

LICT CORPORATION

For Immediate Release

LICT CORPORATION REPORTS THIRD QUARTER 2018 RESULTS

- **Revenues increased to \$32.3 million from \$26.6 million.**
- **EBITDA grew to \$17.7 million from \$12.4 million.**
- **EPS rose to \$391 per share from \$167 per share.**

Rye, NY – October 17, 2018 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports financial results for the third quarter ended September 30, 2018.

THIRD QUARTER RESULTS – In 2018, LICT’s reported third quarter revenues increased \$5.7 million to \$32.3 million compared to \$26.6 million for the corresponding quarter in 2017. Reported EBITDA was \$17.7 million in the third quarter of 2018 as compared to \$12.4 million in the third quarter of 2017.

However, 2018 third quarter results included two significant out of period items: (1) recording of additional A-CAM revenues, see discussion below, of \$4.4 million which were retroactive to 2017 and the first half of 2018, and (2) a prior year billing adjustment related to our California operations which reduced revenues by \$0.4 million. Adjusting for these items, on-going third quarter revenues increased by \$1.8 million, or 6.6%, to \$28.4 million compared to \$26.6 million for the corresponding quarter in 2017. Non-regulated revenues gained 7.4%, to \$12.6 million from the prior year’s \$11.7 million due to increased broadband and competitive local exchange carrier (“CLEC”) revenues. Regulated revenues increased by 6.0%, to \$15.8 million in the third quarter of 2018 from the prior year’s \$14.9 million, due to the additional A-CAM funding of \$0.7 million designated for the third quarter of 2018.

EBITDA before corporate costs and charitable contributions, and adjusted for the out of period items, was \$13.7 million as compared to \$12.4 million in the previous year’s third quarter, an 10.8% increase. Non-regulated EBITDA, including affiliate distributions, rose 3.3% to \$5.5 million, from \$5.3 million, while regulated EBITDA increased to \$8.2 million, from \$7.0 million. Of note, non-regulated EBITDA reflected a \$0.3 million decline in affiliate distributions in the third quarter.

ALTERNATIVE – CONNECT AMERICA COST MODEL (“A-CAM”) PROGRAM – Effective January 1, 2017, ten of LICT’s rural telephone companies elected to participate in the FCC’s A-CAM program. The A-CAM program is designed to speed and expand the deployment of broadband capabilities throughout the nation’s rural areas and replaced two prior USF mechanisms for companies electing A-CAM. During 2018, the FCC expanded the A-CAM program for companies whose support was initially capped and offered the LICT companies an additional \$2.9 million in annual A-CAM funding, which is retroactive to January 1, 2017. The LICT companies accepted the additional A-CAM funding, and the cumulative funding was received in the third quarter of 2018. Accordingly, in the third quarter of 2018, LICT recorded additional A-CAM revenues of \$5.1 million, of which \$2.9 million relates to the year ended December 31, 2017, \$1.5 million relates the six months ended June 30, 2018, and \$0.7 million relates to the three months ended September 30, 2018.

FULL YEAR RESULTS – The Company continues to forecast that revenues for 2018 will approximate \$116 million and EBITDA before corporate costs, charitable contributions and non-operating income will approximate \$57 million.

EARNINGS PER SHARE – Diluted earnings per share, excluding out of period items and charitable contributions, below, during the third quarter were \$294 per share in 2018 as compared to \$202 per share in 2017. Shares outstanding at September 30, 2018, were 20,134 versus 20,509 at December 31, 2017.

BALANCE SHEET – Our net debt was \$5.2 million at September 30, 2018, as compared to \$23.9 million on December 31, 2017.

CEO SEARCH – As previously announced, we are searching for a successor to Mario J. Gabelli as Chief Executive Officer of LICT. The individual should have knowledge of broadband and, in particular, of rural communities, as well as opportunities to serve colleges, universities, hospitals, and small businesses. Mr. Gabelli will continue to serve as Executive Chairman upon the completion of the search.

SHAREHOLDER DESIGNATED CHARITABLE CONTRIBUTION PROGRAM – On April 30, 2018 the Company announced it was continuing its shareholder Charitable Contribution Program in 2018 for all registered shareholders. The program was originally adopted in 2016 and all registered shareholders as of July 20, 2018, were eligible to designate charities and the company made a donation of \$100 per share on behalf of the shareholder. During 2017, the Company conducted a similar Shareholder Designated Contribution Program, also at \$100 per share. Charitable contributions from these, and other employee designated programs, totaled \$1.3 million and \$1.1 million in the third quarters of 2018 and 2017, respectively. The after-tax earnings per share effect of these contributions was \$46 in 2018 and \$35 in 2017.

FCC SPECTRUM AUCTIONS - LICT Wireless Broadband Company, LLC (“LICW”), a wholly owned subsidiary of the Company, is participating in two upcoming FCC auctions for spectrum, Auction 101 – 28 GHz and Auction 102 – 24 GHz. These spectrum bands are designated to be used for provision of 5G wireless services. Auction 101 is schedule to begin on November 14, 2018 and Auction 102 will begin after Auction 101 is completed. Commensurate with previous spectrum auctions, LICT is making upfront deposits to participate in this Auctions. FCC rules restrict information that bidders may disclose about their participation in these Auctions, including the amount of their upfront payment.

CONNECT AMERICA FUND II (“CAF II”) Reverse Auction 903 – In the third quarter of 2018, the Company participated in FCC Auction 903 – CAF II. In this Auction, the FCC provided qualified bidders the right to receive annual support payments for ten years in exchange for a bidder’s commitment to provide specified levels of broadband service to certain rural areas of the United States that are currently unserved or under-served. The economics of the eventual bidding levels in this Auction were such that the Company did not believe it was being adequately compensated for the services that would need to be provided and, accordingly, the Company did not acquire any areas in Auction 903.

TAX CUTS AND JOBS ACT - On December 22, 2017, the United States Congress passed the Tax Cuts and Jobs Act of 2017 (“Act”). Two aspects of this Act significantly impacted LICT: (a) reducing the Federal corporate income tax rate to 21%, from LICT’s 35% 2017 rate, (b) 100% expensing of capital expenditures through 2023. As previously reported, the change in the Federal tax rate reduced our liability for deferred income taxes at the end of 2017 by \$7.1 million and lowered our overall effective tax rate for the first nine months of 2018 to 26.4%, from 39.5% in the of 2017 period.

GROWING THE COMPANY – The Board of Directors and management have implemented measures which have improved liquidity and reduced the Company’s debt position. At this time, the Board continues to re-evaluate its acquisition activity and related refinancing alternatives.

CAPITAL EXPENDITURES – In the first nine months of 2018, capital expenditures were \$15.2 million, of which \$9.1 million was for non-regulated activities and \$6.2 million for regulated activities. In order to expand the Company’s non-regulated fiber initiatives and provide a high level of broadband to our customers in the rural areas of the United States, we are expecting capital expenditures of \$22 million in 2018. This capital enables us to offer enhanced broadband speeds and will increase the overall fiber route miles in our network. As of September 30, 2018, LICT operations deployed 4,564 miles of fiber optic cable, 11,819 miles of copper cable, and 695 miles of coaxial cable.

SHARE REPURCHASES – During the nine months ended September 30, 2018, the Company repurchased 410 shares for \$5.3 million, with an average price of \$13,000 per share. In addition, in the first quarter of 2018, 35 shares were issued under the Company’s Restricted Stock Awards program. As of September 30, 2018, 20,134 shares were outstanding.

OPERATING STATISTICS – As of September 30, 2018, the Company’s DSL penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier (“ILEC”) voice lines, was 79.7%, the as compared to 79.5% at December 31, 2017. Our summary operating statistics are as follows:

	Sept. 30, 2018	Dec. 31, 2017	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	33,386	31,521	1,865	5.9%
Voice Lines				
ILEC	26,729	27,195	(466)	(1.7%)
CLEC	7,406	7,006	400	5.7%
Total	34,135	34,201	(66)	(0.2%)
Video Subscribers	5,656	5,985	(329)	(5.5%)
Revenue Generating Units	73,177	71,707	1,470	2.1%

This release contains certain forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation anticipated financial results, financing, capital expenditures and corporate transactions. It should be recognized that such information is based upon certain assumptions, projections and forecasts, including without limitation, business conditions and financial markets, regulatory and other approvals, and the cautionary statements set forth in documents filed by LICT on its website, www.lictcorp.com. As a result, there can be no assurance that any possible transactions will be accomplished or be successful, or that financial targets will be met. Such forward-looking information is subject to uncertainties, risks and inaccuracies, which could be material.

LICT Corporation is a holding company with subsidiaries in broadband and other telecommunications services that actively seeks acquisitions, principally in its existing business areas.

LICT Corporation is listed on the OTC Pink® under the symbol LICT. For further information visit our website at <http://www.lictcorp.com>.

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914/921-8821
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LICT CORPORATION
Statements of Operations and Selected Balance Sheet Data
(In Thousands, Except Per Share Data)

Exhibit A
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STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenues	\$32,322	\$26,624	\$86,977	\$79,264
Cost and Expenses:				
Cost of revenue, excluding depreciation	12,073	11,996	38,267	35,681
Selling, general and administration	2,994	2,970	8,715	8,734
Corporate Office Expenses	1,162	868	3,085	2,927
Depreciation and amortization	4,786	4,080	14,663	13,201
Total Costs and Expenses	21,015	19,914	62,730	60,543
Operating profit	11,307	6,710	24,247	18,721
Other Income (Expense)				
Investment income	205	48	547	374
Interest expense	(340)	(515)	(1,276)	(1,646)
Equity in earnings of affiliated companies	890	676	1,912	1,750
Other	(1,276)	(1,127)	2,054	(1,127)
	(521)	(918)	3,237	(649)
Income Before Income Tax Provision	10,786	5,792	27,484	18,072
(Provision) Benefit for Income Taxes	(2,880)	(2,282)	(7,284)	(7,133)
Net Income	\$7,906	\$3,510	\$20,200	\$10,939
Capital Expenditures	\$5,188	\$6,466	\$15,233	\$14,212
Weighted Average Shares:				
Basic	20,200.77	20,955.54	20,309.05	21,089.63
Diluted	20,236.07	20,991.50	20,345.32	21,164.49
Actual shares outstanding at end of period	20,134.23	20,804.37	20,134.23	20,804.37
Earnings Per Share:				
Basic Net Income	\$391.37	\$167.50	\$994.63	\$518.69
Dilutive Earnings Per Share	\$390.69	\$167.21	\$992.85	\$516.86
Dilutive Earnings Per Share by Component:				
On-going operations	\$293.63	\$202.46	\$829.08	\$551.82
Out of period items	143.51	--	90.09	--
Charitable contributions	(46.45)	(35.25)	(46.20)	(34.96)
Gain on sale of assets in a minority position	--	--	119.88	--
Reported	\$390.69	\$167.21	\$992.85	\$516.86

See EBITDA on page 2

LICT Corporation
Statements of Operations and Selected Balance Sheet Data-Continued
(in thousands, Except Per Share Data)

Exhibit A
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SELECTED BALANCE SHEET DATA	Sept. 30, 2018	Dec. 31, 2017
Cash and Cash Equivalents	\$12,813	\$7,054
Note receivables and other deposits	3,250	3,250
Long-Term Debt (including current portion)	17,976	31,001
Liabilities, including taxes, other than debt	\$31,335	\$26,685
Shareholders' Equity	\$151,935	\$122,239
Shares Outstanding at Date	20,134	20,509

EBITDA

EBITDA is an established measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors, and other interested parties in the telecommunications industry because it eliminates many differences in financial, capitalization, and tax structures, as well as non-cash and non-operating charges to earnings. We believe that EBITDA trends are a valuable indicator of whether our operations are able to produce sufficient operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

EBITDA equals net income (loss), before interest expense, income tax expense (benefit), depreciation and amortization expense, investment income, equity in earnings of affiliated companies, gain (loss) on sale of investment, impairment charges, and net income from discontinued operations. EBITDA also now includes the cash distributions we receive from the equity in earnings of affiliated companies. Although we do not have majority voting control of such companies, we have the ability to significantly influence financial and accounting policies. The inclusion of cash received from equity companies is a change from past practice.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
EBITDA				
Operating subsidiaries	\$17,255	\$11,658	\$41,995	\$34,849
Cash received from equity affiliates	413	725	1,475	1,375
On-going operating subsidiaries	17,667	12,383	43,470	36,224
Deduct out of period items	(3,946)	--	(2,490)	--
On-going EBITDA	13,721	12,383	40,980	36,224
Corporate Office Expense	(1,162)	(868)	(3,085)	(2,927)
EBITDA	12,559	11,515	37,895	33,297
Depreciation and amortization	(4,786)	(4,080)	(14,663)	(13,201)
Add out of period items	3,946	--	2,490	--
Deduct cash received from equity affiliates	(413)	(725)	(1,475)	(1,375)
Operating profit	\$11,307	\$6,710	\$24,247	\$18,721