

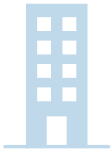
# END OF YEAR REPORT

Information below reflects end of 2023

## TAKE RATES



RESIDENTIAL

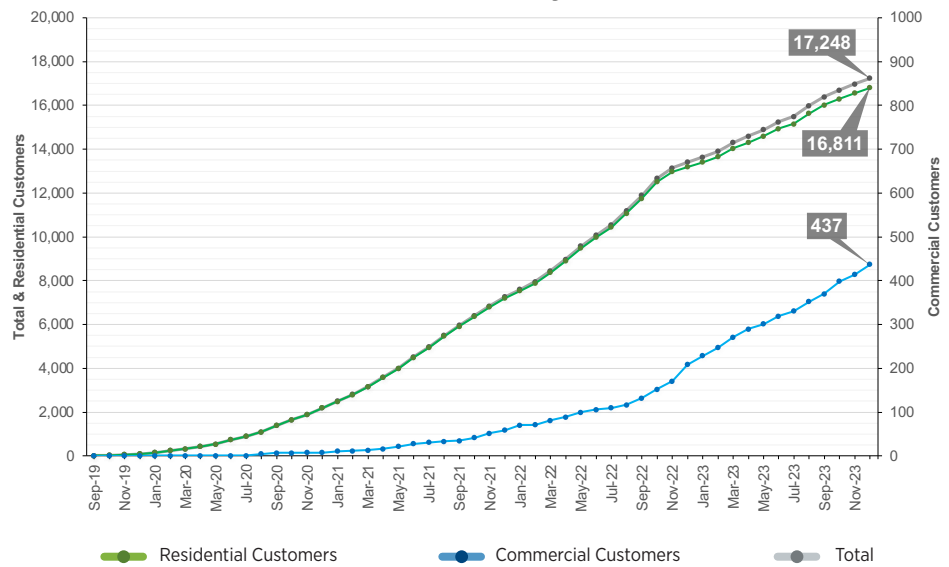


COMMERCIAL

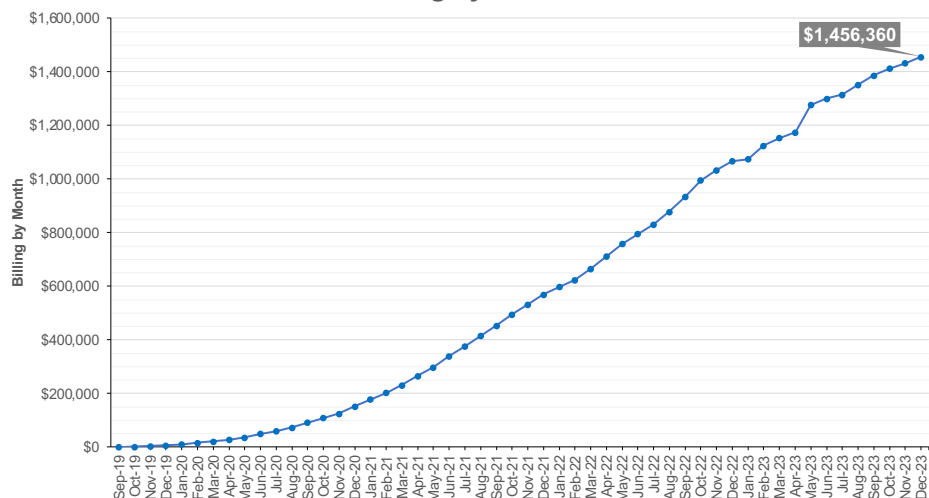


## CUSTOMER COUNT

### Active Customers by Month



### Billing by Month



## FINANCES

Revenues	2023	% Change	2022
Recurring revenue	\$15,437,933	43.9%	\$10,731,121
Other revenue	\$932,979	70.7%	\$546,510
Total gross revenue	\$16,370,912	45.2%	\$11,277,631
Costs of goods sold	\$2,176,011	31.8%	\$1,651,496
Expenses and other costs*	\$15,952,921	14.2%	\$13,968,206
Net Operating Income	\$(1,758,019)	59.5%	\$(4,342,071)
NOI less debt service	\$4,192,380	182.1%	\$1,486,020

\*Excludes depreciation and amortization

- Financials are preliminary and unaudited.
- In 2023 Connexion began to transition from a focus on build-out to one of ongoing operations and growth, resulting in a 44% increase in recurring revenue from 2022. Recurring revenue represents the monthly fees customers pay for internet, video and phone products, and growth is expected to remain strong in 2024 and beyond. Expenses grew in proportion to the revenue in 2023 and are expected to begin to grow more slowly in 2024 such that operating margin expands and continues doing so for the next several years as adoption continues to grow.
- In 2023, Connexion paid \$9.3 million in interest and principal for its outstanding bond instruments. On the capital front, Connexion has utilized the proceeds of the initial bonds totaling \$130 million towards the building out of the network, installing a substantial number of multi-dwelling units (MDUs), and other hardware and materials. In Q3, a \$20 million bond was issued and made available primarily for addressing the capital needs of the remaining MDUs in the city.

## GENERAL HIGHLIGHTS

- In August 2023, Connexion’s “main” buildout was completed. The main buildout includes 357 fiber areas. Each fiber area includes around 225 homes.
- The main buildout does not include Multi-Dwelling Units or MDUs. MDUs make up over 40% of residences in Fort Collins.
- Connexion has currently “lit up” 28% of MDUs within city limits.
- Commercial take rate is currently at 10%, and typically Connexion is adding one new business customer per day.
- Connexion’s Digital Inclusion Program ([fconnexion.com/digital-inclusion-program](http://fconnexion.com/digital-inclusion-program)) allows income qualified customers to get 1 Gigabit internet service for only \$20. Currently, Connexion has around 500 Digital Inclusion customers. \*6% of all Connexion Internet revenue is set aside to fund this program.
- Connexion received \$3.58M from Larimer County to provide Connexion infrastructure to county homes and businesses north of the Harmony/Taft Hill intersection. This build out should be complete by Fall 2024.
- Connexion was recently awarded \$10.8M (with a 25% match provided by Larimer County) for four rural areas in Larimer County<sup>†</sup> with the goal of completion by the end of 2026:
  - Red Feather Phase 1
  - Poudre Park
  - CSU Mountain Campus/Rustic
  - Rist Canyon

<sup>†</sup>More information about exact locations will be available on [fconnexion.com](http://fconnexion.com) in the future