

# LICT Corporation

401 Theodore Fremd Avenue  
Rye, N.Y. 10580  
914-921-8821  
www.lictcorp.com

For Immediate Release:

Contact: Stephen J. Moore  
Vice President- Finance

## LICT CORPORATION REPORTS THIRD QUARTER 2023 RESULTS

- ACAM extended and increased through 2038 with Extended A-CAM Program
- Spinoff of MachTen complete-LICT holders receive 150 shares of MachTen per LICT share
- Net Debt to EBITDA ratio of 1.4 for the 3<sup>rd</sup> quarter
- Acquisition of Manti Telephone in Utah
- Sale of 20% ownership in Brick Skirt Holdings Company pending regulatory approval
- Shareholder Charitable Contribution Program Continues at \$100 per share

**Rye, NY – December 8, 2023** – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports unaudited, financial results for the quarter ended September 30, 2023. Data for all periods are adjusted for the spin-off of MachTen and presented as discontinued operations.

Non-regulated revenues for the third quarter of 2023 increased 2.1% to \$17.5 million from the prior year’s third quarter \$17.2 million. Regulated revenues were \$11.3 million in the third quarter of 2023 versus the prior year’s third quarter of \$11.7 million, with overall revenues unchanged at \$28.8 million versus a year ago.

Non-regulated EBITDA was \$6.7 million compared to \$7.5 million last year and was crimped by a \$600,000 revenue reduction as a result of abandonment of RDOF programs, which is described further in this release.

Total EBITDA was \$9.4 million in the third quarter of 2023 as compared to \$11.1 million in 2022. The decline in EBITDA is the result of the reduction mentioned above and is also driven from higher operating expenses in the third quarter of 2023, including higher labor, material costs, professional and engineering fee expenses.

*OTHER EXPENSES* – Other expenses increased to \$0.6 million in the third quarter of 2023, versus \$0.3 million in the prior year’s third quarter, reflecting higher interest expense.

*EARNINGS PER SHARE* – Earnings per share prior to discontinued operations for the third quarter of 2023 were \$195 per share.

*ENHANCED ALTERNATIVE CONNECT AMERICA COST MODEL (E-ACAM) PROGRAM* – LICT elected to participate in the Federal Communications Commission’s (FCC’s) E-ACAM program for all of its telephone companies. The E-ACAM program, is designed to further increase broadband speed and expand the deployment of broadband capabilities throughout the nation’s rural areas with mandatory build-out requirements of 100/20 Mbps for receipt of E-ACAM support. The initial ACAM program was scheduled to expire on December 31,

2028. The new E-ACAM program is effective January 1, 2024, and carries through 2038, and will increase annual revenues from \$23.2 million of existing ACAM and ACAM II revenues to \$37.2 million annually for E-ACAM. LICT received \$5.8 million in each of the third quarters of 2023 and 2022 for ACAM and ACAM II revenues. LICT is actively building and expanding broadband facilities to serve our rural communities.

As previously announced, LICT has been awarded \$157.5 million for seven United States Department of Agriculture (USDA) ReConnect III and ReConnect IV grants with a total project cost of \$171.2 million. Five of these grants provide 100% funding for projects totaling \$116.2 million in our New Mexico and California operations. The Company has also been awarded grants in which we will receive \$41.2 million for 75% of projects in Kansas and New Mexico totaling \$55 million, of which, LICT is required to match \$13.7 million or 25% of the total project cost. All of these grant projects will build fiber to provide 1 Gig broadband service to the communities we serve. Construction has begun on the \$8.4 million ReConnect III project in Kansas and the Company is actively working on obtaining environmental clearance on six of the seven ReConnect grants that have been awarded.

The FCC has accepted our notice to withdraw from the RDOF program for both Cuba City and Cal-Ore Communications. The decision to withdraw from this program is due to substantial cost increases and other significant changes within the organization since we first participated and won in the RDOF public auction.

*AFFORDABLE CONNECTIVITY PROGRAM* – LICT continues to be active participants in the FCC’s Affordable Connectivity Program (ACP) to support our ongoing commitment to provide affordable broadband to the rural communities we serve and help close the digital divide. This program provides consumers who are eligible, a broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. We offer a variety of broadband options that qualify under the ACP.

*STRATEGIC INITIATIVES* - The spin-off of our Michigan entity, now called MachTen (OTC Pink: MACT), occurred on August 31, 2023. At the time of the spin-off each shareholder of LICT received 150 shares of MachTen per one share of LICT. The Company will maintain a 19% stake in MachTen or 605,980 shares. In addition, the Michigan operation declared a \$15 million distribution due to LICT. On August 29, 2023, MachTen posted a Press Release detailing information regarding the spin-off.

LICT’s wholly owned subsidiary CentraCom, closed, in the fourth quarter of 2023, on its acquisition of Manti Tele Communications Company (MTCC), and AFConnect (AFI). Manti Telephone Company (MTC) will close pending regulatory approval. This transaction will expand CentraCom’s statewide fiber network footprint to the rural communities of Manti, Sterling, Ephraim, and beyond, supporting the growth of business and residential access to advanced communication services.

The leadership of Sound Broadband LLC, our newly formed, wholly owned, wireless company, has initiated the installation of 5G wireless broadband services in areas we serve in New Mexico. Additional analysis is underway to expand the implementation of 5G wireless broadband services in our other locations to efficiently provide increased broadband speeds to many of the communities we serve.

LICT continues with the sale of its 20% ownership of Brick Skirt Holding Company (formerly DFT Communications) to CIBL, Inc, pending regulatory approval. CIBL was spun off from LICT in 2007, and purchased LICT's New Hampshire operations, Bretton Woods Telephone Company, in 2019. Bretton Woods continues to utilize Brick Skirt for certain administrative functions as it has since 2014, when LICT sold DFT back to its founding family, but retained a 20% equity interest.

*CAPITAL EXPENDITURES* – For the nine months ended September 2023, capital expenditures were \$36.0 million versus \$32.7 million in the prior year's third quarter of 2022. Our capital spending will enable us to offer enhanced broadband speeds, increase the overall fiber route miles in our network and meet and exceed our A-CAM and E-ACAM requirements. The Company expects this broadband growth to accelerate as we deploy additional Fiber-To-The-Home to more locations, including locations being built partially or completely with grant funding.

*SHAREHOLDER DESIGNATED CHARITABLE CONTRIBUTION PROGRAM*- LICT's Board of Directors has approved the continuation of its shareholder charitable contribution program, which was adopted in 2016. All registered shareholders will be eligible to designate 501(c)3 charities to which the company will make a donation of \$100 per share on behalf of the shareholder. Information regarding the program will be presented in January 2024. Since the inception of the program, LICT has contributed over \$8.4 million to charitable entities by way of contributions designated by registered shareholders and teammates.

*SHARE REPURCHASES* – During the nine months ended September 30, 2023, the Company repurchased 272 shares for \$5.0 million, with an average price of \$18,340 per share. On September 30, 2023, 17,069 shares were outstanding.

*OPERATING STATISTICS/BROADBAND DEPLOYMENT* - LICT owns and operates 6,241 miles of fiber optic cable, 9,045 miles of copper cable, 811 miles of coaxial cable and 83 towers. An additional 609 miles of fiber optics were built since the third quarter of 2022 excluding the Michigan operation which was spun-off as previously mentioned. As of September 30, 2023, the Company's broadband penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier (ILEC) voice lines, was 98.3%, as compared to 99.1% at December 31, 2022. Over the first three quarters of 2023, the Company's broadband lines increased by 3.2% to 43,885 from 42,518 units on December 31, 2022 these numbers do not include the Michigan entity that was spun-off on August 31, 2023.

	<b>September 30,</b>	<b>December 31,</b>	<b>Increase</b>	<b>Percent</b>
	<b>2023</b>	<b>2022</b>	<b>(Decrease)</b>	<b>Increase</b>
				<b>(Decrease)</b>
Broadband lines	43,885	42,518	1,367	3.2%
Voice Lines				
ILEC	17,780	18,717	(937)	(5.0%)
Out of franchise	6,326	6,462	(136)	(2.1%)
Total	24,106	25,179	(1,073)	(4.3%)
Video Subscribers	3,334	3,629	(295)	(8.1%)
Revenue Generating Units	71,325	71,326	(1)	(0.0%)

\*\*\*\*\*

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

**LICT Corporation**  
**Statements of Operations**  
(In Thousands, Except Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022 (Restated)	2023	2022 (Restated)
<b>Revenues</b>	\$28,814	\$28,908	\$86,908	\$86,238
<b>Cost and Expenses:</b>				
Cost of revenue	15,227	14,110	44,759	41,963
General and administrative costs at operations	2,765	2,629	8,148	8,131
Corporate office expenses	1,386	1,101	3,616	3,292
Charitable contributions	-	-	-	141
Depreciation and amortization	4,591	4,139	14,656	13,375
<b>Total Costs and Expenses</b>	23,969	21,979	71,179	66,902
<b>Operating profit</b>	4,845	6,929	15,729	19,336
<b>Other Income (Expense)</b>				
Investment income	143	97	1,124	1,016
Interest expense	(629)	(440)	(1,894)	(1,016)
Equity in earnings of affiliated companies	49	29	74	102
Other	(134)	12	(246)	(99)
<b>Total Other Income (Expense)</b>	(571)	(302)	(942)	3
<b>Income from continuing operations before taxes</b>	4,274	6,627	14,787	19,339
Provision for Income Taxes	(935)	(1,466)	(3,186)	(4,283)
Income from continuing operations	3,339	5,161	11,601	15,056
<b>Income (Loss) from discontinued operations before taxes</b>	(157)	1,350	2,270	4,138
Provision for income taxes	34	(299)	(489)	(916)
Income (Loss) from discontinued operations after taxes	(123)	1,051	1,781	3,222
<b>Net Income</b>	\$3,215	\$6,212	\$13,382	\$18,278
<b>Capital Expenditures</b>	\$12,598	\$16,090	\$35,960	\$32,675
<b>Weighted Average Shares Basic/Diluted</b>	17,109	17,466	17,213	17,603
<b>Actual shares outstanding at end of period</b>	17,069	17,437	17,069	17,437
<b>Earnings Per Share:</b>				
<b>From continuing operations</b>	\$195	\$295	\$674	\$855
<b>From discontinued operations</b>	\$(7)	\$60	\$103	\$183

**LICT Corporation**  
**Balance Sheet**

(In Thousands, Except Per Share Data)

	<b>September 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Restated)</b>	<b>December 31, 2022 (Reported)</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$10,616	\$26,055	\$27,257
Accounts receivable, less allowances of \$152 and \$169, respectively	6,374	6,613	7,609
Note receivable	15,088	-	-
Material and supplies	13,454	9,899	11,307
Prepaid expenses, and other current assets	3,714	4,303	4,514
Total current assets	<u>49,246</u>	<u>46,870</u>	<u>50,687</u>
Property, plant, and equipment	145,275	130,941	151,789
Goodwill	42,248	42,248	42,348
Other intangibles	29,767	29,712	29,712
Investments in and advances to affiliated entities	7,100	2,318	2,318
Other assets	11,693	10,822	10,892
Assets held for sale	-	24,835	-
Total assets	<u>\$285,329</u>	<u>\$287,746</u>	<u>\$287,746</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Trade accounts payable	\$6,464	\$5,599	\$8,962
Accrued interest payable	316	11	11
Accrued liabilities	6,789	6,061	6,145
Current maturities of long-term debt	3,875	372	372
Total current liabilities	<u>17,444</u>	<u>12,043</u>	<u>15,490</u>
Long-term debt	35,395	38,252	38,252
Deferred income taxes	26,799	26,755	29,418
Other liabilities	8,381	8,842	8,983
Liabilities held for sale	-	6,251	-
Total liabilities	<u>88,019</u>	<u>92,143</u>	<u>92,143</u>
Total shareholders' equity	<u>197,310</u>	<u>195,603</u>	<u>195,603</u>
Total liabilities and shareholders' equity	<u>\$285,329</u>	<u>287,746</u>	<u>\$287,746</u>

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

<b>SELECTED BALANCE SHEET DATA</b>	<b>September 30, 2023</b>	<b>December 31, 2022 (Restated)</b>
Cash and Cash Equivalents	\$10,616	\$26,055
Notes Receivable	15,088	--
	<u>\$25,704</u>	<u>\$26,055</u>
Long-Term Debt (including current portion)	(39,270)	(38,624)
Net Debt	<u>(\$13,556)</u>	<u>(\$12,569)</u>
Shareholders' Equity	\$192,880	\$195,603
Shares Outstanding	17,069	17,341

**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. We believe that EBITDA trends are a valuable indicator of whether our operations can produce sufficient operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

EBITDA is calculated as Operating Profit from Continuing Operations plus depreciation and amortization expense and charitable contributions.

	<b>Three Months Ended September 30, (Restated)</b>		<b>Nine Months Ended September 30, (Restated)</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>EBITDA Reconciliation:</b>				
<b>Operating Profit from Continuing Operations</b>	<b>\$4,845</b>	<b>\$6,929</b>	<b>\$15,729</b>	<b>\$19,336</b>
<b>Additions:</b>				
Corporate expenses	1,386	1,101	3,616	3,292
Charitable contributions	--	--	--	141
Depreciation and amortization	4,591	4,139	14,656	13,375
<b>EBITDA from Operations Before Corporate Expenses</b>	<b>10,822</b>	<b>12,169</b>	<b>34,001</b>	<b>36,144</b>
Corporate Expenses	(1,386)	(1,101)	(3,616)	(3,292)
Charitable contributions	--	--	--	(141)
<b>EBITDA</b>	<b>\$9,436</b>	<b>\$11,068</b>	<b>\$30,385</b>	<b>\$32,711</b>