

LICT Corporation

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For Immediate Release:

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LICT CORPORATION REPORTS PRELIMINARY FOURTH QUARTER AND FULL YEAR 2020 RESULTS

Fourth Quarter

- Revenues increased 1.6% to \$31.3 from \$30.8 million.
- EPS from operations rose 8% to \$325 from \$300 per share.

Full Year

- Revenues rose \$6.1 million or 5.2% to \$124.1 from \$118 million.
- EBITDA from operations was \$57.6 versus \$54.5 million.
- EPS from operations rose to \$1,343 from \$1,248 per share.

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SHAREHOLDER DESIGNATED CHARITABLE CONTRIBUTION -The Board of Directors approved in November 2020, a \$100. per share, registered shareholder designated charitable contribution. If all shares outstanding are registered in the shareholders’ names at the record date, the total contribution would be approximately \$2.2 million. Since the inception of LICT’s program in 2016, and counting this current amount, LICT will have contributed charitable gifts of close to \$6.5 million to more than 200 501(c)(3) institutions.

Rye, NY – February 18, 2021 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports preliminary, unaudited, financial results for the year ended December 31, 2020.

COVID-19 LICT continues to closely monitor developments and is actively taking steps to mitigate the potential risks related to the COVID-19 pandemic to our teammates and our customers. LICT provides essential voice and data services to the communities we serve. To protect our team while continuing to provide the essential communications services needed to support remote work and remote learning, we adapted installation and repair service processes to limit customer contact and minimize teammate contact. In addition, LICT changed technician dispatch procedures to further limit contact and provided personal protective equipment, including masks, gloves and sanitizing products. Technicians are encouraged to evaluate the safety risks of each in-person installation or repair and reschedule the appointment if he or she determines that circumstances at the location present risk. Office-based teammates continue to work remotely and, for

teammates that work in the company's offices, masks and social distancing are required. We thank all our teammates for their focus on their communities.

Since the COVID-19 outbreak, LICT has:

- Initiated charitable contributions to support members of our community that have been impacted by the economic fallout from the pandemic. Each of LICT's teammates have contributed to help schools and local charitable organizations support community members effected by COVID-19.
- Provided free or discounted services to families to support remote learning.
- Set up community Wi-Fi hotspots so community members can stay connected to family, work, and learning

FOURTH QUARTER – In 2020, LICT's fourth quarter revenues were \$31.3 million compared to \$30.8 million for the corresponding quarter in 2019. EBITDA was \$14.5 million in the fourth quarter of 2020 and 2019. In addition, we received cash of \$0.7 million in 2019 from our equity investment in Modoc which was sold at the beginning of 2020.

Non-regulated revenues increased by \$2.0 million or 14%, to \$16.2 million from the prior year's \$14.2 million, of which about \$1.2 million resulted from an increase in sales to our broadband offerings and our video cable modem service. The increased demand for broadband speeds from both new customers as well as existing customers increasing speeds, is partially driven by the continued need for both remote learning and remote work. Non-regulated EBITDA rose just over 25% to \$7.3 million, from \$5.8 million.

Regulated revenues slipped to \$15.1 million in the fourth quarter of 2020 from the prior year's reported \$16.6 million. Regulated EBITDA was \$7.2 million compared to \$8.8 million last year. The year-to-year decline in regulated revenues and EBITDA is traceable to a fourth quarter 2019 adjustment increasing revenues by \$0.8 million related to the cost recovery mechanism reviews.

In the fourth quarter of 2019, LICT completed the sale of its New Hampshire operation, and is treating the results of the New Hampshire operation as a discontinued operation. Also, in the fourth quarter of 2020, LICT completed the sale of its Topeka AWS spectrum license.

FULL YEAR RESULTS – Revenues for 2020 were \$124.1 million and EBITDA of \$57.6 million compared to 2019 revenues of \$118.0 million and EBITDA of \$54.5. In addition, we received cash of \$0.6 million in 2020 versus \$2.5 million in 2019, which is included in Exhibit A.

EARNINGS PER SHARE – Diluted earnings per share from operations during the fourth quarter of 2020 were \$325 per share as compared to \$300 per share in 2019. The full year diluted earnings per share from operations for 2020 was \$1,343, which excludes the \$512 for the gain on the sale of Modoc Limited Partnership in January 2020, compared to \$1,248 at December 31, 2020. Shares outstanding at December 31, 2020 were 18,533 and 19,188 at December 31, 2019.

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

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

BALANCE SHEET – LICT benefited from strong cash from operations in addition to the proceeds from the MODOC Partnership sale. At 2020 year-end we had a net cash position of \$24.1 million up from \$3.7 million on December 31, 2019.

2021 OUTLOOK – LICT’s initial guidance for 2021 estimates total revenues of \$127 - \$131 million, EBITDA in the range of \$58 to \$60 million, and total capital expenditures between \$27 and \$29 million. We are aware that the effect of the COVID-19 pandemic may impact non-regulated revenue growth and potentially impact bad debt expense as an economic contraction may impair customers’ ability to purchase and pay for service.

FCC SPECTRUM AUCTIONS - LICT Wireless Broadband Company, LLC (“LICT Wireless”), a wholly owned subsidiary, participated in FCC Auction 105 – CBRS band which ended on August 25, 2020. In this auction, LICT acquired 162 licenses in 78 counties for \$4.6 million of spectrum CBRS band licenses.

In Auction 904, also known as Rural Development Opportunity Fund or “RDOF”, which was held October 29, 2020 to November 23, 2020, LICT was awarded 8 census block groups in 3 states. Auction 904 is a part of the Federal Communications Commission’s Universal Service Fund supporting the expansion of broadband internet services to underserved rural areas of the United States.

In addition, LICT Wireless is a qualified bidder in Auction 107- C-Band, which is ongoing.

CAPITAL EXPENDITURES – We continue to focus our capital investments to increase speeds which enables us to better serve our communities for remote work and remote learning, with enhanced broadband speeds through the increase of overall fiber route miles in our network. In the fourth quarter of 2020, capital expenditures were \$8.8 million, of which \$4.2 million was for non-regulated activities and \$4.6 million for regulated activities, bringing our full year capital expenditures to \$28.2 million dollars for 2020 compared to \$24.9 million in 2019.

As of December 31, 2020, LICT operations deployed 5,211 miles of fiber optic cable, 11,490 miles of copper cable, 762 miles of coaxial cable and 56 towers.

SHARE REPURCHASES – During the twelve months ended December 31, 2020, the Company repurchased 655 shares for \$11.0 million, with an average price of \$16,821 per share. As of December 31, 2020, 18,533 shares were outstanding.

OPERATING STATISTICS / BROADBAND DEPLOYMENT - As of December 31, 2020, the Company’s broadband penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier (“ILEC”) voice lines, was 90.8%, as compared to 84.8% at December 31, 2019. The Company’s broadband RGUs grew by 12.5% to just under 40,000 units, outpacing our voice and video line loss resulting in a overall growth of 5.0%. Our capital spending will enable us to meet A-CAM requirements, offer enhanced broadband speeds, and increase the overall fiber route miles in our network. Our summary operating statistics excludes New Hampshire operations, which was sold in 2019, are as follows:

	December 31, December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
Broadband lines	39,825	35,393	4,432	12.5%
Voice Lines				
ILEC	24,005	24,520	(515)	(2.1%)
Out of franchise	7,456	7,525	(69)	(0.9%)
Total	31,461	32,045	(584)	(1.8%)
Video Subscribers	4,406	4,628	(222)	(4.8%)
Revenue Generating Units	75,692	72,066	3,626	5.0%

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. As a result, there can be no assurance that any possible transactions will be accomplished or be successful, or that financial targets will be met. Such forward-looking information is subject to uncertainties, risks and inaccuracies, which could be material.

LICT Corporation is a holding company with subsidiaries in broadband and other telecommunications services that actively seeks acquisitions, principally in its existing business areas.

LICT Corporation is listed on the OTC Pink® under the symbol LICT. For further information visit our website at <http://www.lictcorp.com>.

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

Exhibit A
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STATEMENTS OF OPERATIONS

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenues	\$31,329	\$30,813	\$124,065	\$117,958
Cost and Expenses:				
Cost of revenue, excluding depreciation	13,749	13,506	54,236	51,731
Selling, general and administration	3,092	2,849	12,278	11,681
Corporate office expenses	490	641	3,710	3,876
Charitable contributions	1,203	1,272	1,450	1,272
Depreciation and amortization	4,386	5,208	17,253	19,256
Total Costs and Expenses	22,920	23,476	88,927	87,816
Operating profit	8,409	7,337	35,138	30,142
Other Income (Expense)				
Investment income	266	23	549	332
Interest expense	(480)	(380)	(1,749)	(1,487)
Equity in earnings of affiliated companies	--	692	53	2,666
Other	3,416	(28)	16,499	2,475
	3,202	307	15,352	3,986
Income Before Income Tax Provision	11,611	7,644	50,490	34,128
Provision for Income Taxes	(3,038)	(1,003)	(13,396)	(7,737)
Income from continuing operations	8,573	6,641	37,094	26,391
Income from discontinued operations before taxes	--	56	--	258
Loss on Sale of Discontinued Operations	--	(388)	--	(388)
(Provision) Benefit for Income Taxes	--	(29)	--	(62)
Income from discontinued operations after taxes	--	(361)	--	(192)
Net Income	\$8,573	\$6,280	\$37,094	\$26,199
Capital Expenditures	\$8,842	\$6,477	\$28,212	\$24,862
Weighted Average Shares:				
Basic	18,639	19,235	18,807	19,479
Diluted	18,639	19,270	18,807	19,514
Actual shares outstanding at end of period	18,533	19,188	18,533	19,188
Earnings Per Share: **				
Basic	\$460	\$326	\$1,972	\$1,345
Dilutive	\$460	\$326	\$1,972	\$1,342
Dilutive from Operations	\$325	\$300	\$1,343	\$1,248

*** Please note that operating results include cash received from the partial proceeds from the sale of assets by a minority position owned by the Company, \$2.5 million in the first quarter of 2019. These proceeds are included in other income-other, on the Income Statement above. The after-tax impact of this item on earnings per share for the twelve months ended December 31, 2019 is approximately \$94 per share. The gain of \$13.1 million stemming from the sale of MODOC added \$512 of earnings per share for the Twelve months ended December 31, 2020. Additionally, in November of 2020 we sold our Topeka AWS spectrum license for \$3.9 million which added \$153 of earnings per share for the Twelve months ended December 31, 2020.*

LICT Corporation
Statements of Operations and Selected Balance Sheet Data-Continued
(in thousands, Except Per Share Data)

Exhibit A
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SELECTED BALANCE SHEET DATA	Dec. 31, 2020	Dec. 31, 2019
Cash and Cash Equivalents	\$67,324	\$8,415
Other short-term investments	\$20,000	\$20,000
Long-Term Debt (including current portion)	\$63,177	\$24,678
Net Cash	\$24,147	\$3,737
Shareholders' Equity	\$180,753	\$154,345
Shares Outstanding at Date	18,533	19,188

EBITDA

EBITDA is an established measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors, and other interested parties in the telecommunications industry because it eliminates many differences in financial, capitalization, and tax structures. We believe that EBITDA trends are a valuable indicator of whether our operations are able to produce sufficient operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
EBITDA Reconciliation:				
Operating Profit from Continuing Operations	\$ 8,409	\$ 7,337	\$ 35,138	\$30,142
Additions:				
Depreciation and amortization	4,386	5,208	17,253	19,256
Charitable contributions	1,203	1,272	1,450	1,272
Corporate Expenses	490	641	3,710	3,876
EBITDA from Operations before Corporate Expenses	14,488	14,458	57,551	54,546
Corporate Expenses	(490)	(641)	(3,710)	(3,876)
EBITDA	\$ 13,998	\$ 13,817	\$ 53,841	\$ 50,670