
LICT CORPORATION AND SUBSIDIARIES

Quarterly Report for period ended September 30, 2025

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MANAGEMENT'S DISCUSSION OF OPERATIONS

This discussion should be read in conjunction with the interim condensed consolidated financial statements of LICT Corporation and the notes thereto as well as with the condensed consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2024.

RESULTS OF OPERATIONS

Overview

LICT's history is rooted in its role as a trusted provider of rural telephone service through its Rural Local Exchange Carriers ("RLECs"), operating across rural communities in California, Iowa, Kansas, New Mexico, Oregon, Utah, and Wisconsin. Over time, we have successfully transformed into a diversified broadband and communications company, bringing advanced connectivity solutions not only to rural areas, but also to adjacent urban markets where we continue to expand our footprint.

LICT's subsidiaries deliver a broad range of services to residential, commercial, and governmental customers, including:

- **Broadband** via our advanced fiber networks, Digital Subscriber Line ("DSL"), and cable modem services
- **Fixed wireless broadband**
- **Voice** (Local and long-distance)
- **Video offerings**, including cable television, IPTV, and Over-the-Top platforms
- **Wholesale network access** for other carriers
- **Hosted and managed services** tailored for business and institutional clients
- **Enterprise solutions**, including hosted/managed services, private lines, and virtual switchboards
- **Public access services**, including 911 emergency service

On January 1, 2025, we completed the acquisition of Manti Telephone Company ("MTC"), the regulated operating subsidiary of the broader Manti transaction. MTC expands our presence in underserved rural markets in Utah and strengthens our broadband infrastructure and service capabilities. This transaction, structured as a stock purchase, advances our strategy to grow in communities where high-quality broadband is essential but often unavailable. MTC's results have been consolidated into LICT's financial statements beginning January 1, 2025.

The accelerating demand for high-speed broadband continues to be a powerful growth driver for our company. While the industry-wide shift away from traditional voice lines has tempered legacy revenues, LICT has embraced this transition by building a stronger, more future-focused communications platform. Our strategy is clear: to serve customers with the technology they need—whether fiber, wireless, or next-generation solutions—and to position the Company as a comprehensive broadband and communications provider.

Federal and state initiatives that promote connectivity in rural America remain critical to bridging the digital divide. Initially focused on voice service, these programs now prioritize broadband access. As an RLEC operator, LICT has long played a central role in delivering communications where it would not otherwise be feasible without Universal Service Fund ("USF") support. Our management team devotes significant attention to effectively navigating and leveraging these programs, while ensuring compliance with regulatory requirements at both the Federal Communications Commission ("FCC") and state utility commission levels.

Our participation in the Enhanced Alternative Connect America Cost Model ("E-ACAM") program, effective January 1, 2024, exemplifies this commitment. Through E-ACAM, LICT entities will receive \$37.2 million annually through 2038 to accelerate broadband deployment and improve rural speeds, subject to a one-time FCC true-up by December 31, 2025.

Additionally, as previously announced, LICT was awarded \$157.5 million for seven United States Department of Agriculture ("USDA") ReConnect III and ReConnect IV grants in Kansas, California and New Mexico with a total project cost of \$171.2 million, of which LICT's share costs approximately \$13.7 million. These Fiber-to-the-Home ("FTTH") ReConnect grants will facilitate 1 Gig of broadband speed. Environmental clearance has been authorized on all seven grant projects. These FTTH projects are in various stages of construction with customers being actively connected in our Kansas and New Mexico operations.

As we execute these initiatives, we remain focused on capital efficiency. By blending fiber investment with fixed wireless and other innovative technologies, LICT is driving cost-effective network expansion while continuing to deliver high-quality service and coverage for our customers.

Legislative and Regulatory Developments

Government Programs & Funding Update: Rural Broadband Expansion Accelerates

LICT continues to benefit from federal and state regulatory momentum supporting rural broadband deployment. The recent U.S. Supreme Court June 27, 2025 decision reaffirming the constitutionality of the Universal Service Fund ("USF") and preliminary announcements of the Broadband Equity, Access, and Deployment ("BEAD") program awards, combined with ReConnect grant awards are creating new opportunities for LICT to expand high-quality, cost-effective service across our footprint.

Universal Service Fund

The Enhanced Alternative Connect America Cost Model ("E-ACAM") Program which LICT elected to participate in was effective January 1, 2024. It accelerates broadband deployment and improves speeds in rural portions of the nation and provides LICT \$37.2 million annually through 2038, subject to a one-time FCC true-up by December 31, 2025.

E-ACAM directly supports our long-term capital plans and commitment to deliver at least 100/20 Mbps service in our RLEC territory. The plan calls for completion of 50% of E- ACAM locations to be built out by December 31, 2026, 75% by December 31, 2027 and 100% by December 31, 2028.

A reactivated Congressional bipartisan USF Working Group is also driving efforts to modernize the contribution system and broaden the USF funding base—efforts we actively support through our leadership in USTelecom and WTA - Advocates for Rural Broadband (formerly known as Western Telecommunications Alliance).

Three Months Ended September 30, 2025 compared to September 30, 2024

The following is a breakdown of Operating Revenues and Operating Expenses (in thousands):

	Three Months Ended September 30,	
	2025	2024
Non-regulated revenues:		
Broadband and related services	\$ 17,107	16,576
Video	1,171	1,280
Other	2,889	1,030
Total non-regulated revenues	21,167	18,886
Regulated revenues:		
Local access	927	1,012
Interstate access	11,566	11,661
Intrastate access	2,143	1,803
Other regulated	305	325
Total regulated revenues	14,941	14,801
Total revenues	36,108	33,687
Operating Costs and Expenses:		
Cost of revenue, excluding depreciation	17,741	17,318
General and administrative costs at operations	3,153	2,701
Corporate office expenses	1,487	1,040
Depreciation and amortization	6,993	5,562
Total operating costs and expenses	29,374	26,621
Operating profit	\$ 6,734	\$ 7,066

Revenues

In the third quarter of 2025, total revenues increased 7.2% to \$36.1 million, compared to \$33.7 million in the same period of 2024. Growth was driven by continued strength in non-regulated broadband services, including milestone construction revenue from a fiber development and maintenance agreement. Additionally, the acquisition of MTC further bolstered overall performance. Regulated revenues, contrary to prior trends, showed a slight positive increase.

Non-Regulated Revenues: Non-regulated revenues rose \$2.3 million, or 12.0%, to \$21.2 million, compared to \$18.9 million in 2024. Growth was concentrated in California, Utah and Kansas, which contributed \$1.8 million, \$0.2 million and \$0.2 million, respectively, offset by slight declines in other markets. The increase reflects higher demand for broadband services and high-speed data circuits, additional subscribers over fiber and cable networks, sales of broadband connections outside regulated territories, and sales of communications equipment. A major driver of growth was \$1.7 million of non-regulated construction revenue recognized in the third quarter of 2025 from a fiber construction project being completed by one of our subsidiaries for a middle mile fiber provider. This project has a total contract value of approximately \$8.7 million and is expected to be completed by the end of the first half of 2026. Non-regulated revenues now account for 58.6% of total revenues and are expected to remain a key growth driver.

Regulated Revenues: Regulated revenues increased \$0.1 million, or 1.0%, to \$14.9 million, from \$14.8 million in the prior year. This includes \$0.9 million of incremental revenues from MTC, acquired January 1, 2025. Excluding MTC, regulated revenues declined approximately \$0.8 million, largely reflecting reduced interstate access revenues. Key factors include:

- A July 1, 2024 Interstate Special Access tariff rate change (–\$0.2 million)
- Cost study pro forma adjustments and weaker National Exchange Carrier Association (“NECA”) pool performance (–\$0.4 million)
- Continued declines in special access circuits as customers transition to more cost-effective broadband solutions

Operating Expenses

Operating expenses totaled \$29.4 million, an increase of \$2.8 million compared to the third quarter of 2024. The increase reflects:

- Cost of revenue (+\$0.4 million): driven by incremental costs to serve new non-regulated customers, higher staffing, professional services, and maintenance activities supporting our ongoing network expansion
- Operations G&A (+\$0.5 million): higher expenses across local operations
- Corporate expenses (+\$0.5 million): increased overhead
- Depreciation and amortization (+\$1.4 million): up from \$5.6 million in 2024 due to recent capital investments and the MTC acquisition

Operating Profit

As a result of the above, operating profit declined \$0.4 million, to \$6.7 million in the third quarter of 2025, compared to \$7.1 million in 2024.

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 provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to 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 for the three months ended:

	Three Months Ended September 30,	
	2025	2024
EBITDA from:		
Operating units	\$ 15,214	\$ 13,668
Corporate expense	(1,487)	(1,040)
EBITDA	\$ 13,727	\$ 12,628
Reconciliation to net income:		
EBITDA	\$ 13,727	\$ 12,628
Depreciation and amortization	(6,993)	(5,562)
Investment income	48	265
Interest expense	(1,349)	(1,177)
Unrealized gain (loss) on investment	(454)	(151)
Other	(44)	(863)
Income tax provision	(1,301)	(1,357)
Net income	\$ 3,634	\$ 3,783

Other Income (Expense)

Other income (expense) decreased by \$0.1 million, from a loss of \$1.9 million in the third quarter of 2024 to a loss of \$1.8 million in the third quarter of 2025. The key drivers were:

- Investment income decreased by \$0.2 million to less than \$0.1 million from \$0.3 million, primarily reflecting the non-recurrence of the one-time \$0.2 million accrual of interest income on the MachTen, Inc. note recognized in Q3 2024, which was settled as of August 31, 2024. The remaining Q3 2025 investment income consisted primarily of money market interest.
- Interest expense increased by \$0.2 million primarily due to higher debt balances in the third quarter of 2025 compared to 2024.
- Unrealized loss for the third quarter of 2025 was \$0.5 million related to our 19% stake in MachTen, Inc., compared to \$0.2 million in the third quarter of 2024; the \$0.3 million unfavorable year-over-year change was driven primarily by a decline in MachTen's share price.
- Other expenses decreased by \$0.8 million, primarily due to the absence of specific one-time, non-recurring expenses that impacted the third quarter of 2024. These expenses included a \$0.2 million loss from the sale of Brick Skirt Holding Company (formerly DFT Communications) to CIBL, Inc. and \$0.5 million in accrued interest that was forgiven on the MachTen, Inc. note.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for the third quarter of 2025 and 2024 reflects effective tax rates of 26.4% for both periods

Net Income

Net income for the third quarter of 2025 was \$3.6 million, or \$233 per basic and diluted share compared to \$3.8 million, or \$228 per basic and diluted share in the third quarter of 2024.

Nine Months Ended September 30, 2025 compared to September 30, 2024

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

	Nine Months Ended September 30,	
	2025	2024
Non-regulated revenues:		
Broadband and related services	\$ 50,907	\$ 49,567
Video	3,666	3,567
Other	5,138	2,989
Total non-regulated revenues	59,711	56,123
Regulated revenues:		
Local access	2,928	3,089
Interstate access	34,948	35,336
Intrastate access	6,477	5,398
Other regulated	1,031	924
Total regulated revenues	45,384	44,747
Total revenues	105,095	100,870
Operating Costs and Expenses:		
Cost of revenue, excluding depreciation	53,202	50,153
General and administrative costs at operations	9,386	8,177
Corporate office expenses	4,339	3,478
Depreciation and amortization	20,238	17,369
Total operating costs and expenses	87,165	79,177
Operating profit	\$ 17,930	\$ 21,693

Revenues

In the first nine months of 2025, total revenues increased 4.2% to \$105.1 million, compared to \$100.9 million in the same period of 2024. Growth was driven by continued expansion of non-regulated broadband services and incremental contributions from the MTC acquisition, including \$1.7 million of non-regulated construction revenue recognized in the third quarter of 2025 from a fiber construction project being completed by one of our subsidiaries for a middle mile fiber provider. This project has a total contract value of approximately \$8.7 million and is expected to be completed by the end of the first half of 2026.

Non-Regulated Revenues: Non-regulated revenues rose \$3.6 million, or 6.4%, to \$59.7 million, compared to \$56.1 million in 2024. Growth was driven by California (+\$1.8 million), Utah (+\$1.1 million), and Kansas (+\$0.6 million) operations. Higher broadband demand, additional fiber and cable subscribers, sales of

connections outside regulated territories, and communications equipment sales all contributed. Non-regulated revenues represented 56.8% of total revenues and are expected to remain a primary growth driver.

Regulated Revenues: Regulated revenues increased \$0.6 million, or 1.7%, to \$45.4 million, from \$44.7 million in the prior year. This includes \$2.6 million of revenues from MTC, acquired January 1, 2025. Excluding MTC, regulated revenues declined approximately \$1.9 million. Key factors include:

- A July 1, 2024 Interstate Special Access tariff rate change (–\$0.7 million)
- Cost study adjustments and weaker National Exchange Carrier Association (“NECA”) pool performance (–\$0.6 million)
- A one-time prior-period NECA adjustment of \$0.2 million in the first half of 2024 that did not recur in 2025
- Continued declines in special access circuits as customers transition to broadband alternatives

Operating Expenses

Operating expenses were \$87.2 million, an increase of \$8.0 million compared to the first nine months of 2024. The increase reflects:

- Cost of revenue (+\$3.0 million): driven by incremental costs to serve new non-regulated customers, higher staffing, and inflationary pressure on labor and supplies
- Operations G&A (+\$1.2 million): higher expenses across local operations
- Corporate expenses (+\$0.9 million): higher corporate overhead
- Depreciation and amortization (+\$2.9 million): reflecting capital investments and the MTC acquisition

Operating Profit

As a result, operating profit declined \$3.8 million, to \$17.9 million in the first nine months of 2025, compared to \$21.7 million in 2024.

EBITDA

	Nine Months Ended September 30,	
	2025	2024
EBITDA from:		
Operating units	\$ 42,507	\$ 42,540
Corporate expense	(4,339)	(3,478)
EBITDA	<u>\$ 38,168</u>	<u>\$ 39,062</u>
Reconciliation to net income:		
EBITDA	\$ 38,168	\$ 39,062
Depreciation and amortization	(20,238)	(17,369)
Investment income	890	1,473
Interest expense	(3,744)	(3,243)
Unrealized gain (loss) on investment	(30)	(788)
Equity in earnings (losses) of affiliated companies	(66)	225
Other	(141)	(828)
Income tax provision	(3,939)	(4,898)
Net income	<u>\$ 10,900</u>	<u>\$ 13,634</u>

Other Income (Expense)

Other income (expense) for the first nine months of 2025 was relatively flat compared to the prior-year period, with the loss decreasing slightly by approximately \$0.1 million to a loss of \$3.1 million. While the overall change was minimal, several offsetting items contributed to this result.

- Investment income decreased by \$0.6 million in the first nine months of 2025 compared to the same period in 2024. This decline was primarily due to the absence of \$0.6 million in accrued interest income recognized in 2024 related to a note from MachTen Inc., which was settled as of August 31, 2024.
- Interest expense increased by \$0.5 million due to higher debt balances in the first nine months of 2025 compared to the same period in 2024.
- Unrealized loss related to our 19% investment in MachTen, Inc. improved by approximately \$0.8 million year over year, with less than \$0.1 million in the first nine months of 2025 compared to \$0.8 million in the prior-year period, primarily due to more favorable share price performance in 2025 following a significant decline in 2024.
- Equity in earnings (losses) of affiliates decreased by \$0.3 million, from income of \$0.2 million in the first nine months of 2024 to a loss of \$0.1 million in the same period of 2025. This change was primarily due to the absence of earnings from Brick Skirt Holding Company (formerly DFT Communications), following its sale to CIBL, Inc. in the third quarter of 2024.
- For the first nine months of 2025, other expense decreased by \$0.7 million to \$0.1 million, compared to \$0.8 million in the same period of 2024. The decrease was driven by nonrecurring items recognized in 2024, notably a \$0.2 million loss on the sale of our remaining ownership stake in Brick Skirt Holding Company (formerly DFT Communications) to CIBL, Inc. and \$0.5 million related to accrued interest on the MachTen, Inc. note.

Income Tax Provision

The income tax provision includes federal, state and local taxes. For the first nine months of 2025 and 2024, the Company's effective tax rates were 26.5% and 26.4%, respectively.

Net Income

Net income for the first nine months of 2025 was \$10.9 million, or \$687 per basic and diluted share, compared to \$13.6 million, or \$813 per basic and diluted share, for the same period in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In October 2024 the Company secured a \$100 million revolving credit facility with CoBank. The term of the credit facility is five years and expires on October 23, 2029. The interest rate on the credit facility is based on a spread over SOFR (Secured Overnight Financing Rate) and is determined by the Company's leverage ratio, as defined in the credit agreement. The Company's borrowing rate at September 30, 2025 is SOFR plus 2.0%. The credit facility is secured by a pledge of the stock of the Company's subsidiaries. As of September 30, 2025, there was \$50.4 million outstanding under the \$100 million facility. The average balance outstanding under the facility was \$49.4 million at an average interest rate of 6.43%.

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, 2025, 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	\$ 26,448	\$ 7,647	\$ 3,801	\$ 15,000	\$ —
Debt on Building acquisition, principal only	1,655	83	1,179	199	194
CoBank Revolving credit facility, principal only	50,350	—	—	50,350	—
Interest on debt and notes	21,259	4,919	8,976	7,298	66
Operating leases	7,609	299	2,133	1,401	3,776
Total contractual cash obligations and commitments	<u>\$ 107,321</u>	<u>\$ 12,948</u>	<u>\$ 16,089</u>	<u>\$ 74,248</u>	<u>\$ 4,036</u>

At September 30, 2025, total debt was \$78.5 million, an increase of \$11.9 million from December 31, 2024. The average interest rate for the debt outstanding was 6.27% and 6.59% as of September 30, 2025, and December 31, 2024, respectively. The revolving credit facility contains certain covenants including limitations on share repurchases, and other items. The company is in compliance with its covenants.

As of September 30, 2025, the Company had current assets of \$42.5 million and current liabilities of \$28.4 million resulting in working capital of \$14.0 million compared to \$30.9 million at December 31, 2024.

Sources and Uses of Cash

As of September 30, 2025 cash and cash equivalents of \$10.3 million, and restricted cash of \$1.8 million as compared to \$9.5 million and \$1.8 million, respectively, at December 31, 2024. In the first nine months of

2025 net cash provided by operations of \$38.1 million was primarily used to invest in plant and equipment \$(51.4) million, and purchase treasury shares \$(8.3) million.

Gross capital expenditures totaled \$51.4 million in the first nine months of 2025, compared to \$43.5 million in the same period of 2024. Capital spending in 2025 was partially offset by \$17.5 million in government grants received during the period, versus no grant funding received in the first nine months of 2024.

The Company continues to benefit from accelerated depreciation provisions under federal tax law. Under prior law, bonus depreciation was scheduled to phase down from 100% in 2023 to 80% in 2024 and 60% in 2025, which was expected to increase future cash tax obligations. In July 2025, federal tax reform legislation reinstated 100% bonus depreciation for qualified property placed in service after January 19, 2025. This change is expected to reduce near-term cash tax payments and enhance after-tax returns on capital expenditures, particularly broadband infrastructure investments through 2028. Management is continuing to evaluate the full impact of the new law; however, based on preliminary assessments, the Company currently estimates that these provisions will result in approximately \$25 million of cumulative cash tax deferrals through 2028. These amounts reflect a shift in the timing of tax payments rather than a permanent reduction in the Company's overall tax liability..

The Company's Board of Directors has authorized the purchase of up to 11,368 shares of the Company's common stock. Through September 30, 2025, 11,287 shares have been purchased, on a cumulative basis, at an average investment of \$10,546 per share, including 629 shares purchased during 2025 at an average investment of \$13,122 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: MachTen, Inc., Morgan Group Holding Co., CIBL, Inc., and ICTC Group, Inc.

Operating Statistics / Broadband Deployment

LICT owns and operates 7,604 miles of fiber optic cable, 8,940 miles of copper cable, 847 miles of coaxial cable, 103 towers and 301 spectrum licenses (1,216 million MHZPoP).

The table below provides a comparative summary of the Company's subscriber and line metrics as of September 30, 2025, versus December 31, 2024.

	September 30, 2025	December 31, 2024	Increase (Decrease)	% Increase (Decrease)
Broadband lines	43,263	42,148	1,115	2.6 %
Fixed Wireless subscribers	7,296	7,349	(53)	(0.7)%
Voice Lines - ILEC	16,555	15,871	684 A	4.3 %
Voice Lines - Out of franchise	5,321	6,113	(792)	(13.0)%
Total Voice Lines	21,876	21,984	(108)	(0.5)%
Video subscribers	3,272	3,467	(195)	(5.6)%
Total revenue generating units	75,707	74,948	759	1.0 %

Note: ILEC Voice lines increased due to the MTC acquisition.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating Revenues	\$ 36,108	\$ 33,687	\$ 105,095	\$ 100,870
Operating Expenses				
Cost of revenue, excluding depreciation and amortization	17,741	17,318	53,202	50,153
General and administrative costs at operations	3,153	2,701	9,386	8,177
Corporate office expenses	1,487	1,040	4,339	3,478
Depreciation and amortization	6,993	5,562	20,238	17,369
Total Operating Expenses	29,374	26,621	87,165	79,177
Operating Profit	6,734	7,066	17,930	21,693
Other Income (Expense)				
Investment income	48	265	890	1,473
Interest expense	(1,349)	(1,177)	(3,744)	(3,243)
Unrealized gain (loss) on investment	(454)	(151)	(30)	(788)
Equity in earnings (losses) of affiliated companies	—	—	(66)	225
Other	(44)	(863)	(141)	(828)
Total Other Income (Expense)	(1,799)	(1,926)	(3,091)	(3,161)
Income from Operations Before Income Taxes	4,935	5,140	14,839	18,532
Provision for income taxes	(1,301)	(1,357)	(3,939)	(4,898)
Net Income	\$ 3,634	\$ 3,783	\$ 10,900	\$ 13,634
Basic and Diluted Weighted-Average Shares Outstanding	15,625	16,624	15,873	16,780
Basic and Diluted Earnings Per Share	\$ 233	\$ 228	\$ 687	\$ 813

See accompanying notes to condensed consolidated financial statements

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share amounts)

	September 30, 2025	December 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,334	\$ 9,546
Restricted cash	1,798	1,835
Accounts receivable, less allowances of \$196 and \$190, respectively	7,328	7,834
Grants receivable	6,711	12,759
Materials and supplies	12,287	12,581
Prepaid expenses and other current assets	4,002	4,681
Total Current Assets	42,460	49,236
Property, Plant and Equipment, Net	205,129	179,910
Goodwill	48,497	48,251
Other Intangibles	34,243	34,100
Investments in Affiliated Companies	5,839	6,723
Other Assets	10,912	10,836
Total Assets	\$ 347,080	\$ 329,056
Liabilities and stockholders' deficit		
Current Liabilities		
Accounts payable	\$ 10,066	\$ 8,908
Accrued interest payable	399	105
Accrued liabilities	10,246	9,227
Current maturities of long-term debt	7,727	80
Total Current Liabilities	28,438	18,320
Long-Term Debt	70,726	66,556
Deferred Income Taxes	31,905	31,289
Other Liabilities	9,774	9,301
Total liabilities	140,843	125,466
Stockholders' Equity:		
Common stock, \$0.01 par value; 10,000,000 shares authorized; 26,831 issued; 15,544 and 16,173 outstanding, respectively	—	—
Additional paid-in capital	10,302	10,302
Retained earnings	308,904	298,004
Treasury stock, 11,287 and 10,658 shares, respectively, at cost	(112,969)	(104,716)
Total Shareholders' Equity	206,237	203,590
Total Liabilities and Shareholders' Equity	\$ 347,080	\$ 329,056

See accompanying notes to condensed consolidated financial statements

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands, except share data)

	Shares of Common Stock Outstanding	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance, December 31, 2024	16,173	\$ 10,302	\$298,004	\$(104,716)	\$203,590
Net income for the period	—	—	10,900	—	10,900
Purchase of treasury stock	(629)	—	—	(8,253)	(8,253)
Balance, September 30, 2025	15,544	\$ 10,302	\$308,904	\$(112,969)	\$206,237

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,	
	2025	2024
Cash Flows from Operating Activities		
Net Income	\$ 10,900	\$ 13,634
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,238	17,369
Debt costs amortization	52	40
Equity in (earnings) losses of affiliated companies	66	(225)
Unrealized (gain) loss on investment	30	788
Unrealized (gain) loss in other investments	(28)	63
Realized loss on investment	43	238
Deferred income tax provision	616	(108)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net of allowances	701	(3,820)
Interest on notes receivable	—	345
Income taxes payable/receivable	2,560	1,049
Accounts payable and accrued liabilities	3,255	1,497
Other assets and liabilities	(373)	(947)
Net Cash Provided by Operating Activities	38,060	29,923
Cash Flows from Investing Activities		
Capital expenditures	(51,385)	(43,490)
Government grants received	17,467	—
Proceeds from the sale of investment	768	—
MTC Acquisition investment	(8,300)	—
Other investing activities	583	81
Net Cash Used in Investing Activities	(40,867)	(43,409)
Cash Flows from Financing Activities		
Borrowings from the line of credit, net	11,600	—
Payment of construction loan	(8,003)	8,003
Purchase of treasury stock	(8,253)	(6,570)
MTC seller notes Issued	8,300	—
Payments to reduce long-term debt	(86)	(51)
Net Cash Provided By Financing Activities	3,558	16,382
Net Increase in Cash, Cash Equivalents and Restricted Cash	751	2,896
Cash, Cash Equivalents and Restricted Cash at beginning of the period	11,381	11,545
Cash, Cash Equivalents and Restricted Cash at end of the period	\$ 12,132	\$ 14,441

See accompanying notes to condensed consolidated financial statements

LICT CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Organization, Basis of Presentation & Recent Accounting Developments

Organization

LICT Corporation and Subsidiaries (the “Company” or “LICT”) is an integrated broadband and communications company that trades on the OTC Pink Sheets under the symbol LICT. The Company’s subsidiaries operate in rural communities across seven states: California, Iowa, Kansas, New Mexico, Oregon, Utah, and Wisconsin.

LICT’s operating telephone companies include Central Utah Telephone, Skyline Telecom, Manti Telephone, and Bear Lake Communications in Utah; Western New Mexico Telephone Company in New Mexico; Cuba City Telephone Exchange Company and Belmont Telephone Company in Wisconsin; J.B.N. Telephone Company and Haviland Telephone Company in Kansas; Central Scott Telephone Company in Iowa; and California-Oregon Telephone Company in California.

In addition the company operates a fixed wireless provider with 5G services, Sound Broadband LLC.

The Company has other, less than 50% owned, interests which contribute significant value to the Company:

MachTen Inc., (“MACT”). is a publicly traded holding company formed in 2023 through a spin-off from LICT Corporation, as the parent to Michigan Broadband Services. Its subsidiaries—including Upper Peninsula Telephone Company, Michigan Central Broadband Company, and Alpha Enterprises—provide fiber-optic, DSL, fixed wireless, voice, video, home automation, and managed hosting services across Michigan. The Company holds approximately a 19% interest in MACT. As of December 31, 2024, MACT generated total operating revenue of about \$17.0 million, with \$3.4 million coming from broadband. MACT invested nearly \$10 million in fiber infrastructure during that year, supporting more than 100 miles of build and approximately 2,900 new passings.

Aureon Network Services, Inc. (“Aureon”) formerly Iowa Network Services, Inc. The Company holds a 2.56% economic interest in Aureon through preferred and common stock. Aureon provides telecommunications and broadband services to participating exchanges and other customers. As of September 30, 2025, the Company carries its minority investment at \$3.0 million, while management estimates its value to be approximately \$9.0 million.

CVIN LLC (“CVIN”). A wholly-owned subsidiary owns an interest of approximately 2.45% in CVIN (doing business as Vast Networks), which owns and operates a fiber optic network in the Central Valley and northern areas of California. The company was formed by independent telephone companies to offer a shared, state-of-the-art fiber network and telecommunications services to businesses, hospitals, and school districts in Central and Northern California.

Kansas Fiber Network (“KFN”). Two wholly-owned subsidiaries jointly own an interest of approximately 3% in KFN, a statewide fiber network which was formed in early 2009 by approximately thirty Kansas RLECs. KFN is currently providing fiber optic transport and other services to both its RLEC owners and other customers.

Basis of Presentation

LICT Corporation (“LICT” or the “Company”) consolidates the operating results of its subsidiaries. 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. Investments in affiliated entities in which we own less than 20% and do not exert significant influence are measured at cost. Marketable securities are measured at Fair Value and all other investments are measured at cost (“see organization”).

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 of the information and footnotes required for complete financial statements. These condensed consolidated financial statements and footnotes should be read in conjunction with the condensed consolidated financial statements and notes thereto included in the Company’s annual report for the year ended December 31, 2024. 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, 2025, are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. The preparation of condensed 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.

Recent Accounting Developments

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 provide improvements primarily related to the rate reconciliation and incomes taxes paid information included in income tax disclosures. The Company would be required to disclose additional information regarding reconciling items equal to or greater than five percent of the amount computed by multiplying pretax income (loss) by the applicable statutory tax rate. Similarly, the Company would be required to disclose income taxes paid (net of refunds received) equal to or greater than five percent of total income taxes paid (net of refunds received). The Company adopted the amendments in ASU 2023-09 as of January 1, 2025. The adoption of ASU 2023-09 did not have a material impact on our financial statements.

We have implemented all new, applicable accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

We have reviewed all other significant newly issued accounting pronouncements and determined that they are either not applicable to our business or that no material effect is expected on our financial position and results of operations.

B. Indebtedness

In October 2024 the Company secured a \$100 million revolving credit facility with CoBank. The term of the credit facility is five years and expires on October 23, 2029. The interest rate on the credit facility is based on a spread over SOFR (Secured Overnight Financing Rate) and is determined by the Company’s leverage ratio, as defined in the credit agreement. The Company’s borrowing rate at September 30, 2025 is SOFR plus 2.0%. The credit facility is secured by a pledge of the stock of the Company’s subsidiaries. In the first nine months of 2025 and 2024, respectively, the average balance of the CoBank line of credit outstanding was \$49.4 million and \$41.7 million; the highest amount outstanding for 2025 and 2024 was \$50.4 million and \$50.0 million; and the average interest rate was 6.43% and 7.19%, respectively.

In August 2024, the Company entered into an \$11 million credit facility with First Central State Bank ("FCSB") to support construction of its Iowa NOFA 6 project. The facility had an initial variable rate of interest of 7.8%, based on the prime rate as published in the Wall Street Journal less 0.70%. All principal and

accrued unpaid interest on the facility was due February 16, 2026. The project was successfully completed in March 2025, and on March 31, 2025, the Company received \$7.2 million in grant funding from the State of Iowa. The FCSB facility was fully repaid in early May 2025.

Long-term debt as of September 30, 2025, and December 31, 2024 consists of (in thousands):

	September 30, 2025	December 31, 2024
Revolving credit facility from CoBank at SOFR plus 2.0%, expires October 23, 2029	\$ 50,350	\$ 38,750
Revolving credit facility from FCSB at a variable interest rate of 6.4% in connection with the NOFA build-out, expires February 16, 2026	—	8,003
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 6.0% - 10%	18,801	10,501
Other at a fixed rate of 5.25%	1,655	1,735
Total Debt	78,453	66,636
Current maturities	(7,727)	(80)
Long Term Debt	\$ 70,726	\$ 66,556

C. Litigation

The Company or a subsidiary of the company 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, 2025 and December 31, 2024, assets of \$0.8 million and \$1.6 million, which are classified as cash and cash equivalents, were invested in money market funds, at a cost of 0.08%, for which affiliates of the Company's Chairman and Chief Executive Officer serve as investment manager to the respective funds. There are no state and local income taxes ("SALT") on these funds.