LICT CORPORATION AND SUBSIDIARIES

Quarterly Report for period ended September 30, 2023

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LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$28,814	$28,908	$86,908	$86,238
Cost and Expenses:				
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	1,395	1,101	3,626	3,292
Charitable contributions	-	-	-	141
Depreciation and amortization	4,591	4,139	14,656	13,375
Total Costs and Expenses	23,978	21,979	71,189	66,902
Operating profit	4,836	6,929	15,719	19,336
Other Income (Expense)				
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	(245)	(99)
Total Other Income (Expense)	(571)	(302)	(941)	3
Income from continuing operations before taxes	4,265	6,627	14,778	19,339
Provision for Income Taxes	(935)	(1,466)	(3,186)	(4,283)
Income from continuing operations	3,330	5,161	11,592	15,056
Income from discontinued operations before taxes	(157)	1,350	2,270	4,138
Provision for income taxes	34	(299)	(489)	(916)
Income from discontinued operations after taxes	(123)	1,051	1,781	3,222
Net Income	$3,207	$6,212	$13,373	$18,278
Capital Expenditures	$12,598	$16,090	$29,905	$32,675
Weighted Average Shares Basic/Diluted	17,109	17,466	17,213	17,603
Actual shares outstanding at end of period	17,069	17,437	17,069	17,437
Earnings Per Share from continuing operations	$195	$295	$674	$855
Earnings Per Share from discontinued operations	$(7)	$60	$103	$183

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share amounts)

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$10,616	$26,055
Accounts receivable, less allowances of $179 and $220, respectively	6,374	6,613
Note receivable	15,088	-
Material and supplies	13,454	9,899
Deposits, prepaid expenses, and other current assets	3,705	4,302
Total current assets	49,237	46,869
Property, plant and equipment, net	145,275	130,941
Goodwill	42,248	42,248
Other intangibles	29,767	29,712
Investments in and advances to affiliated entities	7,100	2,318
Other assets (a)	11,693	10,822
Assets held for sale	-	24,833
Total assets	$285,320	$287,743
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable	$6,464	$5,599
Accrued interest payable	316	11
Accrued liabilities	6,789	6,061
Current maturities of long-term debt	3,867	372
Total current liabilities	$17,436	$12,043
Long-term debt	35,403	38,252
Deferred income taxes	26,799	26,755
Other liabilities	8,381	8,842
Liabilities held for sale	-	6,248
Total liabilities	$88,019	$92,140
Total shareholders' equity	197,301	195,603
Total liabilities and shareholders' equity	$285,320	$287,743

(a) *Please note we carry a minority investment at historical cost of $3.0 million, however, LICT's share of the book value of the investment is approximately $9.0 million.*

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIAIRES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands, except share data)

	Shares of Common Stock Outstanding	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2022	17,341	$17,859	$264,001	$(86,257)	$195,603
Net income from continuing operations			11,103		11,103
Net income from discontinued operations			2,270		2,270
Distribution of Michigan business unit		(11,119)			(11,119)
MachTen investment		4,430			4,430
Purchase of treasury stock	(272)			(4,986)	(4,986)
Balance at September 30, 2023	17,069	$11,170	$277,374	($91,243)	$197,301

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2023	**2022**
Operating activities:		
Net income	$13,373	$14,140
Income from discontinued operations	2,270	4,138
Income from continued operations	11,103	18,278
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	14,656	13,375
Debt cost amortization	40	26
Equity in earnings of affiliated companies	(74)	(102)
Unrealized gains on securities	167	(90)
Realized loss on securities	99	7
Deferred income tax provision	44	(490)
Changes in operating assets and liabilities:		
Income tax payable/receivable	980	4,182
Accounts payable and accrued liabilities	1,511	462
Other operating assets and liabilities	(4,749)	(1,670)
Net cash provided by operating activities from continuing operations	24,015	30,093
Net cash (used) provided by operating activities from discontinued operations	(2,699)	5,120
Net cash provided by operating activities	$21,316	$35,213
Investing activities:		
Capital expenditures from operations	(29,905)	(29,322)
Return of FCC deposit	-	20,000
Acquisition of spectrum license	-	(13,320)
Investment in KFN (Kansas Fiber Net)	(395)	
Sale of securities		182
Other investing activities	538	115
Net cash (used) investing activities from continued operations	(29,763)	(22,345)
Net cash (used) investing activities from discontinued operations	(2,653)	(3,535)
Net cash (used) by investing activities	$(32,416)	$(25,880)

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
(Unaudited)
(In thousands)

Financing activities:		
Repayment of long-term debt	(354)	(577)
Repayments related to line of credit	(4,000)	(25,000)
Proceeds from line of credit	5,000	15,000
Purchase of treasury stock	(4,986)	(10,286)
Proceeds from issuance of long-term debt	-	-
Other financing activities	-	1,900
Net cash (used in) financing activities	(4,340)	18,963
Net increase (decrease) in cash and cash equivalents from continuing operations	(10,087)	(11,215)
Net increase (decrease) in cash and cash equivalents from discontinued operations	(5,352)	1,585
Net increase (decrease) in cash and cash equivalents	(15,439)	(9,630)
Cash and cash equivalents at beginning of period	26,055	42,466
Cash and cash equivalents at end of period	10,616	32,836
Less: cash and cash equivalents of Discontinued Operations at end of Period	--	(1,194)
Cash and cash equivalents from Continuing operations at end of period	$10,616	31,436

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

LICT Corporation ("LICT" or the "Company") consolidates the operating results of its subsidiaries. On August 31, 2023, we spun off our wholly-owned Michigan operation subsidiary to our shareholders. This spin-off has benefited the company and our shareholders in several different ways. As a result, Michigan operations contribution to LICT's consolidated operating results and financial position have been separately reported from amounts previously reported in 2022 as discontinued operations.

All material intercompany transactions and balances have been eliminated. Investments in affiliates in which the Company does not have majority voting control, but has the ability to significantly influence management decisions, are accounted for in accordance with the equity method. The Company accounts for affiliated companies on the equity basis of accounting: telecommunications operations in California and Utah (2% to 14% owned through partnerships) and the previously wholly-owned sold rural communication and alarm system subsidiary in New York, in which the Company owns 12%. Marketable securities are measured at fair value and all other investments are measured at cost.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all the information and footnotes required for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2022. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

B. Indebtedness

On January 17, 2020, the Company entered into a new credit agreement with CoBank for a $50.0 million revolving credit facility. The term of the credit agreement is five years and expires on January 17, 2025. The interest rate on the credit facility is based on a spread over secured overnight financing rate (SOFR) and is determined by the Company's leverage ratio, as defined in the credit agreement. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities. The Company's borrowing rate at September 30, 2022 is SOFR plus 1.5%. The credit facility is secured by a pledge of the stock of the Company's subsidiaries. In the first nine months of 2023 and 2022, the average balance of the line of credit outstanding was $24.4 million and $19.5 million; the highest amount outstanding for 2023 and 2022 was $26.0 million and $35.0 million respectively; and the average interest rate was 6.85% and 2.74%, respectively.

Long-term debt at September 30, 2023, and December 31, 2022 consists of (in thousands):

	September 30, 2023	December 31, 2022
Revolving credit facility from CoBank at a variable rate at SOFR plus 1.5% as of September 30, 2023	$ 26,000	$ 25,000
Secured notes issued to sellers in connection with acquisitions at fixed interest rate of 6.0%	7,647	7,647
Unsecured notes issued in connection with acquisitions at fixed interest rates of 4.0% and 6.0%	4,801	5,101
Other at a fixed rate of 5.25%	822	875
Total debt	39,270	38,623
Current maturities	(3,867)	(371)
Long term debt	$35,403	$38,252

C. Litigation

The Company or a subsidiary thereof is a party to routine litigation and threatened litigation incidental to its business. Based on information currently available, the Company believes that none of this ordinary routine litigation, either individually or in the aggregate, will have a material effect on its financial condition and results of operations.

D. Related Party Transactions

As of September 30, 2023, and December 31, 2022, assets of $0.3 million, and $5.4 million, which are classified as cash and cash equivalents, were invested in money market funds for which affiliates of the Company's Chairman and Chief Executive Officer serve as investment manager to the respective fund.

E. Other Income

Included in other income are investments in equity securities. The changes in interest income offset most of the increase in interest expense for the third quarter of 2023 compared to 2022.

F. Subsequent Events

As previously mentioned LICT's wholly owned subsidiary CentraCom, acquired Manti Telephone and its sister companies, Manti Tele Communications Company (MTCC), and AFConnect (AFI) on November 30, 2023. Manti's regulatory company Manti Telephone Company (MTC) will close in 2024 pending regulatory approval.

MANAGEMENT'S DISCUSSION OF OPERATIONS

This discussion should be read together with the Consolidated Financial Statements of LICT Corporation and the notes thereto.

RESULTS OF OPERATIONS

Overview

Today, the Company provides an array of broadband and communications services, primarily in rural areas but with continuing expansions in adjacent urban communities. Over the past several years the company has been actively transitioning from our history as a provider of rural telephone service (known as Rural Local Exchange Carriers, or "RLECs"), to a high-speed broadband provider. Our principal operations are in rural parts of California, Iowa, Kansas, New Mexico, Utah and Wisconsin.

LICT announced on September 27, 2023 that we will be selling our 20% ownership interest in Brick Skirt Holding Company, LLC. (Formerly DFT Communications) to CIBL Inc. In the third quarter of 2023, 8% of our holding in Brick Skirt Holding Company was sold and we expect to complete the remaining 12% sale as soon as we receive regulatory approval.

As of September 30, 2023, the Company provided service to 71,325 revenue generating units consisting of 43,885 broadband data lines, 24,106 voice lines, and 3,334 video subscribers. Comparable amounts at September 30, 2022 were 42,518, 25,179, and 3,629, respectively. Operations are deployed through 6,241 miles of fiber optic cable, 9,045 miles of copper cable, 811 miles of coaxial cable and 83 towers, these numbers do not include our spun-off Michigan entity.

The broad array of communications services which we provide to residential, commercial, and governmental customers include:

- Broadband services, principally Digital Subscriber Lines (DSL) and cable modem services, which are increasingly provided through fiber optic facilities;
- Local and long-distance telephone service;
- Video services, including cable television, Internet Protocol Television (IPTV) and Over the Top;
- Access for other telephone service providers to the intra-state and interstate networks;
- Private line connections between, for example, two branches of a business;
- Public access, including, for example, 911 service;
- Managed Hosting, where we host virtual switchboards for customers; and
- Fixed wireless broadband service, primarily for more remote customers.

The demand for high-speed internet has been a major growth area for our Company. This has been offset in part, by reductions in the number of traditional voice telephone lines we serve, as consumers replace traditional telephone connections with new technologies. We expect such shifts in consumer behavior to continue. We are continuing to develop our Company as a broad-based communications provider.

ENHANCED ALTERNATIVE CONNECT AMERICA COST MODEL (E-ACAM) PROGRAM

In September 2023, all of LICT's regulated telephone companies elected to participate in the Federal Communications Commission's (FCC's) voluntary E-ACAM program. E-ACAM replaces the existing ACAM program effective January 1, 2024 and 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 and the new E-ACAM program will be from 2024 through 2038. E-ACAM 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 to build fiber infrastructure with total project costs of $171.2 million. Five of these grants provide 100% funding to build fiber projects totaling $116.2 million in our New Mexico and California operations. The Company has also been awarded grants in Kansas and New Mexico in which we will receive 75% funding for projects totaling $55 million, where we receive $41.2 million in grants and LICT is required to match 25% or $13.7 million of the total project cost. We have commenced the $8.4 million ReConnect project in Kansas to build fiber to provide 1 Gig broadband service. The Company is actively working on receiving environmental clearance on six of the seven LICT ReConnect grants.

In addition, the FCC recently accepted our notice to withdraw from the Rural Digital Opportunity Fund (RDOF) support program for both Cuba City and Cal-Ore Communications. The decision to withdraw from this program was due to substantial cost increases and other significant changes within the organization since we first participated and won in the RDOF public auction. The RDOF rescission resulted in an EBITDA reduction of $0.6 million related to the refund of RDOF revenues previously received and RDOF rescission penalties, in addition to having to expense previously capitalized professional and engineering fees in third quarter 2023.

<u>Three Months Ended September 30, 2023 compared to 2022</u>

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2023	2022
Non-regulated revenues:		
Broadband and related services	$12,242	$11,654
Video (including cable modem)	4,272	4,455
Other	1,018	1,054
Total non-regulated revenues	17,532	17,163
Regulated revenues:		
Local access	1,105	1,196
Interstate access	8,208	8,332
Intrastate access	1,792	1,838
Other regulated	177	379
Total regulated revenues	11,282	11,745
Total revenues	28,814	28,908
Operating Cost and Expense:		
Cost of revenue, excluding depreciation and amortization	15,227	14,110
General and administrative costs at operations	2,765	2,629
Corporate office expenses	1,395	1,101
Depreciation and amortization	4,591	4,139
Total operating costs and expenses	23,978	21,979
Operating profit	$4,836	$6,929

In the third quarter of 2023, non-regulated revenues increased by $0.4 million, or 2.1%, to $17.5 million, from $17.2 million in 2022. The increase in Non-regulated revenues was driven from the increase in broadband services, primarily from our Utah ($0.4 million) and Kansas ($0.1 million) operations. These revenues were lower than would have been expected as we withdrew from our RDOF awards in California and Wisconsin. As a result of this decision we returned revenues and penalties of $0.6 million to the FCC. The Non-regulated revenues currently represent 61% of our revenue streams and are expected to continue to grow. Regulated revenues decreased by $0.5 million to $11.3 million in the third quarter of 2023, from $11.7 million in 2022. Combining the non-regulated and regulated revenues, total revenues in 2023 decreased by $0.1 million, or 0.3%, to $28.8 million compared to $28.9 million in 2022.

Total operating costs and expenses were $24.0 million in 2023, an increase of $2.0 million as compared to 2022. The costs of revenue increased by $1.1 million, due to incremental non-regulated revenue, while corporate expenses increased by $0.3 million compared to 2022. Depreciation and amortization increased by $0.5 million from 2022 to 2023. As a result of the above, operating profit in 2023 decreased by $2.1 million from $7.0 million in 2022 to $4.9 million in 2023.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to the shareholders through our earnings releases because it is the financial measure commonly used by analysts that cover the telecommunications industry and by our investor base to evaluate our operating performance. In addition, we routinely use EBITDA as a metric for valuing potential acquisitions. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as EBITDA, to provide a financial measure by which to compare a company's assessment of its operating performance against that of other companies in the same industry. This non-GAAP financial measure is helpful in more clearly reflecting the sales of our products and services, as well as highlighting trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures. This non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

The following table provides the components of EBITDA and reconciles it to net income from continuing operations:

	2023	2022
EBITDA from:		
Operating units	$10,822	$12,169
Charitable contribution	(1,395)	(1,101)
EBITDA	$9,427	$11,068
Reconciliation to net income:		
EBITDA	$9,427	$11,068
Depreciation and amortization	(4,591)	(4,139)
Investment income	143	97
Interest expense	(629)	(440)
Equity in earnings of affiliated companies	49	29
Other	(134)	12
Income tax provision	(3364)	(1,765)
Income from continuing operations	3,364	4,862
Income from discontinued operations	(157)	1,350
Net Income	$3,207	$6,212

Other Income (Expense)

In the third quarter of 2023, interest expense increased approximately by $0.9 million due to higher interest rates in connection with our revolving credit facility with CoBank.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2023 and 2022 represent effective tax rates of 28.0% and 27.2%, respectively.

Net Income

Net income from continuing operations for the third quarter of 2023 was $3.4 million, or $195 per basic and diluted share. For the third quarter of 2022 net income from operations was $4.9 million, or $295 per basic and diluted share from continuing operations.

Net loss from discontinued operations for the third quarter of 2023 was $0.2 million, or $7 per basic and diluted share from continuing operations. For the third quarter of 2022 net income from discontinued operations was $1.4 million, or $60 per basic and diluted share from continuing operations.

Nine Months Ended September 30, 2023 compared to 2022

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2023	2022
Non-regulated revenues:		
Broadband and related services	$36,268	$34,120
Video (including cable modem)	13,041	13,443
Other	3,021	3,089
Total non-regulated revenues	52,330	50,652
Regulated revenues:		
Local access	3,387	$3,583
Interstate access	25,027	25,523
Intrastate access	5,383	5,535
Other regulated	781	945
Total regulated revenues	34,578	35,586
Total revenues	86,908	86,238
Operating Cost and Expense:		
Cost of revenue, excluding depreciation and amortization , excluding depreciation	44,759	41,963
General and administrative costs at operations	8,148	8,131
Corporate office expenses	3,626	3,292
Charitable contributions	-	141
Depreciation and amortization	14,656	13,375
Total operating costs and expenses	71,189	66,902
Operating profit	$15,719	$19,336

Non-regulated revenues increased by $1.7 million, or 3.3%, to $52.3 million, from $50.7 million in 2022. Non-regulated revenues from both broadband services and other non-regulated services increased, primarily from our Utah ($1.4 million), Kansas ($0.5 million) and New Mexico ($0.2 million). Non-regulated revenues currently represent 60% of our revenue streams and are expected to continue to grow. Regulated revenues decreased by $1.0 million to $34.6 million in the first nine months of 2023, from $35.6 million in 2022. As a result, total revenues for the nine months ended September 30, 2023, increased by $0.7 million, or 0.8%, to $86.9 million compared to $86.2 million in 2022.

Total operating costs and expenses were $71.2 million in 2023, an increase of $4.3 million as compared to 2022. The costs of revenue increased by $2.8 million, due to incremental non-regulated revenue, while general and administrative costs incurred at the operations remained unchanged. Corporate expenses increased by $0.3 compared to 2022. Depreciation and amortization increased by $1.3 million from 2022 to $14.7 million in 2023. As a result of the above, operating profit in the first nine months of 2023 decreased by $3.6 million to $15.7 million compared to $19.3 million in 2022.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to the shareholders through our earnings releases because it is the financial measure commonly used by analysts that cover the telecommunications industry and by our investor base to evaluate our operating performance. In addition, we routinely use EBITDA as a metric for valuing potential acquisitions. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as EBITDA, to provide a financial measure by which to compare a company's assessment of its operating performance against that of other companies in the same industry. This non-GAAP financial measure is helpful in more clearly reflecting the sales of our products and services, as well as highlighting trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures, because this non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

	2023	2022
EBITDA from:		
Operating units	$34,001	$36,144
Corporate expense	(3,626)	(3,292)
Charitable Contributions	-	(141)
EBITDA	$30,375	$32,711
Reconciliation to net income:		
EBITDA	$30,375	$32,711
Depreciation and amortization	(14,656)	(13,375)
Investment income	1,124	1,016
Interest expense	(1,894)	(1,016)
Equity in earnings of affiliated companies	74	102
Other	(245)	(99)
Income tax provision	(3,675)	(5,199)
Income from continuing operations	11,103	14,140
Income from discontinued operations	2,270	4,138
Net income	$13,373	$18,278

Other Income (Expense)

In the first nine months of 2023, the Company's interest expense increased by $0.9 million related to the higher interest rates being charged by CoBank. Higher Depreciation and Amortization by $1.3 million in 2023 related to fiber builds being placed into service.

Equity in earnings of affiliates relatively flat compared to 2022.

Income Tax Provision

The income tax provision includes federal, state and local taxes. The tax provision for 2023 and 2022 represent effective tax rates of 28.0% and 27.2%, respectively.

Net Income

Net income for the nine months of 2023 was $13.4 million, or $777 per basic and diluted share. Net income for the same period of 2022 was $18.3 million, or $1,038 per basic and diluted share. Income from continuing operations is $11.1 million and $14.1 million for 2023 and 2022 with Earnings per share basic and diluted of $673 and $855 respectively. Income for discontinued operations is $2.3 million and $4.1 million with basic and diluted earnings per share of $103 and $183 for the nine months ending 2023 and 2022.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company currently has a five-year, $50.0 million unsecured Revolving Credit Facility with CoBank. In addition to extending the Revolving Credit Facility through 2025, the loan facility is pledge of the stock of the Company's subsidiaries, and provides for lower borrowing rates, and has more flexible terms. As of September 30, 2023, there was $26.0 million outstanding under the $50.0 million facility. The average balance outstanding under the facility was $24.4 million at an average interest rate of 6.85%.

In September 2022, the company's Utah operations purchased a multi-use building for $1.7 million in Provo, Utah, that was previously leased. The company's Utah operations secured a 10-year mortgage of $0.9 million at an annual interest rate of 5.25% and issued a 5-year note of $1.0 million to the seller at an annual interest rate of 6.00%.

The Company is obligated under long-term debt provisions and lease agreements to make certain cash payments over the term of the agreements. The following table summarizes, as of September 30, 2023, for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity:

	Payments Due by Period – In thousands				
	Total	1 year	2 – 3 years	4 – 5 years	Over 5 years
Long-term debt, notes to sellers, principal only	$11,448	$3,801	$7,647	$0	$0
Debt on Building acquisition, principle only	$1,822	$74	$161	$1,179	$408
Revolving credit facility with bank, principal only	$26,000	-	$26,000	$0	-
Interest on debt and notes	$4,130	$2,487	$1,491	$108	$44
Operating leases	$7,655	$1,092	$1,760	$1,550	$3,253
Total contractual cash obligations and commitments	$51,055	$7,454	$37,059	$2,837	$3,705

At September 30, 2023, total debt was $39.3 million, an increase of $0.7 million from December 31, 2022. The average interest rate for the debt outstanding was 6.45% and 4.02% as of September 30, 2023, and December 31, 2022, respectively. The revolving credit facility contain certain covenants restricting share repurchases, and other items.

As of September 30, 2023, the Company had current assets of $49.2 million and current liabilities of $17.4 million resulting in working capital of $31.8 million compared to $34.8 million at December 31, 2022.

At September 30, 2023, the Company carries a minority investment at historical cost of $3.0 million, however, the Company's share of the book value of the investment is probably closer to $9.0 million.

Sources and Uses of Cash

As of September 30, 2023, cash was $10.6 million, as compared to $27.3 million at December 31, 2022. In the first nine months of 2023 net cash provided by operating activities from continuing operations of $23.9 million was primarily used to invest in plant and equipment ($29.9 million), and purchase treasury shares ($5.0 million).

In the first nine months of 2023, capital expenditures from operations were $29.9 million, as compared to $29.3 million in 2022.

The Company continues to take bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service. Starting September 27, 2017, the allowable bonus depreciation deduction increased to 100% and is currently at 80% for 2023. Such deductions have the effect of reducing current taxes payable but will increase tax payments in future years.

The Company's Board of Directors has authorized the purchase of up to 10,715 shares of the Company's common stock. During the first nine months of 2023, 272 shares of company stock were purchased for $5.0 million, at an average cost of $18,340 per share.

The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999. The Company has spun-off four entities: Morgan Group Holding Co., CIBL, Inc., ICTC Group, Inc. and MachTen, Inc.

Subsequent Events

As previously announced, LICT's wholly owned subsidiary, CentraCom**,** acquired MTCC and AFI on November 30, 2023. The regulated entity, MTC, will close pending regulatory approval in 1Q 2024.

The acquisition is part of LICT's strategic initiative and reinforces our commitment to deliver high-quality communication services to the communities we serve. LICT continues to actively seek partnerships with other companies in and outside its current service areas to deliver fast, reliable digital speed.