

# LICT CORPORATION

For Immediate Release

## LICT CORPORATION REPORTS RECORD SECOND QUARTER RESULTS

- **Revenues increased by 14% to \$31.4 million from \$27.5 million.**
- **EBITDA grew to \$15.9 million from \$12.8 million.**
- **Earnings per share from on-going operations climbed to \$393 per share from \$247 per share in 2018, which excluded \$120 per share gain on the sale of a minority interest in an investment .**

**Rye, NY – July 25, 2019** – LICT Corporation (“LIC T” or the “Company”; OTC Pink®: LIC T) reports financial results for the quarter ending June 30, 2019.

**SECOND QUARTER RESULTS** – In 2019, LIC T’s second quarter revenues increased 14% or \$3.9 million to \$31.4 million compared to \$27.5 million for the corresponding quarter in 2018. EBITDA grew 24% to \$15.9 million in the second quarter of 2019 as compared to \$12.8 million in the second quarter of 2018.

Regulated revenues increased by 18.8%, to \$17.7 million in the second quarter of 2019 from the prior year’s \$14.9 million. Non-regulated revenues gained 8.5%, to \$13.7 million from the prior year’s \$12.6 million due to increased broadband and competitive local exchange carrier (“CLEC”) revenues. Regulated EBITDA was \$9.6 million compared to \$7.2 million for last year while non-regulated EBITDA, including affiliate distributions, rose 11.7% to \$6.3 million, from \$5.7 million.

**EARNINGS PER SHARE** – Diluted earnings per share from on-going operations during the second quarter were \$393 per share in 2019 as compared to \$247 per share in 2018, which excluded \$120 per share gain on the sale of a minority interest in an investment. Shares outstanding at June 30, 2019 were 19,544 versus 19,931 at December 31, 2018.

**ALTERNATIVE – CONNECT AMERICA COST MODEL (“A-CAM”) PROGRAM** – Effective January 1, 2017, ten of LIC T’s rural telephone companies elected to participate in the Federal Communications Commission’s (FCC) A-CAM program. The A-CAM program is designed to increase speed and expand the deployment of broadband capabilities throughout the nation’s rural areas and replaced two prior Universal Service Fund mechanisms for companies electing A-CAM. During 2018, the FCC expanded the A-CAM program retroactive to January 1, 2017. Accordingly, in 2018, LIC T recorded additional A-CAM revenues of \$5.8 million, of which \$2.9 million related to the year ended December 31, 2017. Funds from the 2017 increase, \$2.9 million, and the first half of 2018, \$1.5 million, were both received and recorded in the third quarter of 2018.

On February 25, 2019, the FCC expanded the A-CAM program for those companies who support was initially capped and offered LIC T companies \$4.6 million in additional annual A-CAM funding, which was retroactive to January 1, 2019. With this increase, these capped companies have now been offered the fully funded support contemplated by the initial A-CAM program. In addition, the

FCC extended the A-CAM annual support payments, for two additional years to December 31, 2028. Acceptance of these additions requires the companies to provide increased broadband speed to a greater number of locations. The Company's subsidiaries have accepted this A-CAM expansion program and received the year to date incremental funding of \$2.3 million in the second quarter of 2019.

On May 2, 2019, the FCC further expanded the A-CAM program. This FCC order is available to companies that are still receiving legacy support to fund the deployment of voice and broadband services in their service territories. LICT has three companies that have elected to participate and will receive \$1.3 million in annual A-CAM funding, which is retroactive to January 1, 2019. The Company's subsidiaries expect to receive the year to date incremental funding in the 3<sup>rd</sup> quarter of 2019.

**FULL YEAR RESULTS** – The company is estimating revenues of approximately \$121 million, and EBITDA of around \$60 million; these amounts include the \$6.0 million additional A-CAM funding that was discussed above.

**SHAREHOLDER DESIGNATED CHARITABLE CONTRIBUTION PROGRAM** – In 2016, the Company adopted a Shareholder Designated Charitable Contribution Program. Under the Program, all registered shareholders are eligible to designate charities and the company will make a contribution to that charity. In 2016, 2017 and 2018, the company made \$100 per share contribution on behalf of its shareholders to their designated charities. The LICT Board of Directors approved the 2019 contribution, also at \$100 per share, in December 2018, and the contributions were distributed to the charities in the second quarter of 2019.

**FCC SPECTRUM AUCTIONS** - LICT Wireless Broadband Company, LLC (“LICT Wireless”), a wholly owned subsidiary of the company, participated in two 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 began on November 14, 2018 and ended on January 28, 2019 and Auction 102 began on March 14, 2019 and completed on May 28, 2019. Commensurate with previous spectrum auctions, LICT made upfront deposits in both auctions. On June 3, 2019 the FCC announced the final results.

In Auction 101, LICT acquired 10 licenses of 28 GHZ in Kansas and Nevada for a total investment of \$108,410.

In Auction 102, LICT acquired 47 licenses of 24 GHZ in California, Iowa, Kansas, Michigan, New Hampshire, New Mexico and Wyoming for a total investment of \$4,807,060

These spectrum licenses cover areas both within LICT's current servicing areas and beyond, significantly expanding the broadband capabilities of our subsidiary operations, both geographically and technologically.

**NEW HAMPSHIRE DYNAMICS** – On July 1, 2019, the Company along with CIBL, Inc. (“CIBL”; OTC Pink®: CIBY) announced their intent to merge its operations in New Hampshire with CIBL. CIBL would issue shares of its stock to LICT in exchange for its New Hampshire operations. After the closing of the transaction, LICT would hold approximately 6% of CIBL's outstanding common stock.

Our New Hampshire operations consist of two subsidiaries, Bretton Woods Telephone Company, Inc. and World Surfer, Inc. These companies are leading providers of broadband and communications services to an approximately 35 -square-mile area in northern New Hampshire,

including the Omni Mount Washington Hotel and Resort, The Mount Washington Cog Railway and the summit of Mount Washington. The transaction is subject to the execution of definitive documents and the satisfaction of customary closing conditions and regulatory approvals and is expected to close in the fourth quarter of 2019. However, no assurances can be given that a binding agreement will be entered into, and that the proposed transaction will be consummated or the timing thereof.

BRICK SKIRT HOLDING, LLC. – On July 3, 2019, the Company terminated its outstanding indebtedness with Brick Skirt Holding Company, LLC. (“Brick Skirt”, formerly DFT Communications) upon Brick Skirt’s re-financing of their debt. As part of the sale process, LICT retained a \$3,250,000 face note as well as an equity interest in Brick Skirt. As previously negotiated, Brick Skirt repaid this debt by forwarding \$2.85 million to LICT upon refinancing.

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 second quarter of 2019, capital expenditures were \$6.7 million, of which \$3.5 million was for non-regulated activities and \$3.2 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, our current plan calls for capital expenditures of \$23 million in 2019. This capital enables us to offer enhanced broadband speeds and will increase the overall fiber route miles in our network. As of June 30, 2019, LICT operations deployed 4,762 miles of fiber optic cable, 11,838 miles of copper cable, and 708 miles of coaxial cable.

SHARE REPURCHASES – During the six months ended June 30, 2019, the Company repurchased 387 shares for \$6.0 million, with an average price of \$15,498 per are. As of June 30, 2019, 19,544 shares were outstanding.

OPERATING STATISTICS – As of June 30, 2019, the Company’s broadband penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier (“ILEC”) voice lines, was 80.5%, as compared to 80.2% at December 31, 2018. Our summary operating statistics are as follows:

	June 30, 2019	December 31, 2018	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	34,885	33,659	1,226	3.6%
Voice Lines				
ILEC	25,978	26,276	(298)	(1.1%)
CLEC	7,521	7,471	50	0.7%
Total	33,499	33,747	(248)	(0.7%)
Video Subscribers	5,344	5,669	(325)	(5.7%)
Revenue Generating Units	73,728	73,075	653	0.9%

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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](http://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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**LICT CORPORATION**  
**Statements of Operations and Balance Sheet Data**  
(In Thousands, Except Per Share Data)

**Exhibit A**  
**Page 1 of 2**

**STATEMENTS OF OPERATIONS**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>	\$31,355	\$27,487	\$59,960	\$54,655
<b>Cost and Expenses:</b>				
Cost of revenue, excluding depreciation	12,838	12,261	25,612	24,194
Selling, general and administration	3,144	2,922	6,060	5,721
Corporate Office Expenses	1,127	941	2,149	1,923
Depreciation and amortization	4,569	4,813	9,547	9,877
<b>Total Costs and Expenses</b>	<b>21,678</b>	<b>20,937</b>	<b>43,368</b>	<b>41,715</b>
<b>Operating profit</b>	<b>9,677</b>	<b>6,550</b>	<b>16,592</b>	<b>12,940</b>
<b>Other Income (Expense)</b>				
Investment income	68	59	242	342
Interest expense	(386)	(443)	(818)	(936)
Equity in earnings of affiliated companies	664	677	1,167	1,022
Other	3	3,311	2,496	3,330
	<b>349</b>	<b>3,604</b>	<b>3,087</b>	<b>3,758</b>
<b>Income Before Income Tax Provision</b>	<b>10,026</b>	<b>10,154</b>	<b>19,679</b>	<b>16,698</b>
Provision for Income Taxes	(2,315)	(2,681)	(4,864)	(4,404)
<b>Net Income</b>	<b>\$7,711</b>	<b>\$7,473</b>	<b>\$14,815</b>	<b>\$12,294</b>
<b>Capital Expenditures</b>	<b>\$6,704</b>	<b>\$4,834</b>	<b>\$11,538</b>	<b>\$10,137</b>
<b>Weighted Average Shares:</b>				
Basic	19,581	20,279	19,672	20,368
Diluted	19,616	20,329	19,707	20,406
<b>Actual shares outstanding at end of period</b>	<b>19,544</b>	<b>20,304</b>	<b>19,544</b>	<b>20,304</b>
<b>Earnings Per Share:</b>				
Basic Net Income	\$393.80	\$368.52	\$753.10	\$603.59
Dilutive Earnings Per Share	\$393.10	\$367.61	\$751.76	\$602.49
<b>Dilutive Earnings Per Share by Component:</b>				
On-going operations	\$393.10	\$247.33	\$659.08	\$482.96
Gain on sale of an investment by a minority interest	0.00	120.28	92.68	119.53
Reported	<b>\$393.10</b>	<b>\$367.61</b>	<b>\$751.76</b>	<b>\$602.49</b>

**See EBITDA on page 2**

**LICT Corporation**  
**Statements of Operations and Selected Balance Sheet Data-Continued**  
(In Thousands, Except Per Share Data)

**Exhibit A**  
**Page 2 of 2**

<b>SELECTED BALANCE SHEET DATA</b>	<b>June 30, 2019</b>	<b>Dec. 31, 2018</b>
Cash and Cash Equivalents	\$13,653	\$7,732
Other short-term investments	--	20,000
Note receivable	2,850	2,850
Long-Term Debt (including current portion)	15,677	30,976
Liabilities, including taxes, other than debt	\$32,674	\$34,017
Shareholders' Equity	\$149,161	\$140,369
Shares Outstanding at Date	19,544	19,931

**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.

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>EBITDA</b>				
Operating subsidiaries	\$15,373	\$12,304	28,288	\$24,740
Cash received from equity affiliates	562	525	1,125	1,063
On-going operating subsidiaries	15,935	12,829	29,413	25,803
Corporate Office Expense	(1,127)	(941)	(2,149)	(1,923)
<b>EBITDA</b>	<b>14,808</b>	<b>11,888</b>	<b>27,264</b>	<b>23,880</b>
Depreciation and amortization	(4,569)	(4,813)	(9,547)	9,877
Deduct cash received from equity affiliates	(562)	(525)	(1,125)	1,063
<b>Operating profit</b>	<b>\$9,677</b>	<b>\$6,550</b>	<b>16,592</b>	<b>\$12,940</b>