

LICT Corporation

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

For Immediate Release:

Contact: Stephen J. Moore
Vice President- Finance

LICT CORPORATION REPORTS PRELIMINARY UNAUDITED FOURTH QUARTER AND FULL YEAR 2023 RESULTS

- Shareholder Charitable Contribution Program Continues at \$100 per share for registered shareholders
- Acquisition of Manti Telephone in Utah:
 - Completed the acquisition of Manti's Non-Regulated entities
 - Awaiting regulatory approval for the purchase of Manti's regulated entity
- LICT has accepted Enhanced ACAM (E-ACAM) and been awarded Federal and State grants. The estimated total capital expenditures over the next five years to meet the buildout requirements and other projects is \$508 million gross and \$346 million net after grant funding.

2023-Fourth Quarter and Full Year Preliminary Results

Rye, NY – March 4, 2024 – LICT Corporation (“LICIT” or the “Company”; OTC Pink®: LICIT) reports unaudited, preliminary financial results for the quarter ended December 31, 2023. Data for all periods is adjusted for the spin-off of MachTen and presented as discontinued operations.

Unaudited Results - Fourth Quarter

Total revenues in the fourth quarter of 2023 increased by \$0.3 million to \$29.6 million versus \$29.3 million in the same quarter a year ago.

Non-regulated revenues for the fourth quarter of 2023 increased 5.2% to \$18.1 million from the prior year's fourth quarter \$17.2 million driven by sales of broadband services and high-speed data circuits. Further, our results include December revenues from the Manti Non-Regulated entities which were acquired on November 30th.

Regulated revenues were \$11.5 million in the fourth quarter of 2023, a decline of \$0.6 million versus the prior year's fourth quarter of \$12.1 million.

Total EBITDA was \$11.6 million in the fourth quarter of 2023 as compared to \$12.6 million in 2022. The \$1.0 million decline in EBITDA is the result of higher operating expenses in the fourth quarter of 2023, including higher labor and increased material costs, professional and engineering fee expenses, as well as a decline in regulated revenue and also crimped by a non-cash goodwill impairment charge of \$3.5 million in our Iowa/Wisconsin operation. In 2022 the impairment charge was \$5.7 million to our Iowa/Wisconsin subsidiaries.

Non-regulated EBITDA in the fourth quarter was \$7.7 million compared to \$7.5 million last year. The increase was driven by the above-mentioned increases in broadband services and high-speed data circuits, offset by increased expenses.

Regulated EBITDA in the fourth quarter of 2023 was \$3.9 million compared to \$5.1 million during the same period last year.

OTHER INCOME/(EXPENSES) – Other income/expenses decreased to \$0.2 million in the fourth quarter of 2023, versus \$0.3 million in the prior year’s fourth quarter, reflecting higher earnings from affiliated companies partially offset by higher interest expense.

EARNINGS PER SHARE – Earnings per share excluding one-time events for the fourth quarter of 2023 were \$163 per share compared to \$293 per share last year.

Unaudited Results - Full Year

Revenues from continuing operations in 2023 were \$116.5 million, an increase of \$1.0 million, compared to \$115.5 million in 2022.

Non-regulated revenues for the full-year 2023 increased by \$2.5 million to \$70.4 million from the prior year’s \$67.9 million driven by sales of broadband services and high-speed data circuits.

Regulated revenues were \$46.1 million in 2023, a decline of \$1.5 million versus the prior year total of \$47.6 million due to a loss in voice access lines as well as the annual 5% decline in frozen switch access.

EBITDA in 2023 totaled \$45.6 million versus \$48.8 million in 2022. The \$3.1 million decline was due in part to a \$0.8 million reduction as a result of a previously announced abandonment of Rural Digital Opportunity Fund programs. Additionally, throughout the year we faced inflationary pressures, resulting in increased salary expenses. Increase in our bandwidth capacity and resold circuits, accounted for \$0.9 million of the increase in expenses. The planned surge in capital projects over the next five years required us to allocate additional resources and expenses such as consulting and engineering during 2023.

Non-regulated EBITDA remained flat at \$28.8 million for the year, while regulated EBITDA declined by \$3.1 million to \$16.8 million compared to \$19.9 million in 2022.

As previously mentioned, in the full year there was a non-cash \$3.5 million goodwill impairment charge versus \$5.7 million, in 2022.

OTHER INCOME/(EXPENSES)

Other expenses in 2023 rose to \$1.1 million versus \$0.4 million in the prior year. This change was driven by higher interest expenses offset by an increase in earnings in affiliated companies.

EARNINGS PER SHARE - Earnings per share excluding one-time events for the full year of 2023 were \$949 per share as compared to \$1,333 per share for the prior year.

CHARITABLE CONTRIBUTIONS - LICT is in the process of completing its most recent Shareholder Designated Contribution Program. Registered shareholders on February 15, 2023, were eligible to designate \$100 per LICT share owned to a 501(c)3 charity. The current program could result in \$1.2 million of designated contributions for 2023. As we have noted, LICT’s program tracks the shareholder contribution program established by Berkshire Hathaway in 1981. At the inception of Berkshire’s program, Warren Buffett explained in his

letter to shareholders that charitable giving in this manner provides significant benefits to shareholders. In addition, GAMCO Investors initiated a similar program in 2013, followed by Associated Capital Group in 2016. Since the inception of the program in 2016, LICT has contributed approximately \$9.6 million to designated 501(c)(3) organizations chosen by shareholders.

FCC Programs and Other Capital Expenditures

Total gross Capital Expenditures to meet the buildout requirements for E-ACAM, Federal (ReConnect III & IV) and State grants are estimated at \$508 million and net of \$346 million after grant funding.

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

- The Federal Communications Commission proposed an increase in ACAM funding through a program known as E-ACAM, which began January 1, 2024.
- In the new program, though there is some lingering concern and debate over funding, LICT entities will receive \$37 million annually through 2038 with minimum speed requirements of 100/20 Mbps, and the required Capex is \$364 million gross and \$253 million after grant funding.

II. *RECONNECT III and RECONNECT IV-*

- LICT was also awarded contracts for 7 entities, of which, our share of cost would be approximately \$14 million. These grants require us to provide 1 Gig of fiber broadband speed.

III. *AFFORDABLE CONNECTIVITY PROGRAM (ACP)*

- Under the ACP program, which has been terminated, eligible customers received a broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. During 2023, our approximately 1900 eligible customers received just over a half million dollars in credits.

Strategic Initiatives

The spin-off of our Michigan entity, 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.

LICT acquisition of Manti Telephone Company (MTC) and its partner companies, Manti Tele Communications Company (MTCC), and AFConnect (AFI) is nearly complete. The Manti transaction closed on November 30, 2023, and the MTC transaction will close pending regulatory approval.

During the fourth quarter of 2023, LICT completed the sale of 40% of its 20% ownership of Brick Skirt Holding Company (formerly DFT Communications) to CIBL, Inc. LICT's sale of its remaining 12% ownership of Brick Skirt, is pending regulatory approval. 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.

FIXED WIRELESS - Sound Broadband LLC, LICT's newly formed, wireless company, has initiated the installation of 5G wireless broadband services in areas we serve in New Mexico. Additional analysis continues in order 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.

CAPITAL EXPENDITURES – For the fourth quarter of 2023, capital expenditures were \$7.5 million versus \$12.0 million in the fourth quarter of 2022. Capital Expenditures for the year 2023 were \$37 million versus \$42 million in 2022, excluding our Michigan entity.

SHARE REPURCHASES – During the twelve months ended December 31, 2023, the Company repurchased 370 shares for \$6.7 million, with an average price of \$18,235 per share. On December 31, 2023, 16,971 shares were outstanding, with 425 shares remaining authorized for purchase.

OPERATING STATISTICS/BROADBAND DEPLOYMENT - LICT owns and operates 6,329 miles of fiber optic cable, 9,040 miles of copper cable, 839 miles of coaxial cable and 82 towers. As of December 31, 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. In 2023, the Company's broadband lines increased by 4.3% to 44,367 from 42,518 units in 2022. These numbers do not include the Michigan entity that was spun-off.

	December 31, 2023	December 31, 2022 (Restated)	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	44,367	42,518	1,849	4.3%
Voice Lines				
ILEC	17,549	18,717	(1,168)	(6.2%)
Out of franchise	6,287	6,462	(175)	(2.7%)
Total	23,836	25,179	(1,343)	(5.3%)
Video Subscribers	3,341	3,629	(288)	(7.9%)
Revenue Generating Units	71,544	71,326	218	0.3%

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

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023 (Unaudited)	2022 (Restated)	2023 (Unaudited)	2022 (Restated)
Revenues	\$29,596	\$29,240	\$116,504	\$115,478
Cost and Expenses:				
Cost of revenue	15,123	13,991	59,882	55,954
General and administrative costs at operations	2,873	2,648	11,019	10,780
Corporate office expenses	1,305	1,110	4,922	4,400
Goodwill impairment	3,500	5,700	3,500	5,700
Charitable contributions	1,161	1,051	1,161	1,051
Depreciation and amortization	5,226	4,916	19,881	18,291
Total Costs and Expenses	29,188	29,416	100,365	96,176
Operating profit	408	(176)	16,139	19,302
Other Income (Expense)				
Investment income	314	198	1,438	1,214
Interest expense	(734)	(602)	(2,629)	(1,617)
Equity in earnings of affiliated companies	297	7	371	109
Other	(74)	84	(322)	(142)
Total Other Income (Expense)	(197)	(313)	(1,142)	(436)
Income from continuing operations before taxes	211	(489)	14,998	18,866
Provision for Income Taxes from continued ops	(914)	(712)	(4,865)	(5,911)
Income (Loss) from continuing operations	(703)	(1,201)	10,133	12,955
Income from discontinued operations before taxes	-	914	3,858	6,390
Provision for income taxes from discontinued operations	-	(309)	(1,179)	(1,647)
Income (Loss) from discontinued operations	-	605	2,679	4,743
Net Income	(\$703)	(\$596)	\$12,811	\$17,698
Capital Expenditures	\$7,497	\$12,014	\$37,402	\$41,336
Weighted Average Shares Basic/Diluted	17,021	17,397	17,165	17,551
Actual shares outstanding at end of period	16,971	17,341	16,971	17,341
Earnings Per Share (Excluding one-time events)	\$163	\$293	\$949	\$1,333
From continuing operations (Excluding one-time events)	\$163	\$259	\$793	\$1,063
From discontinued operations (Excluding one-time events)	-	\$35	\$156	\$270

LICT Corporation
Balance Sheet

(In Thousands, Except Per Share Data)

	December 31, 2023 (Unaudited)	December 31, 2022 (Restated)	December 31, 2022 (Reported)
ASSETS			
Current assets:			
Cash and cash equivalents	\$11,545	\$26,055	\$27,257
Accounts receivable, less allowances of \$140 and \$142, respectively	6,623	6,613	7,609
Note receivable	15,345	-	-
Material and supplies	16,656	9,899	11,307
Prepaid expenses, and other current assets	4,416	4,281	4,514
Total current assets	<u>54,585</u>	<u>46,848</u>	<u>50,687</u>
Property, plant, and equipment	150,012	130,941	151,789
Goodwill	38,748	42,248	42,348
Other intangibles	37,656	29,712	29,712
Investments in and advances to affiliated entities	7,396	2,318	2,318
Other assets	11,624	10,088	10,892
Assets re: Spin-off		25,591	-
Total assets	<u><u>\$300,021</u></u>	<u><u>\$287,746</u></u>	<u><u>\$287,746</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Trade accounts payable	\$7,773	\$5,599	\$8,962
Accrued interest payable	272	11	11
Accrued liabilities	9,551	5,990	6,145
Current maturities of long-term debt	3,876	372	372
Total current liabilities	<u>21,472</u>	<u>11,972</u>	<u>15,490</u>
Long-term debt	49,576	38,252	38,252
Deferred income taxes	26,785	26,755	29,418
Other liabilities	7,646	8,158	8,983
Liabilities re: Spin-off	-	7,006	-
Total liabilities	<u>105,479</u>	<u>92,143</u>	<u>92,143</u>
Total shareholders' equity	<u>194,542</u>	<u>195,603</u>	<u>195,603</u>
Total liabilities and shareholders' equity	<u><u>\$300,021</u></u>	<u><u>\$287,746</u></u>	<u><u>\$287,746</u></u>

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

SELECTED BALANCE SHEET DATA	December 31, 2023 (Unaudited)	December 31, 2022 (Restated)
Cash and Cash Equivalents	\$11,545	\$26,055
Notes Receivable	15,345	--
	<u>\$26,890</u>	<u>\$26,055</u>
Long-Term Debt (including current portion)	(53,452)	(38,624)
Net Debt	<u>(\$26,562)</u>	<u>(\$12,569)</u>
Shareholders' Equity	\$194,542	\$195,603
Shares Outstanding	16,971	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 corporate expenses, depreciation and amortization expense, charitable contributions and impairment loss.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023 (Unaudited)	2022 (Restated)	2023 (Unaudited)	2022 (Restated)
EBITDA Reconciliation:				
Operating Profit from Continuing Operations	\$408	(\$176)	\$16,139	\$19,302
Additions:				
Corporate expenses	1,305	1,110	4,922	4,400
Charitable contributions	1,161	1,051	1,161	1,051
Depreciation and amortization	5,226	4,916	19,881	18,291
Impairment loss	3,500	5,700	3,500	5,700
EBITDA from Operations	11,600	12,601	45,603	48,744