry, balances relating to interconnection with other carriers often have monthly settlement periods; whereas, balances relating to roaming with other carriers often have settlements that can be up to a year or longer and typically are based on bi-lateral contractual agreements between the parties. Generally, interconnection agreements with major carriers result in both receivables and payables balances with the same counterparty. Industry practice is that receivable and payable amounts relating to interconnection revenue and costs for a defined period are agreed between counterparties and settled on a net basis.

The following table shows the development of our trade receivables allowance for expected credit losses:

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Beginning balance	\$ 252	\$ 159
Provision for expected losses, net	369	299
Write-offs, net of recoveries	109	(206)
Ending balance	\$ 730	\$ 252

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

(6) Property and Equipment

Changes in the carrying amounts of our property and equipment, net, during 2023 are as follows:

	Distribution systems	Support equipment, buildings, land	CPE	CIP	Total
	XCD in thousands				
Cost:					
Balance at January 1, 2023.....	\$ 157,864	\$ 33,408	\$ 4,801	\$ 8,408	\$ 204,481
Additions	—	—	—	13,801	13,801
Impairments	—	—	—	(23)	(23)
Transfers between categories.....	8,249	242	—	(8,491)	—
Balance at December 31, 2023	166,113	33,650	4,801	13,695	218,259
Accumulated depreciation:					
Balance at January 1, 2023.....	(106,741)	(22,456)	(2,053)	—	(131,250)
Depreciation	(6,325)	(1,480)	(1,619)	—	(9,424)
Balance at December 31, 2023	(113,066)	(23,936)	(3,672)	—	(140,674)
Property and equipment, net:					
Balance at December 31, 2023.....	\$ 53,047	\$ 9,714	\$ 1,129	\$ 13,695	\$ 77,585

Changes in the carrying amounts of our property and equipment, net, during 2022 are as follows:

	Distribution systems	Support equipment, buildings, land	CPE	CIP	Total
	XCD in thousands				
Cost:					
Balance at January 1, 2022	\$ 156,954	\$ 46,052	\$ 8,155	\$ 3,154	\$ 214,315
Additions	—	—	—	12,458	12,458
Retirements and disposals	(7,704)	(11,818)	(4,265)	—	(23,787)
Impairments	—	—	—	(65)	(65)
Reclassification	—	1,560	—	—	1,560
Transfers between categories	8,614	(2,386)	911	(7,139)	—
Balance at December 31, 2022	157,864	33,408	4,801	8,408	204,481
Accumulated depreciation:					
Balance at January 1, 2022	(106,774)	(32,227)	(4,462)	—	(143,463)
Depreciation	(6,428)	(1,748)	(1,856)	—	(10,032)
Retirements and disposals	7,704	11,818	4,265	—	23,787
Reclassification	—	(1,542)	—	—	(1,542)
Transfers between categories	(1,243)	1,243	—	—	—
Balance at December 31, 2022	(106,741)	(22,456)	(2,053)	—	(131,250)
Property and equipment, net:					
Balance at December 31, 2022	\$ 51,123	\$ 10,952	\$ 2,748	\$ 8,408	\$ 73,231

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment expenses are comprised of the following:

	Note	Year ended December 31,	
		2023	2022
		XCD in thousands	
Depreciation expense		\$ 9,424	\$ 10,032
Amortization expense – intangible assets		—	6
Amortization expense – right-of-use assets	7	407	439
Total depreciation and amortization		9,831	10,477
Impairment expense		23	65
Total depreciation, amortization and impairment expenses		<u>\$ 9,854</u>	<u>\$ 10,542</u>

(7) Leases

The following table provides details of our lease expense:

		Year ended December 31,	
		2023	2022
		XCD in thousands	
Included in operating costs:			
Amortization of right-of-use assets	\$	407	\$ 439
Short-term lease cost		526	491
		933	930
Included in other expense, net – interest expense on lease obligations		35	53
Total lease expense	\$	<u>968</u>	<u>\$ 983</u>

Our short term lease expense is included in facility, provision, franchise and other expense, in other operating costs and expenses, in our statement of comprehensive income.

Certain other details of our leases are set forth below:

		December 31,	
		2023	2022
		XCD in thousands	
Right-of-use assets	\$	472	\$ 856
Lease liabilities:			
Current	\$	397	\$ 422
Noncurrent		133	514
Total lease liabilities	\$	<u>530</u>	<u>\$ 936</u>
Weighted-average remaining lease term		1.3 years	2.2 years
Weighted-average discount rate		5.0 %	4.8 %

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Operating cash outflows	\$ 35	\$ 53
Financing cash outflows	\$ 428	\$ 437
Right-of-use assets obtained in exchange for lease liabilities (a)	\$ 23	\$ —

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

Maturities of Operating Leases

Maturities of our lease liabilities as of December 31, 2023 are presented below (in thousands).

Years ending December 31:		
2024	\$	413
2025		134
Thereafter		—
Total lease liabilities on an undiscounted basis		547
Present value discount		(17)
Present value of lease liabilities	\$	530

(8) Programming and Other Direct Costs of Services

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

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

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Programming and copyright	\$ 958	\$ 797
Interconnect	2,820	3,240
Equipment	2,174	2,629
Other	360	400
Total programming and other direct costs	\$ 6,312	\$ 7,066

(9) Other Operating Costs and Expenses

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

- **Personnel and contract labor-related** costs, which primarily include salary-related and cash bonus expenses, net of capitalizable labor costs, and temporary contract labor costs;
- **Network-related** expenses, which primarily include costs related to network access, system power, core network, and CPE repair, maintenance and test costs;

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

- **Service-related** costs, which primarily include professional services, information technology-related services, audit, legal and other services;
- **Commercial**, which primarily includes sales and marketing costs, such as advertising, commissions and other sales and marketing-related costs, and customer care costs related to outsourced call centers;
- **Facility, provision and other**, which primarily includes facility-related costs, provision for bad debt expense, operating lease rent expense, bank fees, insurance, vehicle-related, travel and entertainment and other operating-related costs; and
- **Share-based compensation** expense that relates to (i) Liberty Latin America equity awards issued to our employees, as further described in note 10, and (ii) certain bonus-related expenses that are paid in the form of Liberty Latin America equity awards.

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

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Personnel and contract labor	\$ 5,957	\$ 5,825
Network-related	6,069	5,937
Service-related	685	479
Commercial	1,999	2,037
Facility, provision and other	22,429	19,149
Share-based compensation expense	313	326
Total other operating costs and expenses	<u>\$ 37,452</u>	<u>\$ 33,753</u>

(10) Related-party Transactions

General. We consider Liberty Latin America and its subsidiaries to be related parties.

Our related-party transactions are as follows:

	December 31,	
	2023	2022
	XCD in thousands	
Revenue	\$ 683	\$ 486
Programming and other direct costs of services	\$ 437	\$ 485
Other operating costs and expenses	\$ 15,821	\$ 11,555
Share-based compensation expense	\$ 313	\$ 326
Related-party fees and allocations – management fee and other	\$ 2,015	\$ 2,376
Interest income	\$ 1,741	\$ 3,178
Realized and unrealized losses on derivative instruments	<u>\$ 482</u>	<u>\$ 1,181</u>

Revenue. These amounts represent certain transactions with other subsidiaries of Liberty Latin America that arise in the normal course of business, which include fees for the use of our products and services and network and access charges.

Programming and other direct costs of services. These amounts represent certain transactions with other subsidiaries of Liberty Latin America that arise in the normal course of business, which include fees for the use of their products and services and network and access charges.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

Other operating costs and expenses. These amounts represent (i) our estimated share of costs charged to our company by Liberty Latin America or its subsidiaries, which are primarily related to corporate shared-service center costs, predominantly service-related and personnel costs, that are expected to be cash settled, and (ii) provisions (recoveries) for expected credit losses, net, on intercompany receivables (as further described below) of \$1,259 thousand and (\$604 thousand), respectively.

Share-based compensation expense. These amounts represent share-based compensation expense that Liberty Latin America charged to our company with respect to share-based incentive awards held by certain of our employees. These charges, which are cash settled, are included in other accrued and current liabilities in our statement of financial position and included in other operating costs and expenses in our statement of comprehensive income. These amounts include estimated bonus-related expenses that will be paid in the form of Liberty Latin America equity.

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

- *Other operating costs and expenses.* The amounts included in this category represent our estimated share of certain centralized technology, management, marketing, finance and other operating expenses of Liberty Latin America's operations whose activities benefit multiple operations, including operations within and outside of our company, net of certain fees and allocations associated with services performed by certain of our employees on behalf of other subsidiaries of Liberty Latin America. The amounts allocated represent our estimated share of the actual costs incurred by the operations of Liberty Latin America, without a mark-up.
- *Management fee and other.* The amounts included in this category represent our estimated allocable share of the mark-up, if any, applicable to (i) related-party fees and allocations charged to our company and (ii) other operating costs and expenses allocated to us by related parties.

Interest income. These amounts represents interest income on the CWIC Revolving Facility, as further described below.

Realized and unrealized losses on derivative instruments. These amounts represent amortization of the premium associated with our Weather Derivative contract, underwritten by another subsidiary of Liberty Latin America.

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

	December 31,	
	2023	2022
	XCD in thousands	
Assets:		
Notes receivable, net (a)	\$ 105,290	\$ 102,051
Interest receivable, net (b)	11,097	9,589
Other receivables (c)	8,593	8,768
Other current assets (d)	119	693
Total assets	<u>\$ 125,099</u>	<u>\$ 121,101</u>
Liabilities:		
Accounts payable (e)	\$ 8,562	\$ 10,021
Management fees payable (f)	11,784	13,896
Other accrued and current liabilities (g)	10	1,153
Total liabilities	<u>\$ 20,356</u>	<u>\$ 25,070</u>

- (a) Represents the CWIC Revolving Facility that enables us to make short term deposits to, or obtain short term loans from, CWIC for cash management purposes. Balances are net of expected credit losses of \$3,159 thousand and \$2,041 thousand, respectively.
- (b) Represents net accrued interest receivable on the CWIC Revolving Facility. Balances are net of expected credit losses of \$333 thousand and \$192 thousand, respectively.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

- (c) Primarily represents non-interest bearing trade and other receivables due from other subsidiaries of Liberty Latin America.
- (d) Primarily represents prepaid premiums associated with our Weather Derivative contract.
- (e) Primarily represents non-interest bearing payables arising from the normal course of business due to other subsidiaries of Liberty Latin America.
- (f) Primarily represents non-interest bearing payables due to Liberty Latin America related to the charges included in fees and allocations, as noted above.
- (g) Primarily represents non-interest bearing accruals due to other subsidiaries of Liberty Latin America for certain services provided.

Key management remuneration

The Company paid total remuneration to key management personnel, inclusive of salaries, benefits, performance bonuses and share-based compensation, of \$1,048 thousand and \$976 thousand during 2023 and 2022, respectively. The key management represents those employees that have the authority and responsibility for managerial decisions affecting the future development and operations of the business.

(11) Income Taxes

Income tax expense consists of the following:

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Current income tax expense	\$ (6,837)	\$ (8,096)
Deferred income tax expense (benefit)	(1,319)	1,040
Total income tax expense	<u>\$ (8,156)</u>	<u>\$ (7,056)</u>

Income tax expense attributable to our income before income taxes differs from the amounts computed by using the statutory tax rate in Saint Kitts and Nevis of 33% as a result of the following:

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Computed “expected” tax expense	(6,261)	(6,190)
Return to provision adjustments	2,483	1,992
Effect of permanent differences	(3,799)	(2,312)
Other, net	(579)	(546)
Total income tax expense	<u>\$ (8,156)</u>	<u>\$ (7,056)</u>

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

The tax effects of temporary differences that give rise to significant portions of the net deferred tax liabilities of \$5,583 thousand and \$4,264 thousand at December 31, 2023 and 2022, respectively, are primarily related to bad debt allowances and depreciation.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

In the normal course of business, our income tax filings are subject to review by taxing authorities. In connection with such reviews, disputes could arise with the taxing authorities over the interpretation or application of certain income tax rules related to our business in that tax jurisdiction. Such disputes may result in future tax and interest and penalty assessments by these taxing authorities. The ultimate resolution of tax contingencies will take place upon the earlier of (i) the settlement date with the applicable taxing authorities in either cash or agreement of income tax positions, or (ii) the date when the taxing authorities are statutorily prohibited from adjusting the company's tax computations. C&W St. Kitts & Nevis currently maintains unrecognized tax benefits totaling \$8,780 thousand, including interest and penalties.

(12) Equity

Our authorized share capital consists of 50,000,000 ordinary shares with a par value of \$1.00 per share. At December 31, 2023 and 2022, 33,130,418 fully paid ordinary shares were issued and outstanding, valued at \$33,130 thousand.

Dividends

No dividends were declared or paid during 2023 and 2022.

(13) Commitments and Contingencies

Guarantees and Other Credit Enhancements

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

Regulatory issues. We have contingent liabilities related to matters arising in the ordinary course of business, including (i) legal proceedings, (ii) issues involving wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming and copyright fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

(14) Revenue by Major Category

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

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

	Year ended December 31,	
	2023	2022
	XCD in thousands	
Residential revenue:		
Residential fixed revenue:		
Subscription revenue	\$ 17,086	\$ 15,648
Non-subscription revenue	670	490
Total residential fixed revenue	17,756	16,138
Residential mobile revenue:		
Service revenue	25,978	24,842
Interconnect, inbound roaming, equipment sales and other (a)	4,548	3,682
Total residential mobile revenue	30,526	28,524
Total residential revenue	48,282	44,662
B2B revenue (b)	25,842	25,873
Total	\$ 74,124	\$ 70,535

- (a) These amounts include revenue from sales of mobile handsets and other devices to residential mobile customers of \$967 thousand and \$917 thousand during 2023 and 2022, respectively.
- (b) These amounts include revenue from sales of mobile handsets and other devices to B2B mobile customers of \$258 thousand and \$141 thousand during 2023 and 2022, respectively.

(15) Financial Risk Management

Overview

We have exposure to the following risks that arise from our financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Our exposure to each of these risks, the policies and procedures that we use to manage these risks and our approach to capital management are discussed below.

Risk management framework

Our directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The directors are responsible for developing and monitoring the Company's risk management policies.

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

Our risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's activities.

Credit Risk

We are exposed to the risk that our customers or the counterparties to our financial instruments, including cash, trade accounts receivable and related-party notes receivable, will default on their obligations to us. We manage the credit risk associated with our trade receivables by performing credit verifications. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers. For information regarding the aging of our trade receivables, see note 5. We manage the credit risk associated with the counterparties to our financial instruments through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties.

Most of our cash currently is invested in overnight deposits with banking financial institutions. To date, neither the access to nor the value of our cash balances have been adversely impacted by liquidity problems of financial institutions.

While we currently have no specific concerns about the creditworthiness of any counterparty for which we have material credit risk exposures, economic conditions and uncertainties in global financial markets can increase the credit risk of our counterparties and we cannot rule out the possibility that one or more of our counterparties could fail or otherwise be unable to meet its obligations to us. Any such instance could have an adverse effect on our cash flows, results of operations, financial condition and/or liquidity.

Although we actively monitor the creditworthiness of our key vendors, the financial failure of a key vendor could disrupt our operations and have an adverse impact on our revenue and cash flows.

Our maximum exposure to credit risk is represented by the carrying amounts of our financial instruments. We do not believe there is any significant credit risk associated with these financial instruments.

Liquidity Risk

We are exposed to the risk that we will encounter difficulty in meeting our financial obligations. In addition to cash, our primary sources of liquidity are cash provided by operations.

Our liquidity is generally used to fund operating activities, capital expenditures and income tax payments. From time to time, we may also require liquidity in connection with (i) loans to Liberty Latin America, (ii) capital distributions to Liberty Latin America or (iv) the satisfaction of contingent liabilities.

We use budgeting and cash flow forecasting tools to ensure that we will have sufficient resources to timely meet our liquidity requirements. We also maintain a liquidity reserve to provide for unanticipated cash outflows.

Market Risk

Market risk is the risk that changes in market prices (e.g., foreign exchange rates, interest rates and equity prices) will affect our net income or the value of our financial holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

We are not exposed to foreign currency risk as we do not generally enter into transactions denominated in currencies other than our functional currency (XCD) or USD. Our functional currency is pegged to the USD.

Other Risk

Inflation Risk

We are subject to inflationary pressures with respect to labor and other costs. While we attempt to increase our subscription rates to offset increases in operating costs, there is no assurance that we will be able to do so. Our ability to increase subscription rates is subject to regulatory controls. Also, our ability to increase subscription rates may be constrained by competitive pressures. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative

CABLE & WIRELESS ST. KITTS & NEVIS LIMITED
Notes to Financial Statements – (Continued)
December 31, 2023

impact on our cash flows and results of operations. We are also impacted by inflationary increases in salaries, wages, benefits and other administrative costs.

(16) Subsequent Events

In preparing these financial statements, management has evaluated and disclosed that there were no material subsequent events up to October 22, 2024, which is the date that the financial statements were available to be issued.