

LICT Corporation

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For Immediate Release:

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LICT CORPORATION REPORTS THIRD QUARTER 2020 RESULTS

- **Revenues increased by 15% to \$32.2 million from \$28 million.**
- **EBITDA grew 22% to \$15.5 million from \$12.7 million.**
- **Earnings per share rose to \$371 per share versus \$263 per share in 2019.**
- **Broadband connections increased by 10% to 39,157 since December 2019 connections of 35,393.**

Rye, NY – November 23, 2020 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports financial results for the quarter ending September 30, 2020.

LICT continues to closely monitor developments and is actively taking steps to mitigate the potential risks related to the COVID-19 pandemic to the Company, its teammates and its customers. LICT provides essential voice and data services to its customers. To protect its employees while continuing to provide the essential communications services needed to support remote work and remote learning, the Company adapted installation and repair service processes to limit customer contact and minimize teammate contact. In addition, LICT changed technician dispatch procedures to further limit contact and provided personal protective equipment, including masks, gloves and sanitizing products. Technicians are encouraged to evaluate the safety risks of each in-person installation or repair and reschedule the appointment if he or she determines that circumstances at the location present risk. Office-based teammates have been working remotely since the middle of March and, for teammates that work in the company’s offices, masks and social distancing are required. We thank all our teammates for their focus on their communities.

Since the COVID-19 outbreak, LICT companies have:

- Providing free or discounted services to families to support remote learning.
- Setting up community Wi-Fi hotspots so community members can stay connected to family, work, and learning; and
- Committing not to disconnect customers that are unable to pay their bills because of the economic effects of the pandemic.
- Initiated charitable contributions to support members of our community that have been impacted by the economic fallout from the pandemic. Each of LICT’s 338 teammates have contributed to help schools and local charitable organizations support community members effected by COVID-19. In addition, during the Second Quarter of 2020 (y)our teammates designated \$247,000 to local schools and various charitable organizations

within our local communities to support them in dealing with the challenges presented by the Covid-19 pandemic.

SHAREHOLDER DESIGNATED CHARITABLE CONTRIBUTION PROGRAM – As previously mentioned, 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 through 2019, the company made \$100 per share contributions on behalf of its shareholders to their designated charities

THIRD QUARTER RESULTS – In 2020, LICT’s third quarter revenues were \$32.2 million compared to \$28.0 million for the corresponding quarter in 2019. EBITDA was \$15.5 million in the third quarter of 2020 as compared to \$12.7 million in the third quarter of 2019. Non-regulated revenues gained 11%, to \$15.6 million from the prior year’s \$14.0 million resulting from an increase of 7% related to sales of broadband, out of franchise and 3% related to video cable modem revenues. Non-regulated EBITDA rose 15% to \$6.8 million, from \$5.9 million.

Regulated revenues increased by 18.6% to \$16.6 million in the third quarter of 2020 from the prior year’s recorded \$14.0 million. Regulated EBITDA was \$8.8 million compared to \$6.2 million last year. The significant increase in regulated revenues and EBITDA was largely related to the accrual to the net revenue reduction in the amount of \$1.8 million in the third quarter of 2019 related to the review of the computation under the cost recovery mechanisms, offset by an incremental \$0.6 million for A-CAM

EARNINGS PER SHARE – Diluted earnings per share during the third quarter were \$371 per share in 2020 as compared to \$263 per share in 2019, which was crimped by \$71 per share to the net of regulated revenues reduction. Shares outstanding at September 30, 2020 were 18,673, and 19,320 at September 30, 2019 and 19,188 at December 31, 2019.

ALTERNATIVE – CONNECT AMERICA COST MODEL (“A-CAM”) PROGRAM – All of LICT’s telephone companies have elected to participate in the Federal Communications Commission (“FCC’s”) A-CAM and A-CAM II programs and will receive \$32.1 million in 2020 for A-CAM and A-CAM II revenues.

The FCC’s A-CAM program, which commenced January 1, 2017, with revisions in 2018 and 2019, and the addition of A-CAM II in Wisconsin in 2019, is designed to increase broadband speed and expand broadband deployment in rural portions of the country with mandatory build-out requirements for receipt of support. A-CAM and A-CAM II replaced two prior legacy FCC Universal Service Fund (“USF”) mechanisms which LICT had been receiving. LICT is actively building and expanding broadband facilities.

2020 OUTLOOK – LICT is maintaining its guidance for 2020 with total revenues of \$120 - \$124 million, EBITDA in the range of \$54 to \$56 million, and total capital expenditures between \$25 and \$27 million. We are aware that the effect of the COVID-19 pandemic may impact non-regulated revenue growth and potentially impact bad debt expense as an economic contraction may impair customers’ ability to purchase and pay for service. At the same time, we have seen an increase in the demand for broadband, as we support our communities’ remote work and distance learning needs.

FCC SPECTRUM AUCTIONS – LICT Wireless Broadband Company, LLC (“LICT Wireless”), a wholly owned subsidiary of the Company, participated in FCC Auction 105 – CBRS band which ended on August 25, 2020. In this auction the Company acquired \$4.6 million of spectrum CBRS band licenses.

LICT is a qualified bidder in Auction 904 also known as Rural Development Opportunity Fund or RDOF which began on October 29, 2020. Auction 904 is a reverse auction to receive funding as part of the Federal Communications Commission’s Universal Service Fund supporting the expansion of broadband internet services to underserved rural areas of the United States. In addition, LICT Wireless is a qualified bidder for Auction 107 C-Band which is scheduled to begin on December 8, 2020.

CAPITAL EXPENDITURES – In the third quarter of 2020, capital expenditures were \$6.4 million, of which \$3.3 million was for non-regulated activities and \$3.1 million for regulated activities. To expand the Company’s fiber initiatives and provide a high level of broadband to our customers, our plan calls for capital expenditures of \$25 - \$27 million in 2020. This capital investment enables us to better serve our communities, for remote work and virtual learning with enhanced broadband speeds through the increase of overall fiber route miles in our network.

As of September 30, 2020, LICT operations deployed 5,061 miles of fiber optic cable, 11,478 miles of copper cable, and 757 miles of coaxial cable.

SHARE REPURCHASES – During the nine months ended September 30, 2020, the Company repurchased 515 shares for \$8.5 million, with an average price of \$16,588 per share. As of September 30, 2020, 18,673 shares were outstanding. On August 5, 2020, LICT Board of Director’s approved a 374 increase to the Company’s share repurchase program. That increase brought the number of approved but not yet repurchased shares to 1,000 as of that date.

OPERATING STATISTICS – As of September 30, 2020, the Company’s broadband penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier (“ILEC”) voice lines, was 89.6%, as compared to 82.4% at December 31, 2019. During the first nine months of 2020 we have added 3,764 broadband connections bringing our total broadband connections to 39,157.

Our summary operating statistics are as follows:

			Percent	
	September 30,	December 31,	Increase	Increase
	2020	2019	(Decrease)	(Decrease)
Broadband lines	39,157	35,393	3,764	10.6%
Voice Lines				
ILEC	24,496	24,520	(24)	(0.1%)
Out of franchise	7,653	7,525	128	1.7%
Total	32,149	32,045	104	0.3%
Video Subscribers	4,443	4,628	(185)	(4.0%)
Revenue Generating Units	75,749	72,066	3,683	5.1%

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>.

LICT CORPORATION
Statements of Operations and Balance Sheet Data
(In Thousands, Except Per Share Data)

Exhibit A
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STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues	\$32,183	\$28,037	\$92,736	\$87,145
Cost and Expenses:				
Cost of revenue, excluding depreciation	13,739	13,016	40,487	38,225
Selling, general and administration	2,911	2,943	9,186	8,832
Corporate office expenses	1,207	1,086	3,220	3,235
Charitable contributions	--	--	247	--
Depreciation and amortization	4,453	4,669	12,867	14,048
Total Costs and Expenses	22,310	21,714	66,007	64,340
Operating profit	9,873	6,323	26,729	22,805
Other Income (Expense)				
Investment income	16	67	283	309
Interest expense	(481)	(289)	(1,269)	(1,107)
Equity in earnings of affiliated companies	--	807	53	1,974
Other	16	7	13,083	2,503
	(449)	592	12,150	3,679
Income Before Income Tax Provision	9,424	6,915	38,879	26,484
Provision for Income Taxes	(2,481)	(1,885)	(10,358)	(6,734)
Income from continuing operations	6,943	5,030	28,521	19,750
Income from discontinued operations before taxes	--	92	--	202
Provision for income taxes	--	(18)	--	(33)
Income from discontinued operations after taxes	--	74	--	169
Net Income	\$ 6,943	\$5,104	\$28,521	\$19,919
Capital Expenditures	\$6,433	\$7,048	\$19,348	\$18,587
Weighted Average Shares:				
Basic	18,701	19,388	18,866	19,576
Diluted	18,701	19,423	18,866	19,611
Actual shares outstanding at end of period	18,673	19,320	18,673	19,320
Earnings Per Share: **				
Basic	\$371	\$263	\$1,512	\$1,018
Dilutive	\$371	\$263	\$1,512	\$1,016

*** Please note that operating results include cash received from the partial proceeds from the sale of assets by a minority position owned by the Company, \$2.5 million in the first quarter of 2019. These proceeds are included in other income-other, on the Income Statement above. The after-tax impact of this item on earnings per share for the nine months ended September 30, 2019 is approximately \$94 per share. The gain of \$13.1 million stemming from the sale of MODOC added \$510 of earnings per share for the nine months ended September 30, 2020.*

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, 2020	Dec. 31, 2019
Cash and cash equivalents and short-term investments	\$84,313	\$28,415
Long-Term Debt (including current portion)	\$63,177	\$24,678
Liabilities, including taxes, other than debt	\$40,475	\$35,386
Shareholders' Equity	\$174,323	\$154,345
Shares Outstanding at Date	18,673	19,188

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,	
	2020	2019	2020	2019
EBITDA				
Operating subsidiaries	\$15,533	\$12,078	\$43,063	\$40,088
Cash received from equity affiliates	--	662	542	1,787
On-going operating subsidiaries	15,533	12,740	43,605	41,875
Charitable Contributions	--	--	(247)	--
Corporate Office Expense	(1,207)	(1,086)	(3,220)	(3,235)
EBITDA	14,326	11,654	40,138	38,640
Depreciation and amortization	(4,453)	(4,669)	(12,867)	(14,048)
Deduct cash received from equity affiliates	--	(662)	(542)	(1,787)
Operating profit	\$9,873	\$6,323	\$26,729	\$22,805