

LICT CORPORATION

2024
ANNUAL REPORT

LICT Corporation

(Y)our Family

COMMUNICATION · EDUCATION · ENTERTAINMENT
DATA · TECHNOLOGY · VOICE · VIDEO

**CAL ORE**

**CentraCom**

**WNM**
Communications

**JBN**
TELEPHONE COMPANY, INC.

**Giant**

**Haviland**
Telephone Company
Connecting The World

**CS**
TECHNOLOGIES, INC.

Central Scott
TELEPHONE

Cuba City Telephone Exchange Co.
Belmont Telephone Company
LaGrant Connections, LLC

Financial Highlights

(In thousands, except for share amounts)

Calender Year	2024	2023
Revenues	\$ 134,241	\$ 116,509
EBITDA from Operating Units	\$ 55,358	\$ 45,554
Income from Continuing Operations Excluding Non-Recurring Items	\$ 15,694	\$ 13,760
Diluted EPS Excluding Non-Recurring Items	\$ 941 (a)	\$ 802 (a)
Basic & Diluted Weighted-Average Shares Outstanding at Year End	16,686	17,165

(a) Refer to the Report of the VP of Finance

KEEP CALM AND CARRY ON - FOR A BRIGHT FUTURE FOR ALL

In last year's annual report, we stated, "The world and the United States have experienced interesting challenges since the beginning of this decade."

The same applies for the early months of 2025.

In addition to what was highlighted last year, the following is in focus for the US economy in 2025:

- DEBT AND DEFICIT
- TARIFFS
- TAXES
 - Individual
 - Corporate
- US CONSUMER DYNAMICS
- GEOPOLITICS

WHAT DOES THAT MEAN FOR LICT?

Best to echo what was said last year:

- **SPEED** – We will be stepping up our capital expenditure budget, which has been robust compared to similar RLEC companies. We envision spending over one half billion dollars over the next 4 years, of which our share is \$283 million. Contrast this with a comparable amount spent over the last 10 years. In both cases, the government partly funded and is scheduled to fund many of these expenditures. We will re-examine and deliver our capabilities to best serve our communities.
- **ACCESSIBILITY** - We will examine our historically served markets and adjacencies efficiently and effectively. Along these lines, we have added and are continuing to add speed to the capabilities of our individual systems. We plan to add teammates at corporate to understand where broadband, fixed wireless, and other types of services need to exist.
- **AFFORDABILITY** - We intend to re-examine each of our communities, households, and businesses to determine how we may assist in meeting the costs of broadband, voice, and other services. This includes the creation of targeted bundles and pricing. Of note, we have incurred about one half million dollars to continue the Alternative Connectivity Program (ACP), which was eliminated in April 2024.
- **SERVICE** - As your local provider of communication services, we understand our communities, how to service individual businesses and most importantly, individual residents' needs. We will step up our operations by adding more teammates to each location.

WIN (What's Important Now)

In light of the presidential election, there will be an effort to reduce the cost of government and to focus on efficient lower cost alternatives to all programs. The United States is going through an old-fashioned shock and awe approach to solving issues on debt, tariffs, and taxes.

Looking at the US as a corporation, we would like to increase revenues, keep costs constant, pay lower interest expense, and be efficient with our capital expenditures.

LICT continues to build out programs to enhance speed and reliability for the families, institutions, and small businesses in the communities we serve. Sound Broadband, our fixed wireless operation continues in its progress to create low-cost alternatives to underground and aerial fiber options.

In this last regard, our capital expenditure in 2024 was \$68.5 million. 2025 capex is estimated at \$100 million.

For the period 2025-2028 our capital expenditure is estimated to be \$440 million gross and \$283 million net.

The United States Department of Agriculture's Rural Utility Service programs are estimated to cover \$157 million of this capital expenditure.

We are assessing how to re-examine our bidding process on proposed projects. Our focus on our balance sheet and management would be pronounced over the next four years. All in all, we will devote our energy to help our communities function in the interconnected world.

We continue to provide support to our 1,544 customers who received the Alternative Connect Program funding that ended in April of 2024, costing us close to half a million dollars on an annual basis to continue the program to 2025. We believe the investment in helping the families we serve is incrementally beneficial to all. We will examine extending the program, over the balance of this year.

In addition, we still function in many communities as the local telephone company. Our marketing and sales teams in certain of our markets are not compensated and trained the way cable/radio and other media sales teams are.

MORE ON FINANCIAL DYNAMICS

- We received the \$15 million payment due from Mach Ten (OTC Pink: MACT) in 2024 and continue to own approximately 606,000 shares or 19% of the company.
- We closed on the acquisition of the Manti businesses in Utah, acquiring the regulated business this year.
- We settled a contingent value right (CVR) to the family, our ongoing partners in Manti and AFI as we look forward to focusing on supplying fiber to the customers and earning a return on our investment in that acquisition.
- We sold our remaining interest in CIBL, monetizing our investment.

FINANCIAL DATA

From a financial point of view, LICT had a solid year in 2024.

Revenues were \$134.2 million versus \$116.5 million last year, aided by the initial inclusion of the Manti acquisition, and \$13.9 million in incremental funding from E-ACAM, and \$1 million in organic growth.

If one were to exclude the one-time event of \$4.9 million for the 2024 CVR adjustment and the \$3.5 million goodwill impairment write down in 2023, our operating earnings from continuing operations rose to \$15.7 million from \$13.8 million. This results in \$941 EPS for 2024 compared to \$802 EPS in 2023.

We continue to use our cash flow as shareholder compensation in two ways - first, providing a charitable contribution program of \$100 per share to registered shareholders and second, opportunistically repurchasing shares at what we believe is below an everchanging best estimate of intrinsic value.

We returned \$11.7 million dollars in shareholder compensation through the repurchase of our shares in 2024.

WHAT ABOUT 2025?

Clearly our customers, fellow citizens, teammates, and shareholders will be best served if we can more efficiently deliver speed with alternatives to underground fiber such as aerial fiber (utility poles) , fixed wireless, and satellite delivered services.

We are open to all of these options.

While we expect to show growth in revenues and increases in operating profits, our interest expense will rise again due to increased borrowings.

Along these lines we enlarged our line of credit from CoBank to \$100 million from \$50 million of which \$43.8 million has been drawn down as of March 31, 2025.

The major concern is always whether and how government programs are funded, particularly through the Universal Service Fund, BEAD, ReConnect III, IV and V , which are subject to ongoing challenges. Simply stated, these government programs could be modified or changed and this could have an impact on our future growth and results.

(Y)OUR BOARD OF DIRECTORS

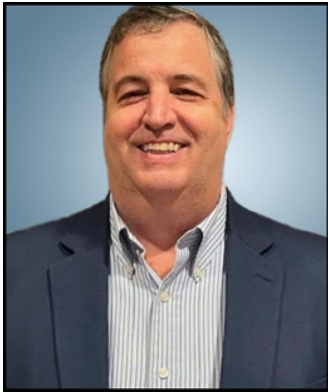
We are fortunate to have added Lerzan Aksoy to our Board. She is well renowned for her work in marketing and sales publications, and she holds a PhD in marketing from the University of North Carolina - Chapel Hill. Dr. Aksoy currently serves as Dean of Fordham University's Gabelli School of Business.

(Y)our Board of Directors continues to evaluate a broad range of strategic alternatives for the company to create shareholder value. As noted above, we have liquidity to effectuate transactions if we find them attractive and appropriate to enhance the intrinsic value of (Y)our company. We continue our search for a CEO.

We thank our customers in the communities we serve, Board of Directors, Presidents and Teammates. We thank our shareholders for their continued confidence in LICT.

Mario J. Gabelli

Report of the Vice President - Finance



Stephen J. Moore
VP Finance
Team member since 2014

In 2024, LICT continued its commitment to enhancing and expanding high-speed broadband connectivity to the rural communities we serve. We strategically deployed fiber-optic networks where cost-effective, complemented by an increased deployment of fixed wireless solutions to swiftly address market needs where fiber deployment was less economically viable. Despite facing significant challenges—including heightened competitive pricing pressures, persistent inflation, and ongoing supply chain disruptions, we remained steadfast in our mission.

Strategic Achievements:

- **Enhanced ACAM Program:** In September 2023, LICT elected to participate in the Enhanced ACAM program, effective January 1, 2024, securing fixed annual revenues of \$37 million over 15 years. This agreement mandates minimum broadband speeds of 100/20 Mbps for under 20,000 locations.
- **New and Expanded Lines of Credit:** The Company secured a new \$100 million revolving credit facility with CoBank, ABA, extending the term for five years. This facility provides an additional \$50 million revolving credit facility. Additionally, the Company secured an \$11 million credit facility with First Central State Bank (FCSB) to finance its Iowa Notice of Funding Availability (NOFA) 6 grant.
- **Network Expansion:** Significantly invested in network infrastructure to extend fiber connectivity and expand high-speed services to an increasing number of rural businesses and consumers.
- **Federal and State Grant Awards:** Awarded \$157.5 million in federal USDA ReConnect III and IV grants supporting fiber-to-the-home projects across seven states. Construction commenced on the JBN ReConnect III project. State grants were secured in Kansas and Utah, and construction in Iowa on the NOFA 6 project was completed in Q1 2025.
- **5G Fixed Wireless Deployment:** Expanded fixed wireless solutions through subsidiary Sound Broadband, deploying 5G technology in California, New Mexico, and Kansas.
- **Share Repurchase Program:** 798 shares of company stock, or 5% of outstanding shares, were purchased at an average price of \$14,666 per share, totaling \$11.7 million.
- **Community Commitment:** Distributed \$1.2 million through our shareholder-designated charitable contribution program, reaching a cumulative total exceeding \$10.2 million since inception.

Financial Highlights:

- **Revenue Growth:** Total revenues increased to \$134.2 million in 2024 from \$116.5 million in 2023. Expansion markets contributed \$4.7 million of this growth, including \$3.1 million from the acquisitions of Manti Communications and American Fiber. Despite competitive pricing pressures, revenues benefited significantly from the Enhanced ACAM program, which increased regulated revenues by \$13.9 million.
- **EBITDA Performance:** EBITDA from continuing operations increased to \$55.4 million from \$45.6 million in 2023, reflecting revenue gains partially offset by inflationary pressures, higher operating costs, and network expansion expenditures.

Revenue and EBITDA

(in thousands)	Years Ending December 31,		Increase	
	2024	2023	(Decrease)	Percent
Revenue from operations	(In Thousands)			
Regulated	\$ 59,079	\$ 46,067	\$ 13,012	28.2 %
Non-regulated	75,162	70,442	4,720	6.7 %
Revenues	134,241	116,509	17,732	15.2 %
EBITDA from operations	55,358	45,554	9,804	21.5 %
Corporate expense and charitable contributions	(5,299)	(6,083)	784	(12.9) %
EBITDA	\$ 50,059	\$ 39,471	\$ 10,588	26.8 %

- **Earnings Per Share:** Diluted non-GAAP Earnings Per Share (EPS) totaled \$941 in 2024 compared to \$802 in 2023 with both years excluding one-time nonrecurring transactions. Total GAAP EPS which includes the one time items listed below, totals \$1,235 in 2024 and \$780 in 2023.

Diluted EPS Reconciliation to GAAP Information	2024	2023
Diluted EPS (Non-GAAP)	\$ 941	\$ 802
Add back contingent consideration, net of tax	294	—
Subtract goodwill asset impairment write down	—	(204)
EPS from continuing operations	1,235	598
EPS from discontinued operations (Michigan spin-off)	—	182
Total EPS (GAAP)	\$ 1,235	\$ 780

- **Capital Expenditures:** Net capital expenditures increased to \$63.3 million, up from \$37.4 million the prior year. In 2024 we added just over 500 miles of fiber and 18 towers.

Outlook for 2025:

Looking ahead to 2025, we remain committed to executing our strategic priorities with focus and discipline. Our efforts continue to center on fulfilling the build-out obligations associated with Enhanced ACAM and ReConnect programs while actively pursuing growth opportunities in expansion markets.

We are monitoring governmental policy developments under the current administration and remain open to adopting innovative solutions, including expanding fixed wireless and satellite technologies, to economically deliver broadband to the most challenging locations. We eagerly await announcements on future spectrum auctions.

Over the next four years, LICT projects gross capital expenditures exceeding \$283 million net of anticipated grant receipts. We will continuously evaluate our strategic deployment of fiber, fixed wireless, and potential satellite technologies to balance cost-effectiveness and service excellence.

Additionally, we remain committed to supporting customers impacted by the conclusion of the federally funded Affordable Connectivity Program discounts, honoring these through June 2025 while evaluating future actions. Our ongoing execution of our strategic plan underscores LICT's unwavering dedication to serving our customers, communities, and shareholders by providing accessible, affordable high-speed broadband services.

Stephen Moore

Report of the Senior Vice President - Regulatory Dynamics



Evelyn C. Jerden
Senior Vice President
Regulatory Dynamics
Team member since 1992

In 2024, LICT installed a significant amount of state-of-the-art Fiber-To-The-Home and fixed wireless to provide fast, reliable broadband connectivity essential to fully participate in telemedicine, distance learning, entertainment, remote work, or virtually spending time with friends and family in rural America.

Build out to homes and businesses in our incumbent and competitive markets will aggressively continue by our team members in 2025 through 2028 given LICT's commitment to the Federal Communications Commission (FCC) to provide 100/20 MBPS or greater to all incumbent locations currently lacking this speed in return for receiving enhanced Universal Service Funds (USF).

LICT's build-out commitment to the FCC dovetails with the seven United States Department of Agriculture Rural Utilities Service ReConnect program grants totaling \$157.5 million which LICT was

successfully awarded in Kansas, California and New Mexico, in addition to several state infrastructure grant awards. The Kansas grant and one of the New Mexico ReConnect grant projects have fiber construction underway to bring gigabit speed to rural locations in 2025. LICT has been actively working to receive environmental clearance for the remaining ReConnect grant awards to commence building fiber in additional locations in 2025. Several state grant build-outs are final or near completion.

In addition to the availability of broadband facilities, the affordability of high-speed broadband service is extremely critical. The FCC Affordable Connectivity Program discount was discontinued due to a lack of federal funding; however, LICT continues providing eligible low-income customers with a broadband discount to help families afford internet service.

I am optimistic that 2025 will be transformational to families in our service territory as we continue to build high-speed broadband to locations that currently lack the tremendous benefits broadband can provide. 2025 commenced with fiber construction being completed in numerous locations providing communities broader connectivity and the advantages of the internet. Thanks to the Federal and State grants and the FCC's enhanced USF program, the goal of providing high-speed broadband service in rural America can come to fruition benefiting LICT's shareholders, employees and customers.

Evelyn C. Jerden

(Y)our Teammates

Cal-Ore Telephone (California/Oregon) - Joddie Amidon, Lori Anderson, Mario Andreatta, Michael Atkinson, Sabino Bocanegra, Charles Boening, Michael Bray, Danielle Burrow, Bryan Coutier-Coates, Jesse Davidson, Marisol Esquivel, Marc Estep, Carolyn Field, Darin Fine, Kevin Fine, Brandon Fowler, Brandon Hensley, Paul Hensley, Melinda Hill, Joleen Hogan, Elizabeth Jimenez, Yvonne Kilano, Darrel Lemos, Veronica Mozqueda, Keith Nielson, Kristi Olson, Shannon Pannell, Ana Marie Perez, Christopher Randolph, Heith Rasica, Trevor Rote, Jennifer Skoog, Ryan Stevenson, Andrew Ulbricht, Becky Vaughan, Rodney Wood.

Haviland Telephone (Kansas) – Aaron Adams, Brandon Adams, Rochelle Ann, Barber, Alex S. Brensing, Jessica Brown, Vesta Charbonneau, Ladonna Erker, Giuseppe Ferrara, Sabrina Freeman, Mildred A. Hannan, Michael Harding, Nathan M. James, Lori E. Larsh, Kay E. Lewis, Stephen C. Lewis, Heather Long, Robert Lyle Long, Michael Mcbeath, James Mevey, Ryan R. Oren, Sandra Raynes, Casey Smith, David Dwight Smitherman, Jayci M. Smitherman, Jacob Smock, Marcy Sparks, Brent A. Swingle, Diane M. Thompson, Kevin Volavka, Mark A. Wade, Lyle Whitaker.

JBN Telephone (Kansas) - Jarrett Bell, William Brian Atwood, Caleb Barkman, Taelor Belshe, Daniel Bradley, David W Callison, Jan A. Charles, Glenn J Chiles, Jevon Coleman, Sheri L. Cothran, Janet Curtis, Jeremy L Dallas, Scott Dutt, Kyle J. Edwards, Travis A. Feltner, Roger N. Johnson, Lance M. Lyman, Jeremy Marcotte, Susan L. McGhee, Trevor Miller, Travis L. Peek, Thomas Ryan IV, David E. Schraer, Judy A. Sextro, Jacob Sherer, Austin F. Taylor, Jamika W. Teel, Audrey Wade, Jodi Whipple, Dana Williams, MacKenzie Bell, William Jefferson.

Central Broadband (Iowa/Wisconsin) – Mark Harvey, Sibusiso Dlamini, Ryan Boll, Jolene Pingel, Genelle LaBarr, Brent Lindle, Chris Garrison, Tony Dahms, Tyler Bindrum, Steve Collier, Abigail Stolley, Melissa Beuthien, Deb Schuppener, Jerry Cullen, Jesse Longhenry, Jessica Mockler, Nick Averkamp, Dylan Huizenga, John Holland, Kent Mattoon, Michael Trevino, Ted Matten, Trever Gheer.

Western New Mexico Telephone (New Mexico) - Jarah Aguirre, Rudy Arambula, Sherman Baird, Wayne Baxter, Nichole Bouvet, Matthew Brown, JR Bruton, Patricia Jo Bryant, Jessica Trujillo-Burns, Rylan Carver, Becky Cooper, Walter DeBolt, Jamie Diaz, Nick Deratany, Kristi Dutton, Willie Fletcher, Tony Garcia, Kyle Goar, Jackie Gonzales, James Guck, Lexus Guck, Sonia Holguin, Kaye Jackson, Evelyn Jerden, Anthony Jimenez, Jason Jimenez, James Johnson, Coy Judd, Brandi Jump, Marvin Kartchner, John Keen, Billie Knight, Aaron Laney, Rob Larson, Tyler Leyba, Justin Luster, Tamra Manning, Tammie Mize, Dan Morrison, Micheal Montoya, Steven Montoya, Justin Murillo, Rusty Nations, Gary Nicklaw, Vanessa Orosco, Alec Paez, Aubrey Palmer, Carrie Rice, Chance Rice, Belinda Rogers, Holly Rogers, Jesse Rogers, Stewart Rooks, Melissa Saenz, Leburts Saulsberry, Chance Stevens, Cory Stevenson, Debra Sutton, Kenny Sutton, Justin Taylor, James Tibbs, Jane Tibbs, Brendan Trujillo, Gary Trujillo, Vince Vega, Shelli Watkins, Kory Webb, Jeremy Wilson, Kandra Young.

CentraCom (Utah) - Nathan Abrams, Andrew Adamson, Clay Anderson, Todd Anderson, Trenton Anderson, Erika Anderson, Jared Anderson, Jason Anderson, Kenyon Anderson, Jax Arthur, Kevin Arthur, Bryce Bair, David Barlow, Daniel Barton, David Barton, Timothy Beesley, James Blackham, Nina Blackham, Tammy Bowers, LaTaya Boylan, Mackenzie Brown, Kenneth Carlson, Richard Carpenter, Faylyn Catmull, Virgil Chappell, Brandon Childs, Monte Christensen, Wesly Christiansen, Eris Cloward, Olivia Clyde, Patrick Coates, Donald Cohee, Megan Cook, Adam Coombs, Carl Cornista, Bert Cox, Steven Cox, Timothy Cox, Casey Cox, Cory Cox, Dallas Cox, Eddie Cox, Gavin Cox, Iven Cox, Jeffrey Cox, Lillian Cox, Laura Dahl, Aaron Davis, Paul Davis, Helena De-St-Jeor, Laramy Draper, Kevin Dutt, Shaylyn Duval, Gayle Earl, Parker Earl, Jess Earl, Clint England, Alisa Faatz, Eric Forbush, Angela Galbraith, Jonathon Gale, Tamara Golden-Roberts, Justus Gordon, Rodrigo Guitron, Julie Hansen, Tami Hansen, Kristene Hansen, Bradly Hardy, Les Haskins, Jason Hathaway, Larry Hawkins, Barrett Hilton, Kelby Hoenicke, Jonathan Hoyt, Gary Hughes, Kristie Ison, Robert Jenkins, Duane Jensen, WendyJo Jensen, Cory Johnson, Richard Johnson, Steven Johnson, Wyatt Johnson, Jeramy Johnson, Jerry Johnson, Kolten Kendall, Robert Kirkham, Monica Nielson Kyle, Eloisa Lemus, Jason Lewellyn, Spencer Lewis, Lynn Litnak, Kaleb Litster, James Lutts, Nicholas Lyon, James Maendl, Tory McArthur, Janet McFarland, Lissette Mendez, Sterling Monk, Tammy Moore, Nathan Morrill, Zach Naumu, Tanner Nelson, Julie Nielsen, Robert Nielsen, Ann Nielsen, Keven Olson, Todd O'Neal, Ernesto Oribio, Nathan Palmer, Colton Parks, Paul Peckham, Benjamin Pehrson, Jeff Petersen, Jolynn Peterson, Mike Plows, Daniel Roberts, Kristin Rosenlof, Alexandra Roundy, Alexander Rugg, Paul Rymer, Tyrel Sackett, Dennis Sampson, Tyler Schlappi, Ryan Shaw, Calvin Shelley, Brok Shepherd, Abdiel Silva, Petersen Jason Sorensen, Jose Freddy Soriano, Jose Soriano, Kord Staples, Randy Stewart, Jeremy Stilson, Derek Stoker, Alicia Story, Matthew Tabolt, Sione Taufa, Manase Tesi, Bryan Thompson, Shayne Thompson Trayson Thompson, Angel Valdivia, Jared Wahlberg, Bradley Welch, Keller Wheeler, Erin Williams, Travis Williams, Heidi Williams, Joseph Williams, Marnee Winn, Brandon Woodbury, Chad Wray.

Utah



Eddie L. Cox (l) -President
I. Branch Cox (r) - CEO
Team members since 2001

2024 saw CentraCom face both challenges and significant opportunities. Our team remained steadfast in delivering essential broadband services, meeting increased demand driven by ongoing lifestyle shifts toward remote work and distance learning. These trends are a permanent feature of daily life, underscoring the critical role our services play in community connectivity, productivity and economic growth.

Expansion Broadband

CentraCom's integrated the strategic acquisition of Manti Telephone Communications Company and American Fiber Inc. in 2024 This acquisition added approximately 3,500 internet subscribers to our network and significantly expanded our fiber footprint in Utah.

The integration of these networks and the 2025 acquisition of Manti Telephone strengthens CentraCom's statewide infrastructure, enabling greater economic opportunities and ensuring residential customers benefit from advanced telecommunications services.

Additionally, CentraCom made substantial investments in expanding our fiber network, particularly along Utah's Wasatch Front and in previously unserved or underserved rural areas. Our Fiber-to-the-Home (FTTH) initiatives successfully connected an additional 9,533 homes, bringing our total fiber infrastructure to over 2,800 route miles—an increase of more than 170 miles during the year.

High-speed broadband services, including cable modem, fixed wireless, and FTTH, experienced unprecedented growth. CentraCom added 4,419 new broadband customers in 2024, representing a robust 17% growth. By year-end, our residential broadband subscriber base reached over 26,500 customers.

By extending our reach and upgrading our network, CentraCom reaffirmed its commitment to delivering high-quality, reliable high-speed broadband connectivity and other services. This expansion not only enhances our capability to support local businesses and residents but also reinforces our dedication to developing a foundational building block necessary to foster regional economic growth and technological innovation.

Looking Ahead: Growth

Looking ahead, CentraCom remains committed to ongoing growth and continued investment in the communities we serve. We are excited for 2025 as we continue our work on expanding our reach with fiber and other services while at the same time completing the integration of the recent acquisition of Manti Telephone Company. We thank you, our investors, for your continued support and confidence in our mission.

*Branch Cox
Eddie Cox*

California-Oregon

Cal-Ore continues to deliver reliable, innovative voice and broadband services across both regulated and non-regulated territories in Siskiyou and Northwestern Modoc Counties in California, as well as Klamath County in Oregon. By the end of 2024, our fiber network expanded significantly, reaching 589 route miles, enhancing connectivity and creating economic growth opportunities for the rural communities we proudly serve. The year concluded with 3,580 broadband subscribers and 5,684 voice customers.

Advancing Broadband Infrastructure

In 2024, significant progress was achieved through multiple fiber-to-the-home (FTTH) projects, bringing high-speed broadband to an additional 1,825 locations in Montague and Yreka, California, and Merrill and Malin, Oregon. To further extend connectivity in underserved communities, we successfully launched a cutting-edge 5G Fixed Wireless Service initiative targeting areas surrounding Montague and Yreka.

Additionally, Cal-Ore embarked on an ambitious five-year broadband infrastructure initiative within our incumbent service territories. Supported by the FCC's Enhanced Alternative Connect America Cost Model program and the USDA's ReConnect III and IV Grant Programs, this initiative promises comprehensive fiber-based broadband and wireless coverage to even the most remote areas we serve.

Community Support

Beyond our commitment to robust infrastructure, Cal-Ore remains dedicated to community development. Throughout 2024, we proudly supported local schools, Future Farmers of America (FFA), 4-H Clubs, economic development initiatives, public safety, and numerous other community-focused organizations through both volunteerism and financial contributions.

Looking Ahead: Continued Growth

In 2025, Cal-Ore celebrates its Diamond Jubilee- 75 years of providing our rural communities with telecommunication services that will now rival those in metropolitan markets. As we celebrate our 75th anniversary, Cal-Ore reaffirms its dedication to customer satisfaction, market expansion, and service excellence.

We sincerely thank our customers, partners, and community stakeholders for their enduring support. Cal-Ore remains your local, trusted, and professional telecommunications partner, committed to connecting communities and empowering growth.

Joleen Hogan

Kansas



Mark Wade
President
Team member since 1990

Just two years ago, the Kansas operations' fiber subscriber count surpassed its copper subscriber and cable modem subscriber counts. Now 40% of broadband subscribers are served via fiber. Today 72% of locations can receive at least 1 gigabit per second speeds in both upstream and downstream directions.

The Kansas LICT companies include 2 ILEC's, J.B.N. Telephone and Haviland Broadband ("HBB"), which provide traditional broadband and voice services, in 27 small towns and nearby rural areas.

J.B.N. operates principally in 5 counties in northeast Kansas, while HBB operates in 8 counties southwest of Wichita. Under these ILEC brands we serve about 2,000 traditional telephone subscribers and about 4,000 broadband subscribers. About 60% of these broadband customers are served via fiber-to-the-home ("FTTH"); about 31% are served by copper, while the remainder are served via fixed wireless.

Our affiliated CLEC, Giant Communications, serves as our primary vehicle for out-of-territory business, delivering broadband, TV, and phone services to Holton and 10 other towns in northeast Kansas. In addition, Giant provides fiber-based broadband, cloud-based voice, and TV services in Topeka, as well as cloud-based off-network phone services in Wichita and other locations, supporting approximately 4,500 cloud-based voice seats. Across these markets, Giant serves around 4,400 broadband subscribers, with 66% connected via hybrid fiber-coaxial networks, 15% via FTTH, and the remainder through fixed wireless or resale partnerships.

Giant continues its expansion efforts in the Topeka area, extending distribution fiber along our established rectilinear route. As part of this growth, we are actively addressing the needs of MDUs (Multi-Dwelling Units) along these routes, deploying fiber solutions to enhance connectivity and service offerings. Additionally, we are aggressively placing fiber for customers in neighboring Jefferson and Jackson counties, bringing our total fiber footprint in the tri-county area to approximately 85 miles.

The HBB brand also provides broadband services to over 700 broadband customers in the Greensburg and Coldwater out-of-territory areas, with 85% of these served with fiber and the remainder via fixed wireless. In the ILEC area, 58% of broadband subscribers are served with fiber, with the remaining served by DSL and fixed wireless. 2025 will see a significant expansion in fixed wireless coverage, resulting in a material increase in speed capacity to rural subscribers. HBB also provides managed services to both on-network and off-network customers near its traditional ILEC area, including the Wichita metro area.

Each company continues to explore broadband grant and loan opportunities that are financially prudent and provide future-proof service to subscribers.

The Kansas operations developed primarily in and around rural service areas and reflect the LICT's commitment to their communities' rural values. Investment in our networks to improve broadband speed and reliability needed by our subscribers is the most significant contribution we can make to our rural communities.

Mark Wade

Iowa and Wisconsin



Mark Harvey
President
Team member since 2022

In 2024, Central Broadband continued to enhance its fiber infrastructure across our Iowa and Wisconsin operations. Fiber-to-the-Home (FTTH) construction and customer conversions advanced notably in Eldridge, Iowa.

Advancing Broadband Infrastructure

The construction and splicing on our Iowa state grant project (NOFA #6) in rural area of our regulated exchange in Scott County Iowa were completed in the first quarter of 2025. This significant milestone expanded our fiber deployment and passings to the extent that 70% of our regulated footprint can now be offered at speeds of up to 1 gig. Customer transition in the exchange from copper to the newly deployed fiber will continue in 2025.

In Wisconsin, by year-end 2024 the entirety of the ILEC exchange markets are now completely served by fiber to the home and all customers have been moved to fiber. In 2024 we started construction of fiber to the home in the competitive expansion market of Benton WI. We anticipate that we will be able to offer 1 gig high-speed broadband services to our customers in the spring of 2025.

A key achievement in 2024 was the unification of our Iowa and Wisconsin regulated ILEC and expansion CLEC companies under the Central Broadband brand. This strategic alignment was an important step to enhance our name recognition and consistency across our diverse markets in the two states we operate in.

Looking Ahead: Continued Growth

The Central Broadband management team remains dedicated to meeting and exceeding our customers' expectations. We will achieve this by identifying and leveraging growth opportunities through both organic and strategic initiatives and expanding our service offerings to support customer needs. We continue our focus on enhancing customer service quality and strengthening brand presence in the communities we proudly serve.

Mark Harvey

Western New Mexico



Dan Morrison - President
Western New Mexico Telephone
Team member since 2013

Expanding Connectivity Across Southwest New Mexico

Western New Mexico Communications and Telephone serves an expansive area of approximately 17,000 square miles in Southwest New Mexico, known for its diverse landscapes and rural communities. Reliable high-speed broadband connectivity is essential here, supporting education, healthcare, commerce, and daily activities. Our network now covers over 5,121 route miles, including more than 920 miles of advanced fiber optic cable.

Advancing Broadband Infrastructure

We continue to strategically expand our broadband fiber and wireless networks, utilizing high-speed broadband solutions tailored for small businesses and residential customers. Dependable high-speed internet access remains a basic requirement for economic expansion and development in rural areas, enabling critical services such as telemedicine, remote work capabilities, online education, and digital commerce.

Throughout 2024, we deployed fiber which passed over 1,100 locations, further narrowing the digital divide across Southwest New Mexico. In early 2025, construction began on our ReConnect 3 Grant project in Deming, New Mexico, which is set to connect an additional 1,300 locations, further extending critical high-speed internet access to homes and businesses throughout our service area.

Strengthening Community Engagement

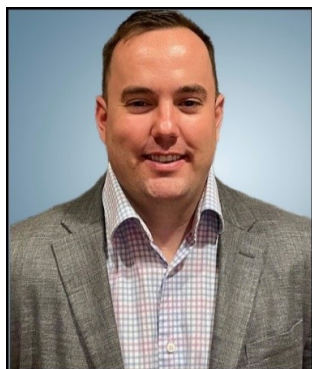
Western New Mexico Communications remains dedicated to active community support and engagement. Annually, we contribute to over 50 local organizations, directly impacting educational initiatives, community development projects, and events that enhance quality of life. Our ongoing commitment ensures students have reliable access to remote learning tools, and community members stay connected with families and opportunities far beyond their local environment.

Looking Ahead: Continued Growth

In 2025 and beyond, our strategic initiatives are focused on expanding our high-speed broadband services and reaching additional communities with reliable, next-generation telecommunications infrastructure. Aligned with federal and state programs aimed at bridging the digital divide, we remain committed to deploying state-of-the-art fiber and wireless solutions, providing the robust connectivity necessary for businesses, schools, healthcare providers, and residents to thrive in Southwest New Mexico.

Dan Morrison

Sound Broadband



Dylan Larmore
President
Team member since 2022

Over the past year, Sound Broadband has significantly expanded its 5G coverage, delivering high-speed connectivity to rural and underserved communities across California, New Mexico, Utah, and Kansas covering twelve markets for 5G.

Through the deployment of cutting-edge 5G Fixed Wireless Access and strategic partnerships with industry leaders like Ericsson we have enhanced broadband accessibility, empowered local businesses, and created new digital opportunities for the communities we serve. Sound continues to explore new business opportunities in Smart Agriculture and DoD Private Networks.

California

Sound Broadband continued to add customers in Herd Peak and Lake Shastina servicing areas and launched another new site in Yreka, CA.

New Mexico

Sound Broadband continues to see robust growth across New Mexico and deployed in new expansion markets of Socorro and Las Cruces.

Utah

Sound Broadband is continuing to look at ways fixed wireless can complement CentraCom's strong fiber and wireless growth in new markets and partnering with private network opportunities.

Kansas

Sound Broadband deployed 5G Fixed Wireless Access in Coats, Kansas, utilizing a single tower to serve both Coats and nearby Pratt. Additionally, Sound Broadband is exploring smart agriculture opportunities using the tower, enabling precision farming and enhanced rural connectivity solutions.

Looking Ahead

Looking ahead, Sound Broadband is focused on expanding its impact in the coming year by driving growth in smart agriculture, managed services, and private DoD networks. By leveraging its advanced 5G Fixed Wireless technology, Sound Broadband aims to support precision farming solutions, enhance rural connectivity, and develop secure, high-performance networks for government and defense applications. These strategic initiatives will strengthen Sound Broadband's role in delivering innovative wireless solutions across key industries.

Dylan Larmore

LICT Corporation

A Delaware Corporation

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Description of Business, Management's Discussion of Operations, and Audited Financial Statements

For the year ended December 31, 2024

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the end of the previous reporting period and the latest practical date.

Class	Outstanding at September 30, 2024	Outstanding at April 25, 2025
LICT Common Stock, \$0.01 par value (OTCPK: LICT)	16,540	15,988

LICT Corporation is responsible for the content of this Annual Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

DESCRIPTION OF BUSINESS

BACKGROUND AND HISTORY OF LICT CORPORATION

LICT Corporation (“LICT” or the “Company” as used herein, “LICT” and the “Company” includes our subsidiaries) was incorporated under the laws of the State of Delaware in 1996 as a subsidiary of Lynch Corporation (now “LGL Group Inc.”) and was originally named Lynch Interactive Corporation. The Company was spun off from Lynch Corporation in 1999 and has been named LICT Corporation since March 2007. LICT’s executive offices are located at 401 Theodore Fremd Avenue, Rye, New York 10580-1430. Its telephone number is (914) 921-8821 and its general email address is Administration @LICTCORP.com.

The Company is an integrated provider of broadband, voice, and video services. It provides high-speed broadband services, including internet access, through fiber optic facilities, fixed wireless including 5G, copper-based digital subscriber lines (“DSL”), and coax cable via cable modems. The Company also provides a number of other services, including video services through both traditional cable television services (“CATV”) and Internet Protocol Television services (“IPTV”), Voice over Internet Protocol (“VoIP”), wireless voice communications, manage WIFI, managed security and several related telecommunications services. On the voice side, the Company has traditionally operated as both a Rural Local Exchange Carrier (“RLEC”, an incumbent local telephone company serving a rural area) and a Competitive Local Exchange Carrier (“CLEC”, a local telecommunications provider which competes with the incumbent telephone company) in our expansion markets.

The Company's business development strategy is to expand its existing operations and service offerings through both internal growth and acquisitions. The company is continuously in search of acquisition opportunities that are complements to current offerings. It may also, from time to time, consider the acquisition of other assets or businesses that are not directly related to its present businesses.

In 2007, we spun off to our shareholders shares in a wholly-owned subsidiary named CIBL, Inc. (“CIBL”). In 2010, we spun off to our shareholders ICTC Group Inc, (“ICTC”), which consisted of two broadband telecommunications companies operating in North Dakota, Inter-Community Telephone Company, LLC (an RLEC) and Valley Communications, Inc. (a CLEC). Both spin-offs have benefited the Company and the spun-off entities in a number of ways, serving to optimize their efficiency and future development.

In 2014, we sold our DFT Communications (“DFT”) subsidiary, which held the telephone companies serving Dunkirk/Fredonia and Cassadaga, New York, as well as a CLEC operation. This sale generated additional liquidity for the Company and returned ownership of DFT to the Maytum family, who had originally founded the telephone companies over a century ago. As part of the transaction, we retained, and subsequently exercised, the right to acquire a 20% minority equity interest in DFT. Following the acquisition, DFT Communications was incorporated into *Brick Skirt Holding Company*. During the fourth quarter of 2023, LICT completed the sale of 40% of its 20% ownership of Brick Skirt Holding Company to CIBL, Inc. LICT’s sale of its remaining 12% ownership of Brick Skirt, was completed on August 31, 2024.

On December 31, 2019, the Company completed the sale of its New Hampshire operations (“NH”) to CIBL, Inc.

On January 2, 2020, the Company closed the sale of its 25% minority interest in the MODOC RSA Limited Partnership (“MODOC”).

On August 31, 2023 the Company spun off 81% its wholly owned Michigan subsidiary through a pro rata distribution into a newly formed publicly traded parent company MachTen, Inc. LICT shareholders received a distribution of 150 shares of MachTen common stock for every one share of LICT. In addition, LICT maintains a 19% ownership in MachTen, Inc. Refer to Footnote 14 to the financial statements for further detail.

The Company's shares are quoted on OTC Pink® under the symbol "LICT". The Company has approximately 80 stockholders of record. The Company disseminates quarterly and audited annual financial statements as well as press releases to its shareholders and the financial community.

COMMUNICATIONS OPERATIONS

Broadband Data and Voice Services

Organization and Locations

We provide services through subsidiary companies. The broadband data and voice services groups have been expanded through the selective acquisition of RLECs and other service providers as well as organic growth, coupled with a renewed focus on bringing affordable high-speed broadband connectivity to rural markets. Our service offerings include broadband internet access, long-distance voice, cable television, and VoIP. Since 1989, the Company has acquired ten RLECs, excluding RLECs which have been divested as described above. These operations range in size from approximately 800 to over 7,000 access lines with locations in California, Iowa, Kansas, New Mexico, Utah, and Wisconsin. At December 31, 2024, LICT's operations deployed 6,868 miles of fiber optic cable, 8,950 miles of copper cable and 844 miles of coaxial cable. In addition, we operate 100 towers to serve fixed wireless broadband customers and lease space to other wholesale carriers.

Principal Products and Services:

Non-Regulated Services

Broadband and voice services. We provide non-regulated high-speed broadband services, including internet access and data transport, in our traditional RLEC territories and adjacent areas. We also provide local telephone and other telecommunications services outside certain of our franchise areas through CLEC operations in nearby areas. The Company has established expansion markets (CLECs) in such varied locations as Dubuque, IA, the Quad Cities area (Davenport/Bettendorf, IA and Moline/Rock Island, IL), Holton, Wichita, and Topeka, KS, Las Cruces, Silver City, Deming and Socorro, NM, Elko, Nevada, Klamath Falls, OR, and Provo/Orem, St. George and Salt Lake City, UT.

Cellular backhaul and other data transport services. We have constructed fiber optic facilities for numerous cell tower sites and are continuing to expand these facilities which allows us to participate in the growing demand for wireless broadband services and opens new broadband opportunities in our markets. We expect continued demand for transport services from wireless providers as mobile data usage grows, and we have secured long-term contracts that will help support our revenue growth objectives for years to come. In addition, there is significant demand from schools, healthcare facilities, government agencies, multi-dwelling units (MDU) and other public institutions for data transport, particularly at our operations in Utah and California.

Subscription video. We provide video service in our Utah, Kansas, Iowa, and New Mexico, locations. We have 3,467 video subscribers.

Hosted voice services. Hosted voice services are a cost-effective, scalable alternative to traditional on-premises business telephone systems. We are currently serving 9,267 "seats". (A "seat" is the unit by which hosted voice services are sold. Seats are equivalent to the number of IP, or Internet Protocol phones, or devices, at the customer's premises that can access the hosted voice service.). We believe that this is an attractive service offering that we can deliver in large markets near our existing RLEC operations.

Traditional Regulated RLEC Services

Local network services. We provide telephone wireline access services to residential and business customers in our service areas with a full range of calling features including call forwarding, conference calling, caller identification, voicemail, and call waiting. We provide broadband services, by means of fiber optic, DSL,

coaxial cable via cable modem, and wireless technology to both business and residential users. In our RLEC service territories, the broadband penetration levels of our subsidiaries are currently in the 80% range. We are continuing our efforts to increase our broadband customer base and to expand our broadband services. We also offer packages of telecommunications services which permit customers to bundle their basic telephone line with their choice of enhanced services or to customize a set of selected enhanced features that fit their specific needs. As of December 31, 2024, total voice lines, including both ILEC and CLEC, but excluding hosted seats, were 21,984 as compared to 23,836 at December 31, 2023.

Network access services. We provide network access services to long-distance and other carriers which involve the use of our network to originate and terminate interstate and intrastate telephone calls. Such services are generally offered on a month-to-month basis and the service is billed on a minutes-of-use basis. Access charges to long-distance carriers and other customers are based on access rates filed with the Federal Communications Commission (“FCC”) for interstate services and with the respective state regulatory agencies for intrastate services.

This table summarizes certain operational data:

	Years Ended December 31,	
	2024	2023
Operations:		
Fiber / DSL Connections	27,383	23,587
Cable Modems	15,114	17,667
Wireless	7,000	6,381
Total Broadband Connections	49,497	47,635
In-Territory (RLEC) access lines ^(a)	15,871	17,549
Out-of-Territory (CLEC) lines	6,113	6,287
Total voice lines	21,984	23,836
% Residential	74 %	74 %
% Business	26 %	26 %
Video subscribers	3,467	3,341
Hosted voice seats ^(b)	9,267	8,293
<u>Total Revenues</u>		
Local service	4 %	5 %
Network access	41 %	35 %
Non-Regulated businesses ^(c)	55 %	60 %
Total revenues	100 %	100 %

- An “access line” is a telecommunications circuit between the customer’s establishment and the central switching office.
- A “seat” is the unit by which we sell Hosted Voice services. Seats are equivalent to the number of IP phones or devices at the customer’s premises that can access the service.
- Non-Regulated Businesses include Broadband Data, CATV, Hosted Voice, IPTV, and several other related services.

Expansion and Development of New Products and Services

The Company continually evaluating new services to introduce to market based on technological advances, expanding commercial initiatives and changes in our customers needs. Our subsidiaries constantly seek to expand their service offerings beyond their regulated geographic territories, primarily by establishing and developing broadband connections in adjoining or nearby areas where economically feasible. This is accomplished by building facilities utilizing fiber optic, fixed wireless and coax cable solutions, directly to the customer premises to provide services and when needed, leasing facilities from the local telephone company (the serving RLEC or, in non-rural areas, the Incumbent Local Exchange Carrier or “ILEC”) or other carriers to reach customers.

As described in greater detail below, we expect future growth in operations to be derived from a broad range of activities, including providing service to new customers, primarily through broadband both over fiber and fixed wireless connections, and providing a broader range of services to existing customers including increased broadband speed offerings and additional services.

Sound Broadband – In the fourth quarter of 2022, LICT announced the launch of a new wireless company, Sound Broadband, to provide 5G wireless services to business and residential customers within the Company’s footprint as well as additional markets, and initiated the installation of wireless broadband services in a portion of areas we serve in Utah, California and New Mexico. Sound Broadband analyzes how the implementation of wireless broadband services in our other locations could efficiently provide faster broadband speeds to the many communities we serve.

In addition to organic growth opportunities, the Company routinely evaluates acquisition and other joint-venture or partnership opportunities. We typically seek companies with local management who wish to remain actively involved in maintaining the entrepreneurial spirit and operational expertise that we believe is critical to ensuring the continued success of their business post-acquisition. Telephone holding companies and others often compete aggressively for the acquisition of such properties, and the acquisitions are typically subject to the consent or approval of regulatory agencies on the Federal and state level. In addition, any acquisition is subject to various risks, including the ability to find and complete the transaction at an attractive price, and to successfully integrate and operate the acquired entity. Although our evaluation of potential acquisitions is ongoing, there can be no assurance that we will be able to identify suitable transactions or to conclude them successfully.

Manti Telephone - LICT’s acquisition of Manti Telephone Company (MTC) and its partner companies, Manti Tele Communications Company (MTCC), and American Fiber, Inc. (AFI) is nearly complete. The Manti transaction closed on November 30, 2023, and subsequently the MTC transaction closed in January 2025 after receiving regulatory approval. Refer to Note 13 - Acquisition, for further detail.

All of our current in-territory companies offer broadband internet access service, either directly or through affiliated companies. At December 31, 2024, broadband access customers totaled 49,497, compared to 47,635 at December 31, 2023, a year-over-year increase of approximately 3.9%. Our companies have substantially increased their broadband subscriber base, but this growth has been offset by a decrease in our traditional telephone service resulting from several factors, including competition from wireless and cable companies. Expansion market affiliates of all our in-territory telephone companies offer broadband, VoIP, and long-distance services.

LICT continues to review available broadband infrastructure programs to determine eligibility. Many of these programs provide funding through the states. The Company’s subsidiaries have applied for state broadband grants and, in several cases, have been successful and have accepted state broadband grants. Iowa was awarded a \$7.2 million grant in 2021 with required matching funds from the Company. Iowa commenced construction in 2022 on the multiple-year fiber-to-the-home (“FTTH”) construction project and expects completion by 2025. Utah was awarded a \$1.1 million grant, with associated company provided matching funds. Utah has

completed engineering on the multiple-year FTTH construction project and also expects completion of the project by 2025. Kansas was the successful recipient of several smaller state grants and has already completed the majority of the required build-outs.

Federal broadband grant funding of \$157.5 million has been awarded from the U.S. Department of Agriculture (“USDA”) Rural Development Broadband ReConnect Programs to build 1 Gig high-speed broadband to some of the Company’s most rural, sparsely populated customer locations with total project costs of \$171.2 million for seven ReConnect III and IV broadband grants. The Company currently has two ReConnect III and three ReConnect IV grant awards totaling \$116.2 million in our New Mexico and California operations for 100% grant funding with no match required. In addition, two ReConnect III grants funding 75% of the project costs are in Kansas and New Mexico totaling \$55 million, of which, LICT is required to match \$13.8 million or 25% of the total project cost. Construction continued on the \$8.4 million ReConnect III project in Kansas which is expected to be completed in 2025. The Company is actively working on obtaining environmental clearance on the other six ReConnect grants that LICT was successfully awarded.

Below we offer a state-by-state review of our subsidiaries’ expansion and development of new products and services:

Utah

CentraCom, based in Fairview, Utah, is successfully providing high-capacity Ethernet circuits over its extensive fiber network to schools, hospitals, government users, cell towers and private business facilities. The Company also continues to aggressively expand its CLEC business operations in the Provo/Orem, Utah area. CentraCom continues to deploy fixed wireless broadband Internet to (1) protect existing service areas by providing more adequate speed than the DSL was capable of at greater distances, and (2) open up additional competitive service areas. The Company has a total of 4,274 fixed wireless customers, and have deployed CBRS technology using licensed spectrum. CentraCom also continues to see unprecedented growth in FTTH Internet customers. The company also expanded in service access as a provider on community networks. In 2024, there was a net addition of 5,297 FTTH customers. At the end of 2024, the company had 26,510 residential broadband customers. Finally, CentraCom has applied for and been awarded a Utah State Broadband Access grant for \$1.1M, which will allow CentraCom to provide gig speeds to 473 locations in Millard county that were previously underserved. This project is expected to be completed by 2025.

In October 2023, CentraCom announced the acquisition of Manti Telephone Company, its sister company Manti Tele Communications Co., Inc. and American Fiber, Inc. This strategic move reinforces CentraCom's commitment to delivering high-quality telecommunication services while expanding its footprint to support the rural communities of Manti, Sterling, Ephraim, and beyond. CentraCom retained all MTC staff in their positions to expand their customer support. Manti Tele Communications Co., Inc. and American Fiber, Inc. the non regulated entities closed on 12/1/2023. Manti Telephone Company, the regulated entity closed on January 1, 2025 following the awarding of regulatory approval.

This strategic acquisition signifies a major milestone for CentraCom and the rural communities it serves. With CentraCom's statewide fiber network, these additional communities will be better positioned to attract and support the growth of businesses and residential access with advanced telecommunication services.

CentraCom and MTC, with the full support of LICT, are poised to create a brighter future for telecommunications in Utah, fostering growth, connectivity, and prosperity for the communities they serve. This acquisition represents a new chapter in the journey of delivering cutting-edge telecommunications services to rural Utah.

New Mexico

In 2024, Western New Mexico Communications Corporation (“WNM”) made substantial progress in advancing its broadband infrastructure, continuing its strategic focus on expanding fiber-optic networks, upgrading wireless platforms, and modernizing network electronics. These enhancements are designed to deliver improved broadband speeds across both regulated and non-regulated service areas, ensuring that all customers have access to high-speed internet with minimum speeds of 100/20 Mbps, and up to 1 Gbps in qualifying locations.

This ongoing investment has significantly enhanced service quality for existing subscribers while enabling the company to offer higher-speed tiers to better meet customer demand. At the same time, WNM has continued to expand its presence in key non-regulated markets, including Silver City, Deming, and Socorro, New Mexico. These efforts reflect the company's commitment to fostering digital inclusion and supporting the economic growth and development of the communities it serves.

To further support this mission, WNM has initiated comprehensive fiber construction projects throughout its service territory, including in Socorro, Catron, Grant, Luna, and Hidalgo counties. These infrastructure investments are designed to improve broadband access, reliability, and performance for both residential and business customers.

Looking ahead, WNM’s infrastructure improvement plan is focused on deploying next-generation fiber-optic technology, upgrading existing network assets, and exploring strategic partnerships to accelerate broadband expansion. Upon completion of this plan, WNM expects that all customers will have access to reliable, high-speed internet that supports their evolving digital needs and enhances quality of life across the region.

Kansas

Giant Communications, Inc., an affiliate of J.B.N. Telephone Company (“JBN”), our non-regulated services brand, serves over 1,100 business or school accounts in Topeka, Wichita, and our traditional footprint. In 2023, Giant began to focus on broadband to multi-dwelling units (“MDU”) in the residential market of Topeka, near existing fiber routes. We currently serve 355 MDU’s (136 pending installation) via fiber with equipment capable of multi-gigabit symmetrical speeds.

JBN, our regulated business in northeast Kansas, has now replaced all its towns’ aging copper with fiber-to-the-home (“FTTH”), protecting our highest density and lowest cost areas. In addition, with fiber extensions, JBN will target some rural locations that are required as part of the FCC’s Alternative Connect America Model (“ACAM”) support.

JBN began construction on its ReConnect3 grant project last year. About 1/3 complete, and slowed by winter weather, we expect to complete this in 2025. Upon completion nearly 90% of JBN serviceable ILEC locations will be covered with fiber-delivered capacity. As we gain FTTH subs in the ILEC area, we continue to further monetize this fiber with other non-regulated service offerings to our customer base.

In 2024, Haviland Broadband (“HBB”), completed replacement of its 1990 era fiber support route for out-of-territory Comanche county seat of Coldwater, and will use about \$90K in grant funds to complete a redundant support route this year, while touching about a dozen customer locations. As the major internet provider, we must provide service via redundancy when possible. We recently completed a similar project for the Kiowa County seat, Greensburg, and the ILEC town of Mullinville.

With a minor bridge work-around this year, HBB will complete a \$2.5M, low-match, grant in the CLEC Greensburg town and rural areas, replacing some existing wireless equipment with much higher capacity FTTH. Part of this project was connected by ILEC facilities that replaced aging copper cable. This was an

important project: Few rural FTTH grant projects in our area provide enough support for the project to be economical, even net of grant monies.

Last year HBB completed the replacement of aging copper plant with FTTH in Norwich town and adjacent rural locations. This is HBB's fastest growing market, adjacent to Wichita. This project and four smaller projects last year help protect the area with fiber speeds and reliability. This year, we will expand the concept in the rural area adjacent to Argonia. HBB replaced copper plant in our Sawyer town and adjacent area, and will replicate in the Nashville area this year. Completing these ILEC area projects will protect about 55% of higher-density ILEC subscribers with fiber services.

Last year, we tested a 5th generation wireless system as a partial replacement for copper in our Coats area. We found it provided speeds much faster than existing fixed wireless equipment, although lacking multi-gigabit capacity. We will expand this to 3 other tower locations this year, driving down copper-based subscribership, and growing wireless subscriber counts noticeably.

As residential, schools, and businesses slowly subscribe to faster broadband speeds, and as cellular providers in our service area ask for much larger bandwidth connections, we are completing a major capacity improvement across our service areas in order to distribute these higher capacities to all our service areas.

Iowa/Illinois

Central Broadband ("CB") provides CLEC services, both voice and data, in the Quad Cities and Dubuque, Iowa areas, primarily through its own facilities. CB has built a 29-mile metro fiber network in Dubuque, and an 86-mile metro fiber network in Davenport and Bettendorf. CB now serves approximately 1,022 CLEC customers in the Quad Cities and Dubuque.

Our FTTH project in Eldridge, Iowa, was nearly completed in 2024 passing 1,750 locations. We have committed to the construction of FTTH in the towns of Long Grove and Parkview by year-end 2025, bringing another 1,050 homes within our fiber network. In 2021, Central Scott Telephone Company (DBA as Central Broadband) was awarded a State of Iowa Broadband Grant, this grant will enable us to build an additional 1,200 rural homes within our exchange by the end of 2025. In total, by year-end 2025, we anticipate having over 4,000 homes in Iowa connected with FTTH. Network conversions and transition work will continue into 2026 and beyond as we decommission the copper plant that once served this exchange.

Wisconsin

Our commitment to FTTH in Cuba City and Belmont Wisconsin has created enhanced capabilities for our 2,800-plus residential homes and businesses. Our Wisconsin exchanges are now 100% FTTH, including its rural portions; this work was completed in 2024. Benton, Wisconsin FTTH construction started in late 2024 and will continue in the spring of 2025, this will bring another 425 homes FTTH service.

California/Oregon

Cal-Ore Telephone Co. and Cal-Ore Communications, Inc., headquartered in Dorris, California, with offices in Tullake and Weed, California, and Klamath Falls, Oregon, are dedicated to providing exceptional telecommunications service, across Northern California and Southern Oregon, with a strong focus on residential and business subscribers, including schools, hospitals, and government agencies. Our incumbent and competitive businesses continue to expand high-speed data and voice service in our rural communities utilizing high-capacity broadband transmission technologies on fiber optic cable, radio waves, and legacy copper cable.

In 2024, Cal-Ore continued to expand our service offerings in the communities of Yreka and Montague in California, and Merrill and Malin in Oregon. Collectively, our companies own 851 miles of fiber optic cable

and 709 miles of copper cable, providing broadband service to 3,580 customers and access line service to 1,522 customers.

Regulatory Environment

The Company's subsidiaries that provide telecommunications services are subject to varying degrees of Federal and state regulation. Our operating telephone companies are regulated by the Federal Communications Commission ("FCC") with respect to interstate telecommunications services and by state regulatory commissions with respect to intrastate telecommunications services. They are also subject to local government regulation, in some instances, such as the use of local streets and rights-of-way. The FCC and the state authorities do not regulate all providers that come under their jurisdiction in the same way. While some regulation of ILECs in many states has eased as competition has increased, in general, regulation of ILECs (which includes RLECs) remains more highly regulated and comprehensive than the regulation of CLECs. The extent and nature of regulation, by the FCC and by states, are evolving for various reasons, such as Congressional and judicial mandates, public policy decisions, and other factors.

Enhanced ACAM (E-ACAM)

LICT's voluntary election of the FCC's Enhanced Alternative Connect America Cost Model ("E-ACAM") became effective January 1, 2024. EACAM replaced the ACAM and ACAM II programs which commenced in 2017 and 2019, respectively, and would have terminated December 31, 2028 if LICT had not adopted EACAM. Consistent with the election of ACAM and ACAM II, all of the Company's RLECs elected to participate in E-ACAM in order to provide substantially greater, predictable, set amounts of support.

The E-ACAM program is designed to further increase broadband speed and expand the deployment of broadband capabilities throughout the nation's rural areas. LICT's mandatory E-ACAM build-out requirements of 100/20 Mbps by December 31, 2028 to all RLEC locations that cannot receive 100/20 Mbps provided receipt of increased E-ACAM revenues through 2038. 2023 annual ACAM and ACAM II combined revenues of \$23.2 million, which required a maximum build-out speed of 25/3 Mbps, increased in 2024 to \$37.1 million revenues annually for E-ACAM, subject to a one-time EACAM true-up by the FCC by December 31, 2025. It is not possible to predict the E-ACAM true-up at this time. LICT is actively building and expanding broadband facilities to serve our rural communities.

Some of our RLEC companies also receive state USF which totaled \$6.9 million and \$6.9 million in 2024 and 2023, respectively. We expect that states will continue to support broadband deployment, but it is unclear if or to what extent other state support revenues may be affected by E-ACAM.

LICT participated in the FCC's Affordable Connectivity Program ("ACP") which terminated in May 2024 due to a lack of funding from Congress. ACP provided eligible customers a broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. Since the most economically fragile customers relied on ACP, LICT informed our ACP customers that the Company would continue an equivalent Extended Broadband Discount ("EBD") through June 30, 2025 for our customers who rely upon this additional financial assistance to get the broadband service they need.

National Exchange Carrier Association

The Company's telephone subsidiaries are all rural, rate-of-return companies for interstate regulatory purposes. Rate-of-return companies receive support either 1) based on cost studies computed based on their own interstate costs, subject to the FCC caps and phase-downs, referred to as "cost-based companies", or 2) based on the costs of similarly situated companies through formulas developed by the National Exchange Carrier Association ("NECA") referred to as "average-schedule companies". The Company has six cost-based companies and five average-schedule companies.

RLECs electing ACAM, ACAM II or E-ACAM cannot participate in NECA's Common Line ("CL") tariffs and access revenue pool; however, the FCC permits ACAM, ACAM II and E-ACAM companies to remain in NECA's tariff for interstate access rates. In addition to receiving ACAM, ACAM II, or E-ACAM revenues, all of the Company's RLECs continue to participate in NECA's Traffic Sensitive ("TS") pool for both special access and switched access.

Interstate access revenue for rate-of-return carriers is based on an FCC regulated rate-of-return on investment and recovery of operating expenses related to interstate access. FCC rules mandate that frozen TS Switched Access earns 11.25%, whereas TS Special Access is authorized to recover 9.75%. Unlike TS Switched Access which has a guaranteed rate-of-return, there is no guarantee TS Special Access will achieve the 9.75% rate-of-return. The TS Special Access rate-of-return is derived based on the actual demand during the year and actual costs of the RLECs participating in the TS pool.

ACAM, ACAM II and E-ACAM was set at a 9.75% rate-of-return and remains constant through 2038.

Intercarrier Compensation

The transition of terminating Intercarrier Compensation ("ICC") culminated to a default bill-and-keep arrangement as of July 1, 2020. the Company receives certain access charge revenues from other carriers to transport and terminate calls that originate on those carriers' networks. The FCC discussed modifying originating ICC in various proceedings but has not yet done so. There is no active FCC Notice of Proposed Rulemaking ("NPRM") underway to modify originating access and it is not possible to predict the impact of any future changes to originating ICC.

Eligible Telecommunication Carrier

The FCC requires all companies receiving federal USF support to obtain designation by their state regulator annually as an eligible telecommunications carrier ("ETC") in order to continue to receive USF. All of our subsidiaries receiving federal USF are currently designated as ETCs and we expect that they will continue to be so designated.

Intrastate Access Revenues

Our subsidiaries are compensated for their intrastate costs through a bill-and-keep intrastate access charge. (i.e., there are no intrastate access revenue pools). Intrastate access charge revenues are based on intrastate access rates filed with the state regulatory commission. The FCC requires that the company's intrastate access charge rates be at or below interstate rates by July 1st of each tariff year; therefore, the LICT companies were required to adjust their intrastate rates on July 1st of both 2024 and 2023 and will continue with each subsequent interstate tariff filing thereafter, as needed.

Voice over Internet Protocol

VoIP services are prevalent across the nation, including in the areas served by LICT companies. Competition from VoIP services has a detrimental impact on current and future revenues. Because of the rural nature of their operations and related low population densities, our RLEC subsidiaries are generally high-cost operations which receive substantial federal and state support. In at least some areas, the regulatory environment for RLEC operations is becoming less supportive than has historically been the case, which may enhance the competitive impact of VoIP. The FCC's regulations provide that all carriers originating and terminating VoIP calls will be on equal footing in their ability to obtain compensation for this traffic.

Competitive Developments.

The telecommunications industry continues to evolve rapidly, with intensifying competition across all segments of our business. This dynamic environment is particularly pronounced in service areas adjacent to

larger towns and metropolitan regions, where market activity and consumer expectations are increasingly shaped by innovation and choice.

Historically, our telephone subsidiaries have served as the incumbent local exchange carriers (ILECs) in their respective territories, delivering reliable voice services through established wireline infrastructure. However, the regulatory framework governing the industry has transformed significantly in recent years, enabling a broader array of competitors to enter the market and offer alternative communications services.

Today, we compete with a diverse mix of providers, including long-distance carriers, cable companies offering bundled voice, video, and broadband packages, independent and satellite-based internet service providers, national wireless carriers, and over-the-top (OTT) and Voice over IP (VoIP) operators. Many of these newer entrants operate with minimal local infrastructure, leveraging digital platforms to reach customers directly.

These shifts have led to ongoing declines in traditional access lines and voice minutes, accompanied by a continued transition from retail access lines to wholesale arrangements, which generally offer lower margins. Additionally, pricing pressures—particularly in the non-residential segment—have limited our flexibility in certain areas of our service portfolio.

Despite these challenges, we are proactively adapting to maintain our competitive position and deliver value to customers. Our strategy includes targeted investments in high-speed broadband and fiber infrastructure, enabling us to meet the growing demand for fast, reliable connectivity. We are also expanding our product and service offerings to emphasize digital solutions that integrate voice, data, and cloud-based technologies.

To better serve our markets, we are leveraging data analytics and customer feedback to refine our go-to-market strategies and improve customer experience. Furthermore, we continue to explore strategic partnerships and wholesale opportunities to diversify our revenue streams and extend our service reach.

While the competitive landscape remains fluid and complex, we are confident in our ability to respond with agility and innovation. Our longstanding local presence, commitment to service excellence, and focus on future-ready technologies position us well to compete effectively and support the evolving needs of our customers and communities.

Spectrum

Federal Communications Commission (“FCC”) Auctions. In February 2005, Lynch 3G participated in the FCC’s Auction 58 for PCS Spectrum and was a high bidder for two licenses, Marquette, MI, and Klamath Falls.

Lynch PCS Corporation G, a wholly-owned subsidiary, holds a PCS licenses in Las Cruces, NM which covers a population of approximately 281,000, a PCS license in Klamath Falls, OR which covers approximately 83,000, and a PCS license in Marquette, MI which covers approximately 75,706.

Advanced Wireless Services (“AWS”) Spectrum. In September 2006, Lynch AWS Corporation participated in the FCC’s Auction No. 66 and was a high bidder for an AWS license in Topeka, KS. The licenses cover a population of approximately 476,000. This license was sold on November 2, 2020, for \$3.9 million.

600 MHz Spectrum. In January 2017, LICT Wireless Broadband Company acquired two 600 MHz licenses in the Broadband Spectrum Auction in Traverse City and Alpena, Michigan. The license covers a total population of approximately 511,000.

The Company participated in FCC Auction 101-28 GHz and Auction 102- 24 GHz during 2019. Auction 101 was completed on January 24, 2019, and Auction 102 was completed on May 28, 2019. In Auction 101, LICT

acquired 10 licenses of 28 GHz spectrum in Kansas and Nevada. In Auction 102, LICT acquired 47 licenses of 24 GHz spectrum in California, Iowa, Kansas, Michigan, New Hampshire, New Mexico, Utah, and Wyoming.

The Company participated in FCC Auction 105 – CBRS band which ended on August 25, 2020. In this auction, LICT acquired 162 licenses in 78 counties.

In Auction 904, also known as Rural Development Opportunity Fund or “RDOF”, which ended on November 23, 2020, LICT was awarded 8 census block groups in three 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. We have since returned all 8 census block groups back to the FCC.

The Company participated in FCC Auction 107 – 3.7 GHz band ended on February 18, 2021. In this auction, LICT acquired 5 licenses in Deming, New Mexico, Anamosa, Iowa, and Kanab, Saint George, and Richfield, Utah. The 5 Partial Economic Area (“PEA”) market licenses cover a total population of approximately 432,000.

FCC Auction 110 – 3.45 to 3.55 GHz band for next-generation wireless services began in October 2021 and ended in January 2022. Upon completion of the auction, LICT acquired market licenses in 12 PEA’s that include Garden City, Kansas, Kanab, Logan, Saint George, and Richfield, Utah, Alamogordo, Deming and Socorro, New Mexico, Escanaba and Traverse City, Michigan and Jackson, Wyoming.

FCC Auction 108 – 2.5 GHz band licenses concluded on August 29, 2022, and established LICT Wireless Broadband Company, LLC (“LICT Wireless”), a wholly owned subsidiary, as the winning bidder of 46 licenses in 9 states for \$5.5 million.

These newly acquired licenses, along with the various other licenses we have won in past auctions, will further the Company’s efforts to expand our network reach.

There are many risks related to FCC wireless licenses, including, without limitation, the generally high cost of the licenses; the start-up nature of these businesses; the FCC’s rules imposing build-out requirements on all spectrum licenses; the need to raise substantial funds to pay for the licenses and their build-out; the decisions on how best to develop the licenses and which technology to use; the small size and limited resources of our companies compared to other potential competitors; existing and changing regulatory requirements; additional auctions of wireless telecommunications spectrum; and the challenges of actually building out and operating new businesses profitably in a highly competitive environment featuring already-established cellular telephone operators and other new licensees. There are substantial restrictions on the transfer of control of licensed spectrum. There can be no assurance that any licenses granted to entities in which subsidiaries of LICT have interests can be successfully sold, financed, or developed, thereby allowing LICT’s subsidiaries to recover their investments.

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

Brick Skirt Holding Company (formerly DFT Communications) - During the fourth quarter of 2023, LICT completed the sale of 40% of its 20% ownership of Brick Skirt Holding Company to CIBL, Inc. LICT’s sale of its remaining 12% ownership of Brick Skirt, was completed on August 31, 2024.

Aureon Network Services, Inc. (“Aureon”) formerly Iowa Network Services, Inc. A wholly-owned subsidiary owns 1,115 shares of Aureon participating preferred stock and 172 shares of Aureon common stock – equating to a 2.56% economic interest. Aureon provides wireline telecommunications access and transport services, long distance, video, and internet to the exchanges of participating telephone companies and other retail and wholesale customers.

CVIN LLC (“CVIN”). A wholly-owned subsidiary owns an interest of approximately 2.3% in CVIN, which owns and operates a fiber optic network in the Central Valley and northern areas of California. CVIN provides certain telecommunication support services to its ownership affiliates and others. CVIN generates approximately \$22 million in annual revenue and approximately \$14 million in annual EBITDA.

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.

Other Patents, Licenses, Franchises. The Company holds other licenses of various types, but it does not believe they are material to the conduct or results of its basic business and ongoing operations, which are its RLEC companies complemented by its CLEC operations.

Environmental Compliance. Capital expenditures, earnings, and the competitive position of the Company have not been materially affected by compliance with current federal, state, and local laws and regulations relating to the protection of the environment. We cannot predict the effect of future laws and regulations on environmental compliance or the costs thereof.

Seasonality. No significant portion of the Company’s business is regarded as seasonal.

Dependence on Particular Customers. The Company does not believe that its business is dependent on any single customer or group of customers. Most ILECs, including LICT’s RLECs, received a significant amount of revenues in the form of access fees from IXC. Bankruptcy of a significant IXC, or of several IXCs in the same period, could have a material adverse effect. We cannot predict which, if any, IXCs or other significant customers may go bankrupt in the future.

Government Contracts. In some instances, the Company provides service to the government under tariff and/or special contracts. Government contracts are not material to our operations as a whole and the elimination of those contracts would not significantly impact operations or financial results.

Employees. The Company had a total of 368 employees as of December 31, 2024, compared to 342 employees at December 31, 2023, including 6 and 5 corporate employees, respectively, with the remainder responsible for providing telecommunications and broadband services and support.

EXECUTIVE OFFICERS

The following list of the Company’s senior executive employees as of December 31, 2024 sets forth the positions and offices with the Company held by each such person, and the principal employment by, or other service of these persons during past years.

<u>Name</u>	<u>Officers and Positions Held</u>	<u>Age</u>
Mario J. Gabelli	Chief Executive Officer since December 2010, Chairman since December 2004 (and also served as Chairman from September 1999 to December 2002), Vice Chairman from December 2002 to December 2004, Chief Executive Officer from September 1999 to November 2005.	82
Stephen J. Moore	Vice President - Finance since April 2014; prior to LICT, served as Controller North America – Poyry Management Consulting (USA) Inc. from January 2008 to October 2013, Controller at Dorian Drake International Inc. from June 1997 to December 2007.	60

Evelyn C. Jerden	Senior Vice President – Regulatory Dynamics since December 2008, Senior Vice President - Operations from September 2003 to December 2008, Vice President-Regulatory Affairs from 2002 to 2003, Director of Revenue Requirements of Western New Mexico Telephone Company, Inc. from 1992 to present.	67
Christina M. McEntee	Secretary since June 2019; Chief Administrator since 2016; served as Executive Coordinator from 2008-2016.	60

The executive officers of the Company are elected annually by the Board of Directors and hold office until the organizational meeting in the next subsequent year and until their respective successors are chosen and qualified, or until their earlier resignation or removal.

REAL ESTATE PROPERTIES

LICT leases office space in a building in Rye, New York, owned by an affiliate of Mr. Gabelli, the Company's Chairman. Annual lease payments are \$0.2 million. There is an annual escalation adjustment, and the lease expires in December 2028.

Central Utah Telephone ("CentraCom") and its subsidiaries and affiliates own a total of 13.6 acres at 25 sites, with an additional 11.8 acres at 34 sites which are under leases, permits or easements. These sites are located in the central, northeastern and midwestern areas of Utah. CentraCom's principal operating facilities are located in Fairview, Utah, where it owns a commercial office building containing 14,400 square feet, and a plant office and central office building containing 5,200 square feet. In addition, CentraCom has 7,954 square feet of office space, 22,210 square feet of warehouse space, 8,100 square feet of vehicle maintenance facilities, 6,352 square feet of protective cover and three rental homes. CentraCom owns smaller facilities used mainly for housing central office switching equipment with a total of 20,635 square feet in 36 various locations. In addition, the company owns 1,043 miles of copper cable, 637 miles of coaxial cable and 2,961 miles of fiber optic cable running through rights-of-way within its 10,483 square mile service area and servicing 53 cellular towers with ethernet backhaul.

Western New Mexico Telephone Company, Inc. ("WNM") owns a total of 18.9 acres at 15 sites located in southwestern New Mexico. Its principal operating facilities are located in Silver City, where WNM owns one building with a total of 6,840 square feet housing its administrative offices and certain storage facilities, and another building of 216 square feet which houses core network equipment. In Cliff, New Mexico, WNM owns six buildings with a total of 16,238 square feet which contain additional offices and storage facilities, as well as a vehicle shop, a fabrication shop, and central office switching equipment. Smaller facilities used mainly for storage and for housing central office switching equipment, with a total of 9,984 square feet, are located in Lordsburg, Reserve, Magdalena, and five other localities in New Mexico. In addition, WNM leases 1.28 acres. It also owns and operates 23 towers and 21 associated equipment buildings. WNM has the use of 59 other sites under permits or easements at which it has installed various types of equipment either in small company-owned buildings (totaling 2,403 square feet) or under protective cover. WNM also owns 4,201 miles of copper cable and 920 miles of fiber optic cable within its service area of approximately 17,000+ square miles.

J.B.N. Telephone Company ("JBN") owns and leases a combined total of approximately 2.25 acres located in northeast Kansas. Its administrative and commercial office consisting of 7,000 square feet is located in Holton, Kansas and a 3,000 square-foot garage/warehouse facility is located in Wetmore, Kansas. JBN owns 15 smaller facilities housing broadband and switching equipment in small towns inside its ILEC territory. Giant Communications,

Inc., its CLEC affiliate, owns a 1,200 sq. ft head-end and communication tower on 3.1 acres near Holton, and smaller facilities holding additional equipment in various small towns. In 2024, we hardened this facility against typical Kansas storms to protect the equipment that provides broadband, video, and phone in the area. Giant leases small office spaces in Wichita and Topeka. In Topeka, Giant owns a .5 acre lot that houses its

permanent service-providing equipment. JBN with its affiliate Giant, owns 692 miles of fiber optic cable, 1,175 miles of copper cable, and 70 miles of coaxial cable. (Several open projects will impact these numbers during 2025.)

Haviland Telephone Company (“Haviland”) owns a total of approximately 3.9 acres at 23 sites located in south central Kansas. It has administrative and commercial offices in Haviland and Conway Springs total 13,375 square feet, some of which is leased to other parties. Haviland owns 21 other facilities housing garage, warehouse facilities, and central office switching equipment in several small towns in its ILEC and CLEC areas. Haviland leases small lots for some tower support and CLEC equipment. Haviland has approximately 1,336 miles of copper cable, 915 miles of fiber optic cable, and 3 communications towers.

Central Scott Telephone Company (“Central Scott”) owns 4 acres of land at 6 sites. Its main office in Eldridge, Iowa, contains 3,104 square feet of office, 341 square feet of storage space and 2,183 square feet utilized for its switching facilities. A nearby warehouse has 3,360 square feet of garage space together with office space for our technical operations. Central Scott, including its subsidiary CS Technologies, has 483 miles of copper cable, 415 miles of fiber optic cable and 137 miles of coaxial cable.

Cuba City Telephone Exchange Company (“Cuba City”) and **Belmont Telephone Company** (“Belmont”) are located in two small communities in Wisconsin. Cuba City Telephone is located in a 3,800 square-foot brick building which it owns on 0.4 acre in Cuba City. The building serves as the central office, commercial office, and garage for vehicle storage. The Company also owns a 0.1-acre site with a 1,400 square foot cement block building and a 600 square foot metal building for storage of materials and equipment. Belmont is located in a cement block building of 800 square feet on 0.5 acre of land in Belmont. The building houses its central office equipment. The companies own a combined total of 3 miles of copper cable and 492 miles of fiber optic cable.

Cal-Ore Telephone Company (Cal-Ore) owns a total of 35.4 acres across sites in north-central California. Our principal operating facility, in Dorris, California, comprises three buildings totaling 4,727 square feet for administrative offices and central office switching terminals, an 11,500 square foot maintenance shop with offices and truck bays, and an additional building designated for off-site record storage. The Tulelake, California location includes two buildings with a combined area of 1,913 square feet housing administrative offices, central office switching terminals, storage facilities, and a 4,450 square foot off site storage and maintenance shop. Remote facilities, primarily used for inventory storage and housing central office switching equipment, totaling 1,893 square feet, are situated in Macdoel and Newell in California. Five additional remote sites, including one site in Klamath Falls, Oregon, held under permits or easements, house six microwave towers and equipment huts totaling 824 square feet.

It is the Company’s opinion that all of the facilities referred to above are in good operating condition and are suitable and adequate for present uses.

LEGAL PROCEEDINGS

See Footnote 15 to the Company’s Audited Financial Statements.

RISK FACTORS

In addition to the risks noted above, any of the following risks could materially adversely affect our business, consolidated financial condition, results of operations or liquidity, or the market price of our common stock. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations, and other factors noted above.

Risks related to our ability to complete construction as stipulated from the federal and state grant awards and E-ACAM build-out requirements over the next five years.

LICT's business plan includes a significantly elevated level of construction and capital expenditures to meet the build-out requirements of the various federal and state grants, in addition to the E-ACAM requirements. For some of our operations, the level of projected annual capital expenditures will be equal to two to four times that operation's traditional level of annual capital expenditure. These build-outs require the build out of both fiber and fixed wireless networks that must meet minimum speed requirements and be completed in full by the end of calendar year 2028. Additionally, there are incremental annual benchmarks and reporting requirements that must be met.

In order to achieve these construction programs, LICT must:

- Expand its internal construction capability and must be able to get access to labor, equipment and materials, and specifically to provide detailed oversight to third-party construction vendors;
- Access to quality construction vendors to execute major portions of both fiber routes and tower/wireless portions of these builds;
- Obtain environmental clearance, permits, any related zoning variance or other governmental or third party approvals for network construction;
- Execute the required operational and financial reporting as required
- Raise sufficient debt and/or equity facilities to finance the significant cost of these projects,
- Successfully overcome potentially external issues such as extreme weather conditions, global and domestic economic issues, as inflation or supply chain interruptions, or other third-party generated disturbances

Any failure to fulfill our obligations under these Government Commitments in a timely manner could result in a substantial risk of revenues, fines, penalties, or other legal and administrative actions and/or reputational harm.

We expect to continue incurring significant costs, expenses, and fees to track, monitor, comply with and fulfill our obligations under these commitments over a number of years. In addition, abiding by the commitments may divert our management's time and energy away from other business operations and could force us to make business decisions we would not otherwise make and forego taking actions that might be beneficial to the Company. The challenges in continuing to satisfy the large number of commitments in the required time frames and the cost incurred in tracking, monitoring, and complying with them could also adversely impact our business, financial condition, and operating results and hinder our ability to effectively compete.

Risks Related to Our Indebtedness

To operate and expand our business, service our indebtedness, and complete future acquisitions, we will require a significant amount of cash. Our ability to generate cash will depend on many factors beyond our control. We may not generate sufficient funds from operations to repay or refinance our indebtedness at maturity or otherwise, to consummate future acquisitions or to fund our operations. A significant amount of our cash flow from operations will be dedicated to capital expenditures and debt service. As a result, there can be no assurance that the cash that we retain will be sufficient to finance growth opportunities, including acquisitions, and we may be required to devote additional cash to unanticipated capital expenditures or to fund our operations. Our ability to make payments on our indebtedness will depend on our ability to generate cash flow from operations in the future, as well as our ability to refinance existing debt. This ability, to a significant extent, will be subject to general economic, financial, competitive, legislative, regulatory, and other factors that will be beyond our control. There can be no assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our indebtedness, to make payments of principal at maturity, or to fund our capital expenditures and other liquidity needs.

We may also be forced to raise additional capital or sell assets and, if we are forced to pursue any of these options under distressed conditions, our business and the value of our common stock could be adversely

affected. In addition, these alternatives may not be available to us when needed or on satisfactory terms due to prevailing market conditions, a decline in our business, legislative and regulatory factors, or restrictions contained in the agreements governing our indebtedness.

Our indebtedness could restrict our ability to pay dividends on our common stock and have an adverse impact on our financing options and liquidity position. This indebtedness could have important adverse consequences for the holders of our common stock, including:

- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations, including under our existing credit facilities;
- limiting our ability in the future to obtain additional financing for working capital, capital expenditures or acquisitions;
- causing us to be unable to refinance our indebtedness on terms acceptable to us or at all;
- limiting our flexibility in planning for, or reacting to, changes in our business and the communications industry generally;
- requiring a significant portion of our cash flow from operations to be dedicated to the payment of interest and principal on our indebtedness, thereby reducing funds available for future operations, dividends on our common stock, capital expenditures or acquisitions;
- making us more vulnerable to economic and industry downturns and conditions, including but not limited to increases in interest rates; and
- placing us at a competitive disadvantage compared to those of our competitors that have less indebtedness.

The Company and certain of its subsidiaries are holding companies and rely on dividends, and other payments, advances, and transfers of funds from operating subsidiaries and investments to meet debt service and other obligations. The Company and certain of its subsidiaries are holding companies and conduct all of their operations through operating subsidiaries. The Company and these holding subsidiaries currently have no significant assets other than equity interests in the operating subsidiaries. As a result, the Company and these holding subsidiaries rely on dividends and other payments or distributions from operating subsidiaries to meet their debt service obligations and all of their other financial needs or requirements generally. The ability of the Company's operating subsidiaries to pay dividends or make other payments or distributions to the Company and the non-operating subsidiaries will depend on their respective operating results and may be restricted by, among other things:

- the laws of their jurisdiction of organization;
- the rules, regulations and orders of state regulatory authorities;
- agreements of those subsidiaries; and
- the terms of agreements governing indebtedness of those operating subsidiaries.

The Company's operating subsidiaries generally have no obligation, contingent or otherwise, to make funds available to the Company or its other subsidiaries, whether in the form of loans, dividends, or other distributions.

Our existing credit facilities and other agreements governing our indebtedness contain covenants that limit our business flexibility through operating and financial restrictions, including on the payment of dividends. Our existing credit facilities impose certain operating and financial restrictions on us. These restrictions prohibit, require prior lender approval of, and/or limit, among other things:

- incurrence of additional indebtedness and the issuance by our subsidiaries of preferred stock;
- payment of dividends on, and purchases or redemptions of, capital stock;
- a number of other types of payments, including investments;
- creation of liens;

- ability of each of our subsidiaries to guarantee indebtedness;
- specified sales of assets;
- creation of encumbrances or restrictions on the ability of our subsidiaries to distribute and advance funds or transfer assets to us or any other subsidiary;
- sale and leaseback transactions; and
- certain consolidations and mergers and sales and/or transfers of assets by or involving us.

Our existing credit facilities also require us to maintain specified financial ratios and satisfy financial condition tests, including, without limitation, a maximum total leverage ratio and a minimum interest coverage ratio. It is possible that a new credit facility, if we were successful in negotiating one, would contain similar provisions on some of these points. Our ability to comply with these covenants, ratios, or tests contained in the agreements governing our indebtedness may be affected by events beyond our control, including prevailing and evolving economic, financial regulatory, and industry conditions. A breach or violation of any of these covenants, ratios, or tests could result in a default under the agreements governing our indebtedness. In current economic and financial circumstances, obtaining a waiver of such a breach or violation, or a modification of the covenant or other provision involved, may become more difficult and expensive.

Under certain conditions, covenants prohibit us from making dividend payments on our common stock. In addition, upon the occurrence of an event of default, the lenders under our existing credit facilities (or a new credit facility, following the consummation of such a transaction) could have the option to declare all amounts outstanding, together with accrued interest, to be immediately due and payable. If we were to be unable to repay those amounts, the lenders under our existing credit facilities (or a new credit facility, following the consummation of such a transaction) could proceed against the security granted to them to secure that indebtedness or commence collection or bankruptcy proceedings against us.

If the lenders accelerate the payment of any outstanding indebtedness, our assets may not be sufficient to repay all of our indebtedness. Due to general economic conditions, conditions in the lending markets, the results of our business, or for other reasons, we may elect or be required to amend or refinance our existing credit facilities (or a new credit facility, following the consummation of such a transaction), at or prior to maturity, or enter into additional agreements for indebtedness. Any such amendment, refinancing, or additional agreement may contain covenants which could limit in a significant manner our operations, our competitiveness, and/or our financial flexibility generally.

The price of our common stock may fluctuate substantially, which could negatively affect holders of our common stock. The market price of our common stock may fluctuate widely as a result of various factors, such as period-to-period fluctuations in our operating results, the volume of sales of our common stock, developments in the communications industry, the failure of securities analysts to cover our common stock or changes in financial estimates by analysts, competitive factors, regulatory developments, economic and other external factors, general market conditions and market conditions affecting the stock of communications companies in particular. Communications companies have in the past experienced extreme volatility in the trading prices and volumes of their securities, which has often been unrelated to operating performance. High levels of market volatility may have a significant adverse effect on the market price of our common stock and may generate litigation which could result in substantial costs and divert management's attention and resources.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of our common stock. Our stock is thinly traded, and future sales, or the availability for sale in the public market, of substantial amounts of it could adversely affect the prevailing market price of the stock. The market price of our common stock could decline as a result of the perception that a relatively high volume of sales could occur, whether or not such sales are actually contemplated by the Company or are actually made.

Risks Related to Our Business

We provide services to customers over access lines, and if we lose access lines, our business, financial condition, and results of operations may be adversely affected. We generate revenue primarily by delivering voice and data services over access lines. We have experienced net access line losses in the past years. These losses resulted mainly from competition, the use of alternative technologies, and to a lesser degree, challenging economic conditions and the offering of DSL services, which has prompted most customers to cancel their second line service. In addition to line losses, the usage of our networks, generally measured in Minutes of Use (“MOUs”), has also been decreasing. It is reasonable to expect that we will continue to experience net access line and MOU losses in our markets. Our inability to retain access lines and the declining usage of the lines we do retain could adversely affect our business, financial condition, and results of operations.

We are subject to competition that may adversely impact our business, financial condition, and results of operations. As the incumbent telephone company, we historically had experienced little competition in our RLEC markets. However, many of the competitive threats confronting large communications companies, such as competition from VoIP, cable providers, and wireless services, are becoming more widespread in the rural markets that we serve. Regulations and technology change quickly in the communications industry, and changes in these factors historically have had, and may in the future have, a significant impact on the competitive dynamics of our industry. In most of our rural markets, we are facing competition from wireless technology, which may increase as wireless technology improves. We are also likely to face increased competition from wireline and cable television operators. We may face additional competition from providers of wireless broadband, as that technology is entering an era of rapid expansion, VoIP, satellite communications, and electric utilities. The internet services market is also highly competitive, and we expect that this competition will intensify. Many of our competitors have brand recognition, offer online content services, and have financial, personnel, marketing, and other resources that are significantly greater than ours. We believe that a growing percentage of our current and potential customers will have access to a cable modem offering, and the cable industry is continuing to greatly increase its broadband capacities and eventually a wireless broadband offering.

In addition, consolidation and strategic alliances within the communications industry or the development of other new technologies could affect our competitive position. We cannot predict the number of competitors that will emerge from technological developments or as a result of existing or new federal and state regulatory or legislative actions. However, increased competition from existing and new entities could have a material adverse effect on our business, financial condition, and results of operations. Competition may lead to loss of revenues and profitability as a result of numerous factors, including, but not limited to:

- loss of customers;
- reduced usage of our network by our existing customers, who may use alternative providers for long-distance and data services;
- reductions in the prices for our services which may be necessary to meet competition; and/or
- increases in marketing expenditures and discount and promotional campaigns.

In addition, our provision of long-distance service is subject to a highly-competitive market served by large nationwide carriers that enjoy brand name recognition and have other financial and operational advantages over us.

We may face 5G Wireless Competition in the future. National wireless carriers provide service in most of our service territories. As wireless carriers continue to build out and enhance their voice and data networks and add 5G products and services intended to improve their high-speed data service, we may experience increased competition which could have an adverse effect on our business, revenue, and cash flow.

We may not be able to successfully integrate new technologies, respond effectively to customer requirements or provide new services. The communications industry is subject to rapid and far-reaching changes in technology, frequent new service introductions, competitive pricing changes, and evolving industry standards. We cannot predict the effect of these changes on our competitive position, profitability, or financial condition. Technological developments may reduce the competitiveness of our networks and require unbudgeted upgrades or the procurement of additional products that could be expensive, technologically complex, and time-consuming to implement. In addition, new products and services arising out of technological developments may reduce the attractiveness of our services. If we fail to adapt successfully to technological changes or obsolescence or fail to obtain access to important new technologies, we could lose customers and be limited in our ability to attract new customers and/or sell new services to our existing customers.

Our relationships with other communications companies are material to our operations and their financial difficulties may adversely affect our business, financial condition, and results of operations. We originate and terminate calls for interexchange and other carriers over our network. For those services, we receive payments for access charges. These payments represent a significant portion of our revenues and are material to our business. If one or more of these carriers go bankrupt or experience substantial financial difficulties, our inability to collect access charges from them could have a negative effect on our business, financial condition, and results of operations.

We face risks associated with acquired businesses and potential acquisitions. We have grown in the past, in part, by acquiring other businesses and a portion of our future growth may result from additional acquisitions. Growth through acquisitions entails numerous risks, including but not limited to:

- strain on our financial, management, and operational resources, including the distraction of our management team in identifying potential acquisition targets, conducting due diligence, and negotiating acquisition agreements;
- the potential loss of key employees or customers of the acquired businesses or our existing business;
- unanticipated liabilities or contingencies of the acquired businesses;
- unbudgeted costs which we may incur in connection with pursuing potential acquisitions, whether or not the acquisitions are consummated.
- failure to achieve projected cash flow or realize anticipated cost-saving synergies from acquired businesses;
- fluctuations in our operating results caused by incurring expenses to acquire businesses before receiving the anticipated revenues expected to result from the acquisitions;
- difficulties in finding suitable acquisition candidates;
- difficulties in making acquisitions on attractive terms due to a potential increase in competitors; and
- difficulties in obtaining and maintaining any required regulatory authorizations in connection with acquisitions.

In the future, we may need additional capital to continue growing through acquisitions. This additional capital may be raised in the form of additional debt, which would increase our leverage and further limit our financial flexibility. We may not be able to raise sufficient capital on terms we consider acceptable, or at all. We may not be able to successfully complete the integration of other businesses that we have previously acquired or successfully integrate any businesses that we might acquire in the future. If we fail to do so, or if we do so but at a greater cost than we anticipated, our business, financial condition, results of operations, and our ability to expand in the future may be adversely affected.

A network disruption could cause delays or interruptions of service, which could cause us to lose customers. To be successful, we will need to continue to provide our customers with reliable service over our network. Some of the risks to our network and infrastructure include:

- physical damage to access lines;
- widespread power surges or outages;
- software defects in critical systems; and
- disruptions beyond our control.

Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause us to lose customers and/or revenues and incur expenses.

Our billing systems or the billing systems of our third-party vendors may not function properly. The failure of any of our billing systems or the billing systems of any of our third-party vendors could result in our inability to adequately bill and provide service to our customers. The failure of any of our billing systems could have a material adverse effect on our business, financial condition, and results of operations.

We depend on third parties for our provision of long-distance and broadband services. Our provision of long-distance and broadband services is dependent on underlying agreements with other carriers that provide us with transport and termination services. If these carriers fail to meet their obligations, or if the provisions in our agreements with them prove unfavorable to us due to changes in market conditions or other factors, our business and operations may be adversely affected.

We may not be able to maintain the necessary rights-of-way for our networks. We are dependent on rights-of-way and other permits from railroads, utilities, state highway authorities, local governments, transit authorities, and others to install and maintain conduit and related communications equipment for any expansion of our networks. We may need to renew current rights-of-way for our networks and there can be no assurance that we would be successful in renewing each of these agreements on acceptable terms or at all. Some of our agreements may be short-term, revocable at will, or subject to termination upon customary default provisions, and we may not have access to existing rights-of-way after they have expired or been terminated. If any of these agreements are terminated or not renewed, we could be required to remove or abandon our facilities. Similarly, we may not be able to obtain right-of-way agreements on favorable terms, or at all, in new service areas, and, if we are unable to do so, our ability to expand our networks could be impaired.

Our success depends on our ability to attract and retain qualified management and other personnel. Our success depends upon the talents and efforts of our all of our personnel. The loss of any member of our senior management team, and the inability to attract and retain highly qualified technical and management personnel in the future, could have an adverse effect on our business, financial condition, and results of operations.

We may face significant future liabilities or compliance costs in connection with environmental and worker health and safety matters. Our operations and properties are subject to federal, state, and local laws and regulations relating among other things the protection of the environment, natural resources, and worker health and safety, including laws and regulations governing the management, storage, and disposal of hazardous substances, materials and wastes, and remediation of contaminated sites. Under certain environmental laws, we could be held liable, jointly, and severally and without regard to fault, for the costs of investigating and remediating any contamination at owned or operated properties, or for contamination arising from the disposal by us or our predecessors of regulated materials at formerly owned or operated properties or at third-party waste disposal sites. In addition, we could be held responsible for third-party property or personal injury claims relating to any such contamination or relating to any violations of environmental laws. Changes in existing laws or regulations, future acquisitions of businesses, or any newly discovered information could require us to incur substantial costs relating to these matters.

We have a significant amount of goodwill and other intangible assets on our balance sheet. If our goodwill or other intangible assets become impaired, we may be required to record a significant non-cash charge to earnings and reduce our stockholders' equity. Under generally accepted accounting principles, intangible assets are reviewed for impairment on an annual basis or more frequently whenever events or circumstances indicate that their carrying value may not be recoverable. The Company monitors

relevant circumstances, including general economic conditions, enterprise value EBITDA multiples for RLEC properties, the Company's overall financial performance, and the potential that changes in such circumstances might have on the valuation of the Company's intangible assets, including goodwill. If our intangible assets are determined to be impaired in the future, we may be required to record a significant non-cash charge to earnings during the period in which the impairment is determined.

Risks Related to Our Regulatory Environment

We are subject to significant regulations that could change in a manner adverse to us. We operate in a heavily regulated industry, and substantial portions of our revenues are supported by regulations, including access revenue and USF support for the provision of telephone services in rural areas. As discussed above, the new A-CAM program substantially increases the support being provided to LICT's telephone company subsidiaries, but future rules and regulations issued by the FCC could ultimately effect fundamental changes in the financial structure and characteristics of the telecommunications industry. Moreover, existing laws and regulations applicable to us and our competitors may be, and have been, challenged in the courts, and could be changed by Congress or regulators in a manner adverse to us. In addition, any of the following have the potential to have a significant impact on us:

Risk of loss or reduction of network access revenues. A significant portion of our revenues comes from network access charges, a portion of which are paid to us by intrastate and interstate long-distance carriers for originating and terminating calls and for providing special access services which connect carriers to their end users in our service areas. In past years, several long-distance carriers have declared bankruptcy. Future declarations of bankruptcy by carriers that utilize our access services could negatively impact our business, financial condition, and results of operations. In addition, the amount of access charge revenues that we currently receive is based on rates set by federal and state regulatory bodies, and those rates could change in the future. Also, from time to time, federal and state regulatory bodies conduct rate cases, and earnings reviews, or make adjustments to average schedule formulas that may result in such rate changes. In addition, reforms of the federal and state access charge systems, combined with the development of competition, have caused the aggregate amount of access charges paid by long-distance carriers to decrease. Significant changes in the access charge system, if not offset by a revenue replacement mechanism, could result in a significant decrease in our revenues. Decreases in or loss of access charges may or may not result in offsetting increases in local, or subscriber line, revenues. Regulatory developments of this type could adversely affect our business, financial condition, and results of operations.

Risk of loss or reduction of Universal Service Fund support. We receive USF revenues in addition to A-CAM from both the federal and, in some cases, state universal service support mechanisms to help fund our operations. Any changes to the existing rules could reduce the USF revenues we receive. Corresponding changes in state universal service support could likewise have a negative effect on the revenues we receive. If we raise prices for services to offset losses of USF payments, the increased pricing of our services may disadvantage us competitively in the marketplace, resulting in additional potential revenue loss. Furthermore, any changes in the rules and regulations governing the distribution of such support or the manner in which USF contributions are obtained or calculated could have a material adverse effect on our business, financial condition, or results of operations.

Risk of loss of statutory exemption from burdensome interconnection rules imposed on incumbent local exchange carriers. Our RLECs are exempt from some of the Telecom Act's more burdensome requirements governing the rights of competitors to interconnect to ILEC networks and to utilize discrete elements of the ILEC's network at favorable rates. To the extent that state regulators may decide that some or all of these requirements should be imposed upon our RLECs, we could be required to provide unbundled network elements or other facilities or services to competitors in our service areas. As a result, more competitors could enter our traditional telephone markets than are currently active there, which could have a material adverse effect on our business, financial condition, and results of operations.

Risks posed by costs of regulatory compliance. Regulatory requirements create significant compliance costs for us and are expected to continue to do so. Our subsidiaries that provide intrastate services may be or become subject to certification, tariff filing, and other ongoing regulatory requirements imposed by state regulators. Our interstate access services are currently provided in accordance with tariffs filed with the FCC by NECA. Challenges in the future to NECA's tariffs by regulators or delays in the Company's obtaining certifications and regulatory approvals could adversely affect the rates that we are able to charge our customers. We are also subject to audits by both federal and state regulatory authorities, which may be costly and burdensome and may result in fines, penalties, refunds, or other unfavorable and burdensome requirements.

Our business also may be impacted by legislation or regulations imposing new or greater obligations related to assisting law enforcement, bolstering homeland security, minimizing environmental impacts, protecting customer privacy, or addressing other issues that impact our business. For example, existing provisions of the Communications Assistance for Law Enforcement Act ("CALEA") and FCC regulations implementing that legislation requires communications carriers to ensure that their equipment, facilities, and services are able to facilitate authorized electronic surveillance. We cannot predict whether or to what extent the FCC might modify its CALEA rules or any other rules, or what compliance with new rules might cost. Similarly, we cannot predict whether or to what extent federal or state legislators or regulators might impose new security, environmental or other obligations on our business, although it is possible that they may do so.

Risk of loss from rate reduction. Most of our local exchange companies that operate pursuant to intrastate rate of return regulation are subject to state regulatory authority over their intrastate telecommunications service rates. State review of these rates could lead to rate reductions, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

Regulatory changes in the communications industry could adversely affect our business by facilitating greater competition, reducing potential revenues, or raising our costs. Over the past several years, the FCC has made fundamental changes in its regulation of the telecommunications industry and this regulatory regime is continuing to evolve. In addition, the Telecom Act also provides for ongoing changes and increased competition in the telecommunications industry, including competition for local communications and long-distance services. This statute and the FCC's regulations may be subject to additional Congressional amendment, regulatory modification, or judicial review. It is not possible to predict what effects future legislation, FCC regulatory actions or court decisions will have on our business, financial condition, or results of operations. However, such effects could be materially adverse to our business and financial results.

MANAGEMENT'S DISCUSSION OF OPERATIONS

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

Forward-Looking Statements and Uncertainty of Financial Projections

The following discussion contains certain forward-looking statements. Forward-looking statements are not based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are based on estimates and assumptions that are inherently subject to significant business, financial, economic and competitive uncertainties and contingencies, many of which are beyond our control and all of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company.

RESULTS OF OPERATIONS

Overview of Continuing Operations

LICT provides an array of broadband and communications services, primarily in rural areas but with continuing expansions in adjacent urban communities, which are detailed in the Telecommunications Operations section of this report. Our history was principally as an operator of rural telephone service (known as Rural Local Exchange Carriers, or “RLECs”), with operations in rural parts of California, Iowa, Kansas, New Mexico, Utah and Wisconsin. While we have continued to operate in the space, we have been actively transitioning to a high-speed broadband provider. As technologies have evolved, LICT has also evolved and adjusted our service offerings.

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

- Broadband services, fiber optic facilities, digital subscriber lines (“DSL”), and coaxial cable via cable modem and;
- Fixed wireless technologies, including 5G wireless technologies;
- Video services, including cable television and Internet Protocol Television (“IPTV”);
- Local and long-distance telephone service;
- Access for other telephone service providers to the intrastate 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;

Increasing demand for high-speed connectivity has been a major driver of growth for our Company. In particular, the number of broadband subscribers has grown dramatically in the past few years with transition to remote work, distance learning and other online activities and this has further been fueled by the recent surge in new software and technologies, artificial intelligence is a prime example. 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 and we, in turn, are continuing to develop our Company as a broad-based communications provider, regardless of the technology.

The federal and state governments have long had a policy of encouraging and promoting telephone, broadband and other communication services in rural areas because it provided a benefit to all Americans and to the nation as a whole. RLECs, in particular, including those that form the core of our Company, often provide communications services in rural areas where such service would not be economically feasible without numerous federal and state support mechanisms, which are generally referred to as Universal Service Funds

(“USF”). Such programs evolve constantly to take into consideration customer needs, as well as new services and technologies, and to encourage RLECs to invest in and support the new technologies and provide new services to their customers. In addition, the rates we can charge for some of our services are regulated by the FCC and in many cases, the various state public utility commissions. There is no certainty that such support USF programs will continue at the same levels as they have in the past.

In 2023, LICT elected to participate in the Federal Communications Commission’s (“FCC’s”) new voluntary Enhanced Alternative Connect America Cost Model (“E-ACAM”) program for all of its telephone companies effective January 1, 2024. The E-ACAM program is designed to further increase broadband speed and expand the deployment of broadband capabilities throughout the nation’s rural areas. LICT’s mandatory build-out requirements of 100/20 Mbps by December 31, 2028 to 19,609 E-ACAM locations is required for receipt of increased E-ACAM support through 2038. E-ACAM, with speed requirements of 100/20, replaced ACAM and ACAM II with their speed requirements of 25/3. Revenues from E-ACAM will be \$37.1 million beginning in 2024, as compared to ACAM and ACAM II revenues of \$23.2 million in 2023. LICT is actively building and expanding broadband facilities to serve our rural communities. The rural location and speed requirement will necessitate a significant level of additional capital expenditures over the next five years, see Liquidity and Capital Section below.

A portion of LICT’s most sparsely populated, remote customer locations will be served high-speed broadband on fiber infrastructure funded, in part, by federal, and state grants. LICT was awarded \$157.5 million for seven grants by the United States Department of Agriculture (“USDA”) Rural Utilities Service (“RUS”) under the ReConnect III and ReConnect IV programs. Five of the grants provide for 100% funding for the project, totaling \$116.2 million for our New Mexico and California operations. The Company has also been awarded grants in which we will receive \$41.2 million million for 75% of project costs in Kansas and New Mexico totaling \$55 million, of which, LICT is required to match \$13.8 million or 25% of the total project cost. All of these grant projects will build fiber to provide 1 Gig broadband service to customers we serve. Construction has begun on the \$8.4 million ReConnect III project in Kansas and the Company is actively working on obtaining environmental clearance on the other six ReConnect grants that LICT was successfully awarded.

The Company’s subsidiaries have also applied for state broadband grants. In several cases, they have been successful and have accepted state broadband grants. Iowa was awarded a \$7.2 million grant for a total project cost of \$13.2 million with required capital expenditure funds from the Company. Iowa commenced construction in 2023 on the multiple-year fiber-to-the-home (“FTTH”) construction project and is completed the project in the first quarter of 2025 (refer to Note 16 to the financial statements - *Subsequent Events* for further detail. Utah was awarded approximately a \$1 million grant, with associated company provided matching funds. Utah has completed engineering on the multiple-year FTTH construction project and also expects completion of the project by 2025. Kansas was the successful recipient of several smaller state grants and has already completed the majority of the required build-outs.

As mandated by the FCC, LICT notified customers participating in the FCC’s Affordable Connectivity Program (“ACP”) that absent the ACP program receiving additional funding from Congress, ACP discounts would have to be terminated in May 2024. ACP supports affordable broadband to the rural communities to help close the digital divide. ACP provides consumers who are eligible, a broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. We offer a variety of broadband options that qualify under the ACP. Since the most economically fragile customers rely on ACP, we informed our ACP customers that LICT will continue an equivalent Extended Broadband Discount (“EBD”) through June 30, 2025 for our customers who rely upon this additional financial assistance to get the broadband service they need.

We believe that federal and state governmental agencies will continue to support the deployment of modern communications infrastructure in high-cost, rural areas. Public policy remains generally favorable toward ensuring that underserved communities have access to reliable broadband and voice services. However, we

also recognize that government funding is subject to increasing scrutiny, with heightened focus on fiscal responsibility, efficiency, and the prevention of waste, fraud, and abuse.

While we have experienced some competitive pressure from satellite-based providers in our more remote service areas, we anticipate that such competition will continue to expand. It remains uncertain how emerging federal and state broadband programs will integrate or prioritize satellite technologies relative to traditional and terrestrial network investments.

The demand for high-speed broadband continues to grow, driven by increased usage for distance learning, remote work, telemedicine, and digital entertainment. We believe this ongoing digital transformation represents a long-term growth opportunity for the Company. As customer expectations for faster and more reliable connectivity increase, particularly in rural markets, we are well positioned to invest in and expand our communications infrastructure to meet those needs.

Discontinued Operations

On August 31, 2023, the Company completed the spin-off of 81% of the shares of LMT Holdings Corporation (“LMT”), which formally launched MachTen, Inc. (“MAC”) as an independent company. Each LICT stockholder received 150 shares of MAC common stock for every one share of LICT common stock held at close of business on the record date and LICT retaining 19% of the outstanding stock of MAC. Prior to being spun-off LMT declared a \$15 million distribution due to LICT. This distribution was in the form of a note with a maturity date of August 30th, 2024, with an interest rate based on the Secured Overnight Financing Rate (SOFR) + 1.5%. MachTen repaid the principal of this note in full to LICT in August 2024. The boards of MAC and the Company have agreed to a negotiated settlement on the interest accrued on the note. The Company agreed to convert 50% of the interest due on the note (\$0.5 million) into shares of preferred equity in MachTen and to forgive the remaining 50% of the interest due on the note (\$0.5 million). The preferred shares have an investment term of three years (September 16, 2024 – September 15, 2027), have a \$0.5 million par value, are non-voting and have a 5% cumulative annual dividend payable when the shares are redeemed. The company recorded the spin-off transaction as a tax-free spin-off; the 19% equity interest is included on our December 31, 2024 and December 31, 2023 balance sheet, the note receivable is included in our December 31, 2023 balance sheet and the preferred equity is included in our December 31, 2024 balance sheet.

Prior to the spin-off, LICT transferred its wholly-owned indirect subsidiary, LMT, and each of LMT’s indirect wholly-owned operating subsidiaries, Upper Peninsula Telephone Company (“UPTC”), Michigan Central Broadband Company, LLC (“MCBC”), and Alpha Communications Limited, Inc. (“Alpha” and together with LMT, UPTC and MCBC, the “Michigan Businesses”), to MAC.

We believe that separating the Michigan businesses from LICT is in the best interest of both MAC and LICT. The spin-off will permit each company to tailor its strategic plans and growth opportunities, more efficiently raise and allocate resources, including capital raised through debt or equity offerings, and provide investors a more targeted investment opportunity.

The following is a breakdown of revenue and operating costs and expenses from continuing operations (in thousands):

	2024	2023
Revenue		
Regulated Revenue		
Local access	\$ 4,076	\$ 4,471
Interstate access & USF (federal)	46,564	33,353
Intrastate access & USF (state)	7,201	7,167
Other	1,238	1,076
Total regulated revenue	59,079	46,067
Non-regulated revenue		
Broadband and related services	66,309	61,852
Video (including cable modem)	4,747	4,467
Other	4,106	4,123
Total non-regulated revenue	75,162	70,442
Total revenue	\$ 134,241	\$ 116,509
Operating Costs and Expenses:		
Cost of revenue, excluding depreciation	67,994	59,914
General and administrative costs at operations	10,889	11,041
Goodwill asset impairment write down	—	3,500
Corporate office expenses	4,756	4,922
Charitable contributions	543	1,161
Depreciation and amortization	23,913	20,115
Total operating costs and expenses	108,095	100,653
Operating profit	\$ 26,146	\$ 15,856

Total revenues in 2024 increased \$17.7 million, or 15.2%, to \$134.2 million.

Our regulated revenues increased by \$13.0 million to \$59.1 million, a 28.2% increase as compared to 2023. Local access revenue decreased \$0.4 million, or 8.8%, due to a decrease in in-territory telephone access lines. Interstate access revenue increased by 39.6% or \$13.2 million as compared to 2023 reflecting the Company's acceptance of E-ACAM. Intrastate revenue remained largely flat year over year, increasing slightly in 2024 by \$34 Thousand or 0.5%. Other regulated revenue increased by \$0.2 million or 15.1% mainly in Wisconsin and California as a result of returning our previously awarded RDOF markets to the FCC.

Our non-regulated revenues grew by \$4.7 million to \$75.2 million, a 6.7% increase as compared to 2023. Non-regulated revenues from our broadband, both in and out-of-territory services and other out-of-territory services increased by \$4.5 million dollars from \$61.9 million to \$66.3 million. The increase was driven by additional broadband customers within our regulated footprint as well as circuits outside of our regulated service territory, added subscribers of broadband services over fiber and cable modems and the sale of communications equipment. In addition, our revenues from video product offerings totaled \$4.7 million, which increased by \$0.3 million from 2023. Non-regulated revenues have grown to represent over 56% of our revenue streams and are expected to continue to grow in future years.

Total operating costs and expenses were \$108.1 million in 2024 and \$100.7 million in 2023, resulting in a \$7.4 million increase. Our cost of revenues increased by \$8.1 million, in part related to our continued effort to expand our broadband speed offerings and the increased number of customers additions, with the related customer premises equipment (CPE). In addition, the increases in capital expenditure to expand our network reach and add customers resulted in an increase of \$3.8 million in depreciation expense for the year. Corporate

office expenses decreased (\$0.1) million, or (3.4)%, to \$4.8 million in 2024 from \$4.9 million in 2023. In both 2024 and 2023, the Company executed its charitable giving program resulting in donations of \$1.2 million and \$1.2 million, respectively. In 2024 the Company performed its annual impairment test of goodwill which resulted in no impairment charges, as compared to impairment of \$3.5 million in 2023. In 2023, based on the analysis and procedures performed, the fair value of the net equity of the Company's Iowa and Wisconsin reporting units did not exceed its carrying amount for that year. Beginning in 2021 both Iowa and Wisconsin began the process of replacing its aging copper facilities with fiber. The Wisconsin build-out was completed in 2023 and the Iowa build will continue through 2026. Going forward these markets are transitioning their focus from construction to monetizing these fiber assets by adding new customers and also selling additional services over this fiber.

As a result of the above factors, Operating Profit in 2024 increased by \$10.3 million to \$26.1 million.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business. When viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of the 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 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 statement 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.

LICT's management believes strongly in growing intrinsic value as a long-term prescription for managing an enterprise's health. Our local management teams run their respective businesses as stand-alone, entrepreneurial units although we attempt to use economies of scale and other efficiencies (such as joint purchasing) where feasible. We believe that EBITDA is the clearest indicator of the cash-flow-generating ability and long-term health of such units. We value potential acquisitions on the same basis.

EBITDA refers to, for any period, net income (loss) before all components of "Other income (expense)" (consisting of investment income, interest expense, equity in earnings of affiliates, gains and losses on disposition of or impairment of assets), income taxes, depreciation, amortization, and minority interests.

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

	2024	2023
EBITDA from:		
Operating units	\$ 55,358	\$ 45,554
Corporate expense	(4,756)	(4,922)
Charitable contributions	(543)	(1,161)
EBITDA	\$ 50,059	\$ 39,471
Reconciliation to net income:		
EBITDA	\$ 50,059	\$ 39,471
Depreciation and amortization	(23,913)	(20,115)
Investment income	1,528	1,438
Interest expense	(4,188)	(2,629)
Unrealized (loss) gain on investment	(454)	297
Goodwill asset impairment write down	—	(3,500)
Equity in earnings of affiliates	42	74
Other income (expense)	6,063	(322)
Income tax provision	(8,522)	(4,454)
Discontinued operations, net of tax	—	3,128
Net income	\$ 20,615	\$ 13,388

Other Income (Expense)

Investment income increased by \$0.1 million in 2024, primarily driven by interest from a money market account.

Interest expense increased by \$1.6 million in 2024 to \$4.2 million, primarily due to higher debt balances and a higher interest rate environment in 2024.

During 2024, we incurred an unrealized loss of \$0.5 million on our investment in MachTen, Inc., primarily due to a decrease in the fair value of the share price.

Other income increased by \$5.7 million to \$6.1 million in the fourth quarter of 2024, compared to a loss of \$0.3 million in the same period of the prior year. This increase was primarily driven by a \$6.5 million non-cash, gain from the revaluation of contingent consideration related to the Manti acquisition, partially offset by \$0.5 million in accrued interest 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 2024 and 2023 represents effective tax rates of 29.2% and 30.3%, respectively. The difference between these effective rates and the federal statutory rate is principally the impact of state taxes and expenses not deductible for federal tax purposes.

Income from continuing operations

Income from continuing operations, net of tax was \$20.6 million, or \$1,235 per share in 2024, compared to \$10.3 million, or \$598 per share in 2023.

There were no discontinued operations in 2024. In 2023, income from discontinued operations, net of tax, was \$3.1 million, or \$182 per share.

LIQUIDITY AND CAPITAL

As of December 31, 2023, the Company had a \$50.0 million five-year secured Revolving Credit Facility with CoBank which was due on January 17, 2025. On May 1, 2024 the Company extended the termination of this line of credit through June 30, 2025. In October 2024, LICT closed on a new \$100 million secured Revolving Credit Facility with CoBank for a five-year term, replacing the previous \$50.0 million facility. This new facility provides the Company with an additional \$50.0 million in available liquidity with terms similar to our previous revolving credit facility. The December 31, 2024 outstanding balance for the Revolving Credit Facility was \$38.8 million. As of December 31, 2024 the Company was in compliance with its covenant ratios.

Prior to the MachTen spin-off, LMT-Holdings Corporation declared a \$15 million distribution due to LICT. This distribution was in the form of a note with a maturity date of August 30th, 2024, with an interest rate based on the Secured Overnight Financing Rate (SOFR) + 1.5%. MachTen repaid the principal of this note in full to LICT in August, 2024. The boards of MAC and the Company agreed to a negotiated settlement on the interest accrued on the note. The Company agreed to convert 50% of the interest due on the note (\$0.5 million) into shares of preferred equity in MachTen and to forgive the remaining 50% of the interest due on the note (\$0.5 million). The preferred shares have an investment term of three years (September 16, 2024 – September 15, 2027), have a \$0.5 million par value, are non-voting and have a 5% cumulative annual dividend payable when the shares are redeemed. The company recorded the spin-off transaction as a tax-free spin-off; the 19% equity interest is included on our December 31, 2024 and December 31, 2023 balance sheet, the note receivable is included in our December 31, 2023 balance sheet and the preferred equity is included in our December 31, 2024 balance sheet. Refer to Note 14 for additional information on the spin-off.

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 December 31, 2024, and for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity (in thousands):

	Payments Due by Period - In thousands				
	Total	1 year	2 - 3 years	4 - 5 years	Over 5 years
Revolving credit facility with CoBank, principal only	\$ 38,750	\$ —	\$ —	\$ 38,750	\$ —
Construction Loan, FCSB, principal only	8,003	—	8,003	—	—
Notes to sellers, principal only	18,148	—	11,448	6,700	—
Operating leases	6,371	1,081	1,850	1,189	2,251
Interest on Debt (a)	18,965	4,889	7,856	6,199	21
Debt on Building acquisition, principal only	1,735	80	1,172	191	292
Total contractual cash obligations and commitments	<u>\$ 91,972</u>	<u>\$ 6,050</u>	<u>\$ 30,329</u>	<u>\$ 53,029</u>	<u>\$ 2,564</u>

Note (a): The calculation of future interest payments for variable rate debt is based on the interest rate at the balance sheet date.

At December 31, 2024, total debt, was \$66.6 million, compared to \$53.5 million at December 31, 2023. As of December 31, 2024, there was \$11.4 million of fixed interest rate seller note debt at 6%, as well as the \$1.7 million of building debt at fixed rates of 5.25% to 6%. Our variable interest rate debts consist of our revolving credit line with \$38.8 million of variable interest rate debt, averaging 7.1%, a construction loan totaling \$8.0 million at an average interest rate of 7.0%, and \$6.7 million of seller notes with an average interest rate of 6.0%. The revolving credit facility is secured by the common stock of the subsidiaries that are not already pledged.

With the company's election to accept E-ACAM and grant awards (ReConnect III & IV), management's preliminary estimate of total capital expenditures for these projects remaining over the next four years will total just over \$440 million, or just under \$290 million, after grant receipts of \$152 million. This includes E-ACAM build-out requirements, other regulated upgrades, various grant awards and our desire to continue the growth of our expansion markets and services which compares to our 2024 and 2023 capital expenditures of \$68.5 million and \$37.7 million, respectively. Such construction programs require significant incremental operational and financial resources. Management and the board continue to evaluate our current project plans to reduce costs were possible. As an example, we are reviewing the possibility of increasing the deployment of high-speed fixed wireless solutions in place of fiber where feasible. We continue to evaluate our various alternative financing options, with the focus on ensuring the company has financial resources necessary to complete these projects. This includes the possibility of ReConnect V loans at below market rates with deferred payments during initial build out and extended amortization periods.

As of December 31, 2024, the ratio of total debt (excluding the operating leases and future interest) to EBITDA was 1.33 to 1 compared to 1.35 to 1 as of December 31, 2023.

ALLOWANCE FOR CREDIT LOSSES

AR are recorded at amortized cost less an allowance for credit losses (AFCLs) that are not expected to be recovered. The gross amount of AR is recorded net of the corresponding AFCLs in the consolidated balance sheets. We maintain AFCLs resulting from the expected failure or inability of our customers to make their required payments. We recognize the AFCLs based on management's expectation of the asset's collectability. The allowance is based on multiple factors including historical experience with bad debts, the credit quality of the customer base, the aging of such receivable and current macroeconomic conditions, as well as management's expectation of conditions in the future, as applicable. Our AFCLs are recorded on a quarterly basis based on the aging of our overall AR. Our AR collection policy includes internal collection efforts after an AR balance is past 15 days due with service being suspended after approximately 30 days past due.

Our AFCLs were \$190,000 and \$140,000 as of December 31, 2024, and 2023.

WORKING CAPITAL

As of December 31, 2024, LICT had current assets of \$49.2 million and current liabilities of \$18.3 million resulting in working capital of \$30.9 million, compared to working capital of \$35.6 million at December 31, 2023.

Sources and Uses of Cash

As of January 1, 2024 all LICT subsidiaries have converted to E-ACAM funding support through 2038. In 2023 all LICT subsidiaries were still receiving ACAM support. The total E-ACAM and ACAM cash receipts were \$37.1 million in 2024 and \$23.2 million in 2023 respectively.

Cash and cash equivalents at December 31, 2024, was \$9.5 million, a decrease of \$1.4 million from 2023.

Net cash provided by operations of \$46.9 million in 2024 and \$28.4 million in 2023 was primarily used to invest in plant and equipment, acquisitions, repay debt, pay taxes and acquire treasury shares.

Cash Capital expenditures from operations were \$63.3 million in 2024 and \$37.7 million in 2023.

From 2008 through 2024, the Company has taken bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service of 50%, starting January 1, 2008; 100%, starting September 9, 2010 through December 31, 2011; 50% starting January 1, 2012 and ended on September 28, 2017 and, as a result of the Tax Cuts and Jobs Act, 100% from September 28, 2017 through 2022, 80% in 2023 and 60% in 2024. 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 11,115 shares of the Company's common stock. Through December 31, 2024, the Company purchased 10,658 shares in the open market at an average investment of \$9,149 per share, including 798 shares purchased in 2024 at an average investment of \$14,666 per share. The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999.

LICT Corporation and Subsidiaries

Consolidated Financial Statements

For the Years Ending December 31, 2024 and 2023

LICT Corporation and Subsidiaries

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Independent Auditor's Report

Board of Directors
LICT Corporation and Subsidiaries
Rye, New York

Opinion

We have audited the consolidated financial statements of LICT Corporation and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted

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in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

April 25, 2025

LICT Corporation and Subsidiaries

Consolidated Balance Sheets (in thousands, except share data)

<i>Year Ended December 31,</i>	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,546	\$ 10,992
Restricted cash	1,835	553
Accounts receivable, less allowances of \$190 and \$140, respectively	7,834	6,082
Grants receivable	12,759	1,041
Note receivable from affiliate, including accrued interest	—	15,345
Materials and supplies	12,581	16,825
Prepaid expenses and other current assets	4,681	4,417
Total Current Assets	49,236	55,255
Property, Plant and Equipment, Net	179,910	150,112
Goodwill	48,251	48,251
Other Intangibles	34,100	34,590
Investments in Affiliated Companies	6,723	7,396
Other Assets	10,836	11,436
Total Assets	329,056	307,040
Liabilities and stockholders' equity		
Current Liabilities		
Accounts payable	8,908	7,773
Accrued interest payable	105	272
Accrued liabilities	9,227	7,696
Current maturities of long-term debt	80	3,876
Total Current Liabilities	18,320	19,617
Long-Term Debt	66,556	49,576
Deferred Income Taxes	31,289	28,898
Other Liabilities	9,301	14,261
Total liabilities	125,466	112,352
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, \$0.01 par value; 10,000,000 shares authorized; 26,831 issued; 16,173 and 16,971 outstanding, respectively	—	—
Additional paid-in capital	10,302	10,302
Retained earnings	298,004	277,389
Treasury stock, 10,658 and 9,860 shares, respectively, at cost	(104,716)	(93,003)
Total Shareholders' Equity	203,590	194,688
Total Liabilities and Shareholders' Equity	\$ 329,056	\$ 307,040

See accompanying notes to consolidated financial statements

LICT Corporation and Subsidiaries
Consolidated Statements of Income
(in thousands, except share and per share data)

<i>Year Ended December 31,</i>	2024	2023
Revenues	\$ 134,241	\$ 116,509
Operating Costs		
Cost of revenue, excluding depreciation and amortization	67,994	59,914
General and administrative costs at operations	10,889	11,041
Goodwill asset impairment write down	—	3,500
Corporate office expense	4,756	4,922
Charitable contributions	543	1,161
Depreciation and amortization	23,913	20,115
Total costs and expense	108,095	100,653
Operating Profit	26,146	15,856
Other Income (Expense)		
Investment income	1,528	1,438
Interest expense	(4,188)	(2,629)
Unrealized (loss) gain on investment	(454)	297
Equity in earnings of affiliated companies	42	74
Other	6,063	(322)
Total Other (Expense) Income	2,991	(1,142)
Income from Continuing Operations	29,137	14,714
Provision for income taxes	(8,522)	(4,454)
Income from Continuing Operations, net of tax	20,615	10,260
Income from Discontinued Operations	—	4,473
Tax Provision for Discontinued Operations	—	(1,345)
Income from Discontinued Operations, net of tax	—	3,128
Net Income	20,615	13,388
Basic and Diluted Weighted-Average Shares Outstanding	16,686	17,165
Earnings Per Share:		
Income from continuing operations	\$ 1,235	\$ 598
Income from discontinued operations	—	182
Basic and Diluted Earnings Per Share	\$ 1,235	\$ 780

See accompanying notes to consolidated financial statements

LICT Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity
(in thousands, except share data)

	Shares of Common Stock Outstanding	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance, December 31, 2022	17,341	\$ 17,859	\$264,001	\$ (86,257)	\$195,603
Income from continuing operations	—	—	10,260	—	10,260
Income from discontinuing operations	—	—	3,128	—	3,128
Distribution of Michigan business unit, net of remaining investment in new co. (MachTen, Inc.)	—	(7,557)	—	—	(7,557)
Purchase of treasury stock	(370)	—	—	(6,746)	(6,746)
Balance, December 31, 2023	16,971	10,302	277,389	(93,003)	194,688
Net income	—	—	20,615	—	20,615
Purchase of treasury stock	(798)	—	—	(11,713)	(11,713)
Balance, December 31, 2024	16,173	10,302	298,004	(104,716)	203,590

See accompanying notes to consolidated financial statements

LICT Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

Year Ended December 31,	2024	2023
Cash Flows from Operating Activities		
Net Income	\$ 20,615	\$ 13,388
Less Income from discontinued operations	—	3,128
Income from continuing operations	20,615	10,260
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,913	20,115
Debt costs amortization	73	54
Deferred income tax provision	3,526	1,705
Gain on remeasurement of contingent consideration liability	(6,520)	—
Goodwill asset impairment write down	—	3,500
Unrealized loss (gain) on investment	454	(297)
Realized loss on investment	314	99
Equity in earnings of affiliated companies	(42)	(74)
Unrealized losses on securities	(3)	241
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net of allowances	(711)	(510)
Dividend receivable	345	(345)
Income taxes receivable (payable)	(118)	(369)
Trade accounts payable and accrued liabilities	(120)	1,123
Other assets and liabilities	5,207	(7,125)
Net Cash Provided by Operating Activities from continuing operations	46,933	28,377
Net Cash Provided by Operating Activities from discontinued operations	—	1,219
Net Cash Provided by Operating Activities	46,933	29,596
Cash Flows from Investing Activities		
Capital expenditures	(68,520)	(37,653)
Government grants received	5,236	245
Proceeds from notes receivable from affiliate	15,000	—
Acquisition of Manti	—	(1,815)
Investment in KFN (Kansas Fiber Network)	—	(395)
Other	69	624
Net Cash Used in Investing Activities for continuing operations	(48,215)	(38,994)
Net Cash Used in Investing Activities for discontinued operations	—	(6,493)
Net Cash Used in Investing Activities	(48,215)	(45,487)
Cash Flows from Financing Activities		

See accompanying notes to consolidated financial statements

LICT Corporation and Subsidiaries
Consolidated Statements of Cash Flows (continued)
(in thousands)

Payments to reduce long-term debt	\$	(75)	\$	(373)
Borrowings from (repayment of) line of credit, net		5,250		8,500
Proceeds from construction loan		8,003		—
Purchase of treasury stock		(11,713)		(6,746)
Debt Issuance Costs		(347)		—
Net Cash Provided By (Used in) Financing Activities		1,118		1,381
Net (Decrease) in Cash from continuing operations		(164)		(9,236)
Net (Decrease) Increase in Cash from discontinued operations		—		(5,274)
Net (Decrease) in Cash, Cash Equivalents and Restricted Cash		(164)		(14,510)
Cash and Cash Equivalents and Restricted Cash at beginning of year		11,545		26,055
Cash, Cash Equivalents and Restricted Cash at end of year	\$	11,381	\$	11,545
Supplemental Cash Flow Information from continuing operations				
Cash paid during the year for:				
Interest	\$	4,274	\$	2,256
Income tax payments, net of refunds		5,105		3,979
Non-cash transactions:				
Right-of-use assets obtained in exchange for new operating lease liabilities		821		363
Net change of capital expenditures in accounts payable	\$	1,602	\$	1,312

See accompanying notes to consolidated financial statements

LICT Corporation and Subsidiaries

Notes to Consolidated Financial Statements

1. Accounting and Reporting Policies

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 and has not paid cash dividends since its inception in 1990.

LICT’s subsidiaries operate in rural communities in eight states, providing regulated and unregulated broadband and communications services including local telephone service, network access, transport, high-speed internet access, long-distance service, cable television, and competitive local exchange carrier (“CLEC”) services. LICT’s operating telephone companies include 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; Central Utah Telephone, Skyline Telecom, Bear Lake Communications, Manti Telecommunications Co. Inc. and American Fiber, Inc. in Utah; and California-Oregon Telephone Company in California.

The Company elected to treat the spin-off of its Michigan businesses as a discontinued operation. As a result, Michigan’s contributions to LICT’s consolidated operating results have been separately reported from amounts previously reported in 2023 as discontinued operations. (See additional details in Note 14).

Basis of Presentation

The accompanying consolidated financial statements represent the accounts of LICT and its wholly owned subsidiaries, which provide communications (voice and data), cable television, and internet services. All significant inter-company transactions and balances have been eliminated in consolidation. Investments in affiliates in which the Company does not have majority voting control but has the ability to significantly influence financial and operating policies are accounted for in accordance with the equity method of accounting. The Company accounts for affiliated companies on the equity method of accounting: telecommunications operations in California, Kansas, and Utah (2% to 14% owned through partnerships), and the former subsidiary, rural communication and alarm system subsidiary in New York, in which the Company maintains 12% ownership interest at the end of 2023 which was sold as of August 31, 2024. Marketable securities are measured at Fair Value and all other investments are measured at cost.

The Company’s telephone subsidiaries operate as public utilities and are subject to regulation by the Federal Communications Commission (FCC) and various state public service commissions. The subsidiaries follow accounting practices prescribed by the Uniform System of Accounts established by these regulatory bodies, in accordance with ASC 980, Regulated Operations.

Where applicable, the Company applies regulatory accounting principles that recognize the economic effects of rate regulation. This includes the deferral and amortization of costs, and the recognition of a return on investment, to the extent that such amounts are recoverable through rates authorized by regulators.

Accordingly, the Company depreciates its regulated telephone plant based on useful lives and depreciation rates prescribed by regulatory authorities, which may differ from those that would otherwise be determined by management in an unregulated environment.

The continued application of regulatory accounting depends on several factors, including the ability to recover costs through cost-based rates and the regulatory framework in place. Circumstances that may warrant discontinuation of regulatory accounting include increased competition that limits pricing flexibility or a shift away from cost-based rate-setting mechanisms.

LICT Corporation and Subsidiaries

Notes to Consolidated Financial Statements

The Company reviews the ongoing applicability of regulatory accounting practices in light of changes in its regulatory and competitive environment.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; allowances for doubtful accounts; the valuation of deferred tax assets; goodwill and other intangible assets; marketable securities; liabilities for income tax uncertainties; the application of regulated accounting practices; reserves for National Exchange Carrier Association (“NECA”) revenues; and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Cash Equivalents

Cash equivalents consist of highly liquid investments and treasury bills with original maturities of three months or less when purchased.

Restricted Cash

Restricted cash represents amounts segregated by the Company and not available for general business use. This includes cash deposits specifically designated for construction purposes under the USDA ReConnect Grant program as well as other state and local grants. Restricted cash totaled \$1.8 million as of December 31, 2024 and \$0.6 million as of December 31, 2023.

Concentration of Risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents. Management believes the financial risks associated with these financial instruments are minimal.

Cash equivalents held in United States Treasury money market funds totaled \$1.6 million and \$4.9 million at December 31, 2024 and 2023, respectively, and are insured by the Securities Investor Protection Corporation up to \$500,000 per separate capacity account. The Company maintains its cash balance in accounts that, at times, may exceed the \$250,000 Federal Deposit Insurance Corporation limits per financial institution.

The Company received \$47.1 million and \$33.3 million in 2024 and 2023 respectively, from the Federal Universal Service Fund, various state funds and NECA. This equates to 35.1% and 28.6% of its revenue for each 2024 and 2023.

Investment in Securities

The Company carries its investments in marketable equity securities at fair value and records the subsequent changes in fair values in the consolidated statements of income as a component of other income (expense).

Investment Income – Patronage

The Company has loans with CoBank, ACB (“CoBank”), a cooperative owned and controlled by its members that requires each customer to own a restricted share of CoBank. Each member borrowing from CoBank receives patronage refunds which are calculated based on the average patronage-eligible loan volume outstanding for the calendar year, furthermore, the bank will at its discretion make an additional patronage

LICT Corporation and Subsidiaries

Notes to Consolidated Financial Statements

distribution based on the average patronage-eligible loan volume outstanding. Patronage refunds received in cash were \$0.4 million in 2024 and \$0.3 million in 2023, with the balance in CoBank stock. Total patronage refunds were \$0.5 million in 2024 and \$0.4 million in 2023 and were included as investment income in the Company's consolidated statements of income. Patronage stock is redeemed at its face value for cash ten years after the related debt is paid off. Patronage redemptions were less than \$0.1 million in 2024 and \$0.1 million in 2023. Investment in CoBank stock received as part of the Company's patronage distributions totaled \$0.6 million and \$0.5 million as of December 31, 2024 and 2023, respectively.

Asset Retirement Obligations

The Company's asset retirement obligation ("ARO") primarily represents the fair value of a liability that the Company will incur to restore leased locations to their pre-lease conditions. In the determination of fair value for an ARO, the Company uses various assumptions and judgments, including such factors as the existence of a legal obligation, estimated amounts and timing of settlements, discount and inflation rates. AROs are primarily recorded for the Company's leased fiber, leased tower sites, and pole attachments.

Accounts Receivables

As of December 31, 2024 and 2023 our consolidated accounts receivable ("AR") totaled \$7.8 million and \$6.1 million, net of the allowance for credit losses ("AFCLs"). We believe our receivables as of December 31, 2024 and 2023 are recorded at their fair value.

AR consists primarily of amounts due to the Company from normal business activities and do not bear interest. Uncollectible accounts are written-off (removed from AR and charged against the AFCLs) when internal collection efforts have been unsuccessful. Subsequently, if payment is received from the customer, the recovery is credited to the AFCLs.

Due to the dispersed geographic nature of the Company's operations and the residential nature of its customers, no single customer, or identifiable group of customers, accounts for a significant amount of the Company's receivable balances, other than from NECA, as discussed in Note 10 - *Revenue Recognition* below.

Allowance for Credit Losses

AR are recorded at amortized cost less AFCLs that are not expected to be recovered. The gross amount of AR is recorded net of the corresponding AFCLs in the consolidated balance sheets. We maintain AFCLs resulting from the expected failure or inability of our customers to make their required payments. We recognize the AFCLs based on management's expectation of the asset's collectability. The allowance is based on multiple factors including a heavy weighting of historical experience with bad debts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as management's expectation of conditions in the future, as applicable. Our AFCLs are recorded on a quarterly basis based on the aging of our overall AR. Our AR collection policy includes internal collection efforts after an AR balance is 15 days due with service being suspended after approximately 30 days past due. Our AFCLs increased during the year ended December 31, 2024, compared to 2023.

Grants Receivable

Grants receivable represents amounts due from federal and state grant programs for broadband infrastructure projects, including funds awarded under the USDA ReConnect III and ReConnect IV programs. A grants receivable is established upon completion of predefined milestones of the project, with grant-related expenses being tracked and accrued in anticipation of reimbursement. Government grants received in connection with the construction of property, plant, and equipment (PP&E) are accounted for as a reduction of the carrying amount of the related PP&E. These grants reduce the cost basis of the assets and are effectively recognized in

LICT Corporation and Subsidiaries

Notes to Consolidated Financial Statements

earnings over the useful life of the asset through lower depreciation expense. The Company discloses the nature and amount of such grants in the notes to the financial statements when material. As of December 31, 2024, the short-term grants receivable balance was \$12.8 million compared to \$1.0 million as of December 31, 2023. As of December 31, 2023, the balance of long-term grants receivable was \$1.4 million, classified as other long-term assets.

Note Receivable

On August 31, 2023, the Company completed the spin-off of 81% of the shares of LMT Holdings Corporation (“LMT”), which formally launched MachTen, Inc. (“MAC”) as an independent company. Each LICT stockholder received 150 shares of MAC common stock for every one share of LICT common stock held at close of business on the record date and LICT retaining 19% of the outstanding stock of MAC. Prior to being spun-off LMT declared a \$15 million distribution due to LICT. This distribution was in the form of a note with a maturity date of August 30th, 2024, with an interest rate based on the Secured Overnight Financing Rate (SOFR) + 1.5%. MachTen repaid the principal of this note in full to LICT in August, 2024. The boards of MAC and the Company agreed to a negotiated settlement on the interest accrued on the note. The Company agreed to convert 50% of the interest due on the note (\$0.5 million) into shares of preferred equity in MachTen and to a waiver of the remaining 50% of the interest due on the note (\$0.5 million) per the terms of the negotiated settlement. The preferred shares have an investment term of three years (September 16, 2024 – September 15, 2027), have a \$0.5 million par value, are non-voting and have a 5% cumulative annual dividend payable when the shares are redeemed. The company recorded the spin-off transaction as a tax-free spin-off; the 19% equity interest is included on our December 31, 2024 and December 31, 2023 balance sheet, the note receivable is included in our December 31, 2023 balance sheet and the preferred equity is included in our December 31, 2024 balance sheet.

Materials and Supplies

Materials and supplies are stated at cost and are not held for sale, but rather for purposes of supporting the Company’s business.

Deposits

From time to time, the Company participates in spectrum auctions with the FCC that require upfront deposits to participate. FCC rules restrict information that bidders may disclose about their participation in these auctions, including the amount of their upfront payments.

Reclassification

Certain amounts in the prior-year financial statements have been reclassified to conform with the current-year presentation. These reclassifications, made to the balance sheet, income statement, and statement of cash flows, reflect the creation of new financial statement categories in 2024. The reclassifications had no impact on previously reported net income, total assets, total liabilities, or cash flows.

Property, Plant and Equipment

Property, plant, and equipment are recorded at historical cost and include expenditures for additions and major improvements related to the Company’s regulated telephone operations. Capitalized costs also include an allowance for funds used during construction (AFUDC), in accordance with regulatory accounting principles. Routine maintenance and repairs are expensed as incurred.

Depreciation of regulated telephone plant is calculated using the straight-line method based on class or overall group rates authorized by regulatory authorities. In accordance with ASC 980, the Company accounts for the

LICT Corporation and Subsidiaries

Notes to Consolidated Financial Statements

economic effects of rate regulation, including depreciation methods and useful lives approved by regulators, which may differ from management's estimates in a non-regulated environment.

Depreciation of non-regulated property is also calculated using the straight-line method, but over the estimated useful lives determined by management.

Government grants received in connection with the construction of property, plant, and equipment (PP&E) are accounted for as a reduction of the carrying amount of the related PP&E. These grants reduce the cost basis of the assets and are effectively recognized in earnings over the useful life of the asset through lower depreciation expense. The Company discloses the nature and amount of such grants in the notes to the financial statements when material.

Depreciable lives for the Company's telephone and non-telephone properties, excluding land, range from 15 to 40 years for buildings, 3 to 50 years for machinery and equipment and 3 to 25 years for other assets. Regulated telecommunication assets acquired from other regulated entities are capitalized using the pre-existing entity's gross cost and associated accumulated depreciation.

When a portion of the Company's depreciable property, plant and equipment relating to its telephone operations business is retired, the gross carrying value of the assets, including cost of disposal and net of any salvage value, is charged to accumulated depreciation, in accordance with regulated accounting procedures.

Business Acquisitions

The Company accounts for business combinations in accordance with the acquisition method of accounting, as prescribed by U.S. GAAP. Under this method, the total purchase consideration is allocated to the identifiable tangible and intangible assets acquired, and liabilities assumed, based on their estimated fair values as of the acquisition date. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. The operating results of acquired businesses are included in the Company's consolidated financial statements beginning on the acquisition date. Transaction costs directly related to legal and consulting services for the acquisition are capitalized when they are deemed to be incremental and directly attributable to the transaction. All other acquisition-related costs are expensed as incurred and reported within general and administrative expenses in the consolidated statements of income.

In October 2023, Lynch Telephone Corporation X (, the "Buyer", or "LICT") executed agreements to acquire the assets and operations of the Manti Telephone Company ("MTC"), Manti Tele Communications Co., Inc. ("MTCC"), and American Fiber, Inc ("American Fiber" or "AFI"). The MTCC and AFI acquisitions closed on December 1, 2023. The MTC acquisition received regulatory approvals and closed in January 2025 (See additional details in Note 13).

MTCC owns, operates, and maintains a telephone, internet, and cable television system located in Manti, Utah and AFI owns, operates and maintains a broadband internet access system in American Fork, Utah.

Goodwill and Other Intangible Assets

On January 1, 2017, the Company adopted Accounting Standards Update (ASU) 2017-04, Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment, and the guidance was applied prospectively. Under the standard, if "the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit." As of September 30, 2024, the Company performed its annual impairment tests of goodwill. Based on the analysis and procedures performed, the fair value of the net equity of the Company's reporting units did not exceed its carrying amount. The Company recognized an impairment

LICT Corporation and Subsidiaries

Notes to Consolidated Financial Statements

charge of \$3.5 million in 2023 due to the fact that fair value of the net equity of the Company's Iowa and Wisconsin reporting unit did not exceed its carrying amount.

The Company evaluates the recoverability of goodwill and other intangible assets with indefinite lives for impairment annually, or more often, whenever events or circumstances indicate that such assets may be impaired. With respect to goodwill, the Company estimates the fair value of each reporting unit based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches (income approach and market approaches), (b) estimates of the Company's future cost structure, (c) discount rates for the Company's estimated cash flows, (d) selection of peer group companies for the market approach, (e) required level of working capital, (f) assumed terminal value and (g) time horizon of cash flow forecasts.

The impairment test for other intangible assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The Company estimates the fair value using Level 3 inputs.

In addition to goodwill, intangible assets with indefinite lives, including spectrum licenses, had a carrying value of \$30.0 million and \$29.9 million at December 31, 2024 and 2023, respectively. The Company's carrying value of intangible assets increased as a result of the acquisition of MTCC and AFI. The Company performed its annual assessment of impairment for all of its intangible assets as of December 31, 2024 and 2023 and no impairment charge was required.

The Company's subscriber lists and related rights are generally amortized on a straight-line basis over an eight to fifteen-year life. Such intangible assets had a gross value of \$8.4 million and \$8.4 million at December 31, 2024 and 2023 and accumulated amortization of \$4.3 million and \$3.8 million at December 31, 2024 and 2023. Amortization expense was \$0.5 million and \$0.2 million in 2024 and 2023, respectively. Such intangible assets are included in other intangibles.

The following table provides a summary of future amortization of subscriber lists, trade names and trademarks (in thousands):

<i>Year Ended December 31,</i>		
2025	\$	506
2026		506
2027		506
2028		506
2029		506
Thereafter		1,596
Total Amortization of Subscriber Lists, Trade Names and Trademarks		\$ 4,126

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset (or asset group) to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less

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costs to sell, and depreciation ceases. There were no asset impairments recorded during the years ended December 31, 2024 and 2023.

Deferred Financing Costs

Expenses incurred in connection with the issuance of long-term debt are deferred and are amortized over the life of the respective debt issued. During 2024 and 2023, the Company incurred deferred financing costs of approximately \$0.3 million and \$0.0 million, respectively. Amortization amounted to \$73 thousand for 2024 and \$54 thousand for 2023. These amounts were recorded as interest expense.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, earnouts and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Revenue Recognition

Revenue is measured according to ASC 606, Revenue from Contracts with Customers, which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process, of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This principle is achieved through applying the following five-step approach: (1) identification of the contract, or contracts, with a client, (2) identification of the performance obligations in the contract, (3) determination of the transaction price, (4) allocation of the transaction price to the performance obligations in the contract, and (5) recognition of revenue when, or as, we satisfy a performance obligation.

At contract inception, the Company assesses the goods and services to be provided to the customer and identifies the associated performance obligation. The Company considers all obligations, whether they are explicitly stated in the contract or are implied by customary business practices.

See Note 10 “Revenue Recognition” for a discussion of our revenue recognition policies.

Leases

The Company recognizes leases in accordance with ASC 842, Leases, which requires lessees to recognize a right-of-use (“ROU”) asset and a lease liability on the balance sheet.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. If a discount rate is not stated within the lease agreement, the estimated incremental borrowing rate is derived from information available at the lease commencement date to determine the present value of lease payments. To estimate the incremental borrowing rate, a risk-free rate plus incremental interest rate spread for collateralized debt is used and updated on an annual basis. Multiple incremental borrowing rates that correspond to the term of the leases are used.

Short-term leases primarily consist of month-to-month leases where either party has the option to cancel with less than one year’s notice, or for those leases where the agreement terms are not final. Expenses are recognized as incurred.

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Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax effects attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Accounting guidance concerning uncertain income tax positions requires the Company to recognize the effect of income tax positions only if those positions are more likely than not to be sustained. There were no uncertain tax positions to report in 2024 and 2023. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Earnings per Share

Basic and diluted earnings per common share amounts are based on the weighted-average number of common shares outstanding during each period.

Accounting Pronouncements Recently Adopted

In June 2016, the FASB issued guidance (FASB ASC 326 - Measurement of Credit Losses on Financial Instruments, as amended) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The amendment is currently effective for the Company for annual reporting periods beginning after December 15, 2022. As of January 1, 2023, the Company adopted ASC 326; the impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

2. Investments in Affiliated Companies

During the third quarter of 2023, LICT completed the sale of 40% of its 20% ownership of Brick Skirt Holdings Company (formerly DFT Communications) to CIBL, Inc. LICT's sale of its remaining 12% ownership of Brick Skirt, was completed on August 31, 2024 upon receiving regulatory approval. Prior to the completion of the sale, the interest in Brick Skirt was recorded using the equity accounting method.

Undistributed earnings of all companies accounted for by LICT using the equity method that are included in consolidated retained earnings were \$0.1 million as of both December 31, 2024 and 2023.

3. Property, Plant and Equipment

Components of the Company's property, plant and equipment and accumulated depreciation are as follows (in thousands):

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<i>Year Ended December 31,</i>	2024	2023
Land	\$ 1,213	\$ 1,111
Buildings and leasehold improvements	18,587	17,029
Machinery, vehicles and construction in process	482,399	434,997
	502,199	453,137
Accumulated depreciation	(322,289)	(303,025)
	\$ 179,910	\$ 150,112

Depreciation and amortization expense for 2024 and 2023 was \$23.9 million and \$20.1 million, respectively.

4. Line of Credit and Debt

The Company's long-term debt facilities contain covenants that restrict the distribution of cash and other net assets between subsidiaries or to the parent company. The table below represents long-term debt borrowings by various subsidiaries of LICT (in thousands):

<i>Year Ended December 31,</i>	2024	2023
Long-term debt consists of:		
Revolving credit facility from CoBank, ACB	\$ 38,750	\$ 33,500
Construction loan from First Central State Bank	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 to sellers in connection with acquisitions at fixed rates of 6.0% and variable interest rates at the lower of the five year Treasury rate or 6.0%-10.0% (but not lower than 6%).	10,501	10,501
Other at fixed rates of 5.25% and 6% (including building mortgage)	1,735	1,804
Total Debt	66,636	53,452
Current maturities	(80)	(3,876)
Long Term Debt	\$ 66,556	\$ 49,576

On January 17, 2020, the Company entered into an agreement with CoBank for a \$50 million revolving credit facility. The term of the credit agreement was five years and was to expire on January 17, 2025. On May 1, 2024 the Company extended the termination date of its existing \$50.0 million line of credit with CoBank, from January 17, 2025 to June 30, 2025. In October 2024, the Company secured a new \$100 million revolving credit facility with CoBank, extending the term for five years. This facility provides an additional \$50 million revolving credit facility. 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 December 31, 2024 is SOFR plus 2.0%. The credit facility is secured by a pledge of the stock of the Company's subsidiaries. The outstanding balance under the line-of-credit facility with CoBank, included as revolving credit facility in the table above, was \$38.8 million at December 31, 2024 and \$33.5 million at December 31, 2023. The average balance of the line of credit outstanding was \$40.6 million in 2024 and \$25.9 million in 2023; the highest amount outstanding was \$50.0 million in 2024 and \$ 33.5 million in 2023; and the average interest rate was 7.1% in 2024, 6.9% in 2023. As of December 31, 2024 the Company was in compliance with all of its covenant ratios.

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Additionally, in August 2024, the Company secured an \$11 million credit facility with First Central State Bank (FCSB) to finance its Iowa Notice of Funding Availability (NOFA) 6 build project; the credit facility is for 18 months and is due in February, 2026. As of December 31, 2024, \$8.0 million remained outstanding on this facility at an interest rate of 6.98%. The NOFA 6 build project was completed in the first quarter of 2025 and the state of Iowa released \$7.2 million for NOFA grant funds to the Company on March 31, 2025.

Aggregate principal maturities of long-term debt at December 31, 2024 for each of the next five years are as follows: 2025 - \$0.1 million, 2026 - \$15.7 million, 2027 - \$4.9 million, 2027 - \$6.8 million and 2029 - \$39.1 million.

5. Related Party Transactions

Since 1998, LICT has leased its corporate headquarters from an affiliate of its Chairman. The lease expires in 2028 and includes utilities and escalation. The annual lease payments totaled \$0.2 million in 2024 and \$0.2 million in 2023. Expenses related transportation were paid to the same affiliate were \$0.07 million and \$0.09 million for 2024 and 2023, respectively.

At December 31, 2024 and 2023, assets of \$1.6 million and \$4.9 million, which are classified as cash and cash equivalents, are invested in United States Treasury money market funds for which affiliates of the Company's Chairman serve as investment managers to the respective funds.

The Company has subordinated notes payable to former owners of certain of its telephone companies in connection with acquisitions (see Note 4).

On August 31, 2023, the Company completed the spin-off of 81% of the shares of LMT Holdings Corporation ("LMT"), which formally launched MachTen, Inc. ("MAC") as an independent company. Each LICT stockholder received 150 shares of MAC common stock for every one share of LICT common stock held at close of business on the record date and LICT retaining 19% of the outstanding stock of MAC. Prior to being spun-off LMT declared a \$15 million distribution due to LICT. This distribution was in the form of a note with a maturity date of August 30th, 2024, with an interest rate based on the Secured Overnight Financing Rate (SOFR) + 1.5%. MachTen repaid the principal of this note in full to LICT in August, 2024. The boards of MAC and the Company agreed to a negotiated settlement on the interest accrued on the note. The Company agreed to convert 50% of the interest due on the note (\$0.5 million) into shares of preferred equity in MachTen and to forgive the remaining 50% of the interest due on the note (\$0.5 million). The preferred shares have an investment term of three years (September 16, 2024 – September 15, 2027), have a \$0.5 million par value, are non-voting and have a 5% cumulative annual dividend payable when the shares are redeemed. The company recorded the spin-off transaction as a tax-free spin-off; the 19% equity interest is included on our December 31, 2024 and December 31, 2023 balance sheet (in Investments in Affiliated Companies), the note receivable is included in our December 31, 2023 balance sheet and the preferred equity is included in our December 31, 2024 balance sheet (included in Investments in Affiliated Companies). Refer to Note 14 for additional information on the spin-off.

An officer of one of the Company's subsidiaries is the owner and operator of a construction company that has provided construction and maintenance services to the subsidiary. These services were procured on an arm's length basis, with pricing and terms consistent with those that would be expected in similar transactions with independent third parties. In 2024 and 2023, the construction company provided services totaling \$2.3 million in each year.

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6. Shareholders' Equity

For the year ended December 31, 2024 and 2023, shares have been purchased on the open market in the amount of 798 and 370, respectively at an average investment per share of \$14,666 in 2024 and \$18,235 in 2023. LICT's Board of Directors has authorized the purchase of up to 11,115 shares of its common stock.

7. Income Taxes

LICT files a consolidated income tax return with its subsidiaries for federal income tax purposes. Certain entities file separate state and local income tax returns, while others file on a combined or consolidated basis.

The provision for income taxes is summarized as follows (in thousands):

<i>Year Ended December 31,</i>	2024	2023
Current taxes:		
Federal	\$ 2,894	\$ 2,937
State and local	2,102	(188)
Total Current Taxes	4,996	2,749
Deferred taxes:		
Federal	3,143	1,309
State and local	621	396
Change in state rate	(238)	—
Total Deferred Taxes	3,526	1,705
Total Provision for Income Taxes	\$ 8,522	\$ 4,454

A reconciliation of the provision for income taxes and the amount computed by applying the statutory federal income tax rate to income before income taxes follows (in thousands).

<i>Year Ended December 31,</i>	2024	2023
Tax at statutory rate	\$ 6,117	\$ 3,085
Increases (decreases):		
State and local taxes, net of federal benefit	1,838	682
Other	567	687
Total Provision for Income Taxes	\$ 8,522	\$ 4,454

Deferred income taxes for 2024 and 2023 are provided for the temporary differences between the financial reporting basis and the tax bases of the Company's assets and liabilities. Cumulative temporary differences are as follows (in thousands):

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<i>Year Ended December 31,</i>	2024	2023
Fixed assets and depreciation	\$ 29,482	\$ 25,967
Partnership tax losses in excess of book losses	(14)	66
Goodwill	3,680	3,643
Investments	(46)	—
Right-of-use asset	1,240	2,424
Lease liability	(1,233)	(2,420)
Other reserves and accruals	(788)	(782)
Total Net Deferred Tax Liabilities	\$ 32,321	\$ 28,898

The Company has performed a review of the deferred tax provisions and has concluded that there is no valuation allowance adjustment needed. The Company recognizes tax liabilities in accordance with guidance for uncertain tax positions and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined. During 2024, the Company did not record or maintain any balance in its consolidated financial statements for uncertain tax positions. The Company does not anticipate significant changes to its unrecognized tax benefits in the next 12 months. The Company remains subject to examination for tax years 2021 through 2024 by the Internal Revenue Service and, with few exceptions, is subject to state examinations by tax authorities for the same four years.

8. Fair Value Measurement

The Company follows the authoritative guidance for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis, and of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis or are presented only in disclosures. Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets. Level 3 inputs are unobservable.

The Company has assets that are measured at fair value: U.S. Treasury money market funds, included in cash and cash equivalents in the accompanying consolidated balance sheets, which are classified as Level 1 inputs because they are valued using quoted market prices. U.S. Treasury money market funds had a value of \$1.6 million and \$4.9 million at December 31, 2024 and 2023, respectively.

Cash in banks, trade accounts receivable, trade accounts payable and accrued liabilities are carried at cost, which approximates fair value due to the short-term maturity of these instruments and are classified as Level 1. The fair value of the Company's long-term debt obligations approximates its carrying value as of December 31, 2024. The fair value of the Company's revolving line of credit approximates carrying amount, as the obligations bear interest at a variable rate which approximates the fair value and classified as Level 1.

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On December 1, 2023, the Company completed the acquisition of Manti Tele Communications Co., Inc. (“MTCC”) and American Fiber, Inc. (“AFI”) for total consideration of \$15.3 million, which included \$6.8 million in contingent consideration (the “earnout liability”). The acquisition was accounted for as a business combination under ASC 805. The earnout liability related to the AFI segment was initially estimated at \$6.8 million, calculated based on a multiple of twelve months’ trailing EBITDA, to be measured two years after the closing date (December 1, 2025).

During 2024, based on updated 2025 EBITDA projections, the Company determined that the EBITDA targets for the AFI earnout would not be met. In accordance with ASC 805, the Company remeasured the contingent liability, resulting in a noncash gain of \$6.5 million, which was recorded in other income on the December 31, 2024, income statement. As a result, the earnout liability was reduced to \$0.3 million as of December 31, 2024. The earnout requires the Company to pay a multiple of the twelve-month trailing EBITDA on December 1, 2025. The liability is classified as a Level 3 liability within the fair value hierarchy, as it relies on significant unobservable inputs including management’s projections, and mathematical models. Level 3 valuations involve assumptions that cannot be corroborated with observable market data. Management believes there is no material difference between carrying value and fair value as of December 31, 2024.

The following table includes the equity securities included in other assets on the consolidated balance sheets based on management’s intent to hold them indefinitely and represents the fair value measurements and the level within the fair value hierarchy in which the fair value measurements are classified (in thousands):

December 31, 2024

	Fair Value		Level 1		Level 2		Level 3	
Equity securities:								
Common Stock	\$	5,401	\$	5,401	\$	—	\$	—
Total Assets Accounted for, at fair value	\$	5,401	\$	5,401	\$	—	\$	—

December 31, 2023

	Fair Value		Level 1		Level 2		Level 3	
Equity securities:								
Common Stock	\$	5,648	\$	5,648	\$	—	\$	—
Total Assets Accounted for, at fair value	\$	5,648	\$	5,648	\$	—	\$	—

The following table includes the earnout liability included in other liabilities on the consolidated balance sheets and represents the fair value measurements and the level within the fair value hierarchy in which the fair value measurements are classified (in thousands):

December 31, 2024

	Fair Value		Level 1		Level 2		Level 3	
Earnout	\$	300	\$	—	\$	—	\$	300
Total Liabilities Accounted for, at fair value	\$	300	\$	—	\$	—	\$	300

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December 31, 2023

	Fair Value		Level 1		Level 2		Level 3	
Earnout	\$	6,820	\$	—	\$	—	\$	6,820
Total Liabilities Accounted for, at fair value	\$	6,820	\$	—	\$	—	\$	6,820

9. Employee Benefit Plans

LICT maintains several defined contribution plans at its telephone subsidiaries and corporate office. LICT's contributions under these plans, which vary by subsidiary, are based primarily on the financial performance of the business units and employee compensation. Total discretionary employer contribution expense related to these plans was \$2.0 million in 2024 and \$2.0 million in 2023.

The Company has a Principal Executive Bonus Plan, for which \$0.2 million was recorded in 2024 and \$0.3 million in 2023.

10. Revenue Recognition

Revenue Accounted for in Accordance with ASC 606

Local access revenue is accounted for under ASC 606 and comes from providing local telephone exchange services and is billed to end users in accordance with tariffs filed with each state's Public Utilities Commission. Local access revenue is predominantly billed in advance and recognized as revenue when earned.

Interstate and intrastate access revenues handled as "bill-and-keep" (see notes under *Revenue Accounted for in Accordance with Other Guidance*) are accounted for under ASC 606, for which revenues are recognized as services are provided.

Broadband and related services, video including cable modem and other non-regulated revenues are accounted for under ASC 606, for which revenues are recognized as services are provided.

Revenue Accounted for in Accordance with Other Guidance

Regulated RLECs are required to follow the Code of Federal Regulations (CFR) Title 47- Telecommunications Part 32 established by the FCC; therefore, Part 32 contains the Other Guidance which the Company's Rural Local Exchange Carriers (RLECs) follow. Certain revenues for regulated companies are derived from the Company's cost for providing services. Revenue that is billed in arrears includes most intrastate and interstate network access services, nonrecurring local services, and long-distance services. The earned but unbilled portion of this revenue is recognized as revenue in the period that the services are provided.

Intrastate access revenues are based on tariffs approved by the state Commissions and are subject to ASC 606 because they are handled on a bill-and-keep basis. Interstate access revenues are either bill-and-keep or are derived from settlements with NECA or the Universal Service Administrative Company. Intrastate Universal Service Fund (USF), Interstate USF and Interstate settlement revenues are not accounted for under ASC 606. NECA was created by the FCC to administer interstate access rates and revenue pooling on behalf of small local exchange carriers who elect to participate in a pooling environment. The Company's RLECs operate as cost-based or average schedule. Interstate settlements for cost-based companies are determined based on the Company's cost of providing interstate telecommunications service, including investments in specific types of infrastructure and operating expenses and taxes. Interstate settlements for average schedule companies are

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determined based on formula-based costs using industry averages, which are intended to represent a surrogate for company-specific costs.

As of January 1, 2024, the Company voluntarily moved to a fixed amount of USF support based on the FCC's new Enhanced Alternative Connect America Cost Model (E-ACAM). E-ACAM requires a build-out to a minimum of 100/20 Mbps by December 31, 2028 to specific locations which were lacking 100/20 Mbps in the RLEC's service territory with deployment milestones along the way. E-ACAM replaced the fixed-support ACAM and ACAM II programs which would have terminated December 31, 2028. E-ACAM provides revenue for a fifteen-year period ending December 31, 2038 based on a cost model, rather than company-specific costs, subject to one true-up to be completed by December 31, 2025. Carriers electing E-ACAM, as well as the prior ACAM and ACAM II USF mechanisms, are required to maintain voice and existing broadband service. Total 2024 E-ACAM revenues were \$37.1 million, in 2023 total ACAM and ACAM II revenues were \$23.2 million.

For certain revenues, the Company collects taxes from its customers on behalf of various governmental authorities and remits these taxes to the appropriate authorities. The collection of such taxes and fees is not recognized as revenue. Deferred revenue resulting from large business installations or other services are included in other liabilities and are amortized over the customer life.

The following tables provide the Company's revenue disaggregated on the basis of revenue source and products (in thousands):

December 31, 2024

	Accounted for Under ASC 606	Accounted for Under Other Guidance	Total Revenue
Non-Regulated Revenue			
Broadband and related services	\$ 66,309	\$ —	\$ 66,309
Video	4,747	—	4,747
Other	4,106	—	4,106
Total Non-Regulated Revenue	75,162	—	75,162
Regulated Revenue			
Local access	\$ 4,076	—	\$ 4,076
Interstate access and USF	3,099	43,466	46,565
Intrastate access and USF	285	6,916	7,201
Other	1,189	48	1,237
Total Regulated Revenue	8,649	50,430	59,079
Total Revenue	\$ 83,811	\$ 50,430	\$ 134,241

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December 31, 2024

	Accounted for Under ASC 606
Revenue accounted for in accordance with ASC 606 consisted of the following:	
Services transferred over time	\$ 83,004
Equipment and long-distance service transferred at a point in time	807
Total Revenue	\$ 83,811

December 31, 2023

	Accounted for Under ASC 606	Accounted for Under Other Guidance	Total Revenue
Non-Regulated Revenue			
Broadband and related services	\$ 61,852	\$ —	\$ 61,852
Video	4,467	—	4,467
Other	4,123	—	4,123
Total Non-Regulated Revenue	70,442	—	70,442
Regulated Revenue			
Local access	\$ 4,471	—	\$ 4,471
Interstate access and USF	3,223	30,131	33,354
Intrastate access and USF	272	6,895	7,167
Other	1,028	47	1,075
Total Regulated Revenue	8,994	37,073	46,067
Total Revenue	\$ 79,436	\$ 37,073	\$ 116,509

December 31, 2023

	Accounted for Under ASC 606
Revenue accounted for in accordance with ASC 606 consisted of the following:	
Services transferred over time	\$ 78,709
Equipment and long-distance service transferred at a point in time	727
Total Revenue	\$ 79,436

Transaction Price Allocated to Remaining Performance Obligations

The aggregate amount of the transaction price allocated to the remaining performance obligations for contracts with customers that are unsatisfied, or partially unsatisfied, are accounted for in accordance with ASC 606. For equipment delivery, installation and configuration, and services, the performance obligation is expected to be satisfied within 12 months. For business broadband and other services, the performance obligation will be satisfied as the service is provided over the terms of the contracts, which typically range from one to five years. The Company's agreements with its residential customers are typically originated on a month-to-month basis, or one to two-year contracts converting to a month-to-month basis after expiration, and no provision is made for future performance obligations.

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Contract Assets and Liabilities

The Company incurs certain incremental costs to obtain contracts that it expects to recover. These costs consist primarily of sales commissions and other directly related incentive compensation payments related to customer contracts. Incremental costs of obtaining contracts for which the term is one year or less are expensed as incurred. The Company does not incur material contract fulfillment costs associated with its contracts with customers. The cost of the Company's network and related equipment, and enhancements to the network required under customer contracts, is accounted for in accordance with ASC 360, *Property, Plant and Equipment*. When a customer adds a distinct service to an existing contract for the standalone selling price of that service, the new service is treated as a separate contract. Contract modifications and cancellations did not have a material effect on contract assets in the year ended December 31, 2024.

The Company pays incremental commission fees in connection with revenue from contracts with customers. The Company capitalizes commission fees as contract assets that are amortized based on the period of expected benefit to which the assets relate and are included in cost of revenue. Current and long-term portions of these costs were \$0.3 million and \$0.5 million, respectively, at December 31, 2024. Amortization was \$0.7 million and \$0.5 million in 2024 and 2023, respectively. There was no impairment loss in relation to the costs capitalized.

The Company invoices business customers for large installation and infrastructure costs associated with providing new services at the beginning of the contract. These revenues are capitalized as contract liabilities and are amortized, on a straight-line basis, over the customer life under ASC 606. Current and long-term portions of these costs were \$0.3 million and \$2.8 million respectively, at December 31, 2024.

11. Leases

Leases Accounted for in Accordance with ASC 842

The Company's leases primarily consist of buildings for corporate and sales offices, and land for remote equipment facilities.

Lease terms may include options to extend or terminate the lease. Options to extend leases are included when, based on the individual lease and the Company's business objectives at lease inception, it is reasonably certain they will be exercised. Leases with a term of 12 months or less are not recorded on the consolidated balance sheets.

The practical expedient was elected to combine the lease and non-lease components for all asset classes. The following table summarizes the components of lease expense (in thousands):

<i>Year ended December 31,</i>	2024	2023
Operating lease cost	\$ 1,263	\$ 1,116
Short-term lease cost	—	—
Finance Lease Cost:		
Amortization of right-of-use assets	10	10
Interest on lease liabilities	—	1
Total lease cost	\$ 1,273	\$ 1,127

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The weighted-average remaining lease term and the weighted-average discount rate for operating leases are as follows:

<i>Year ended December 31,</i>	2024	2023
Weighted average remaining lease term (in years) - operating leases	10.5 years	8.7 years
Weighted average discount rate - operating leases	4.5%	4.2%

The following table provides a summary of minimum payments for operating leases (in thousands):

<i>the year ended December 31, 2024</i>		
2024	\$	1,130
2025		1,017
2026		927
2027		900
2028		383
2029 and thereafter		3,001
Total Obligation		7,358
Less: amount representing interest and discount		(1,569)
Present Value of Future Minimum Lease Payments		5,789
Less: current portion		(974)
Lease Obligations, net of current portion	\$	4,815

ROU assets were approximately \$5.8 million and \$5.1 million at December 31, 2024 and 2023, respectively, and are included in other assets.

12. Charitable Contribution Programs

During 2024 and 2023, the Company's Board of Directors approved a Shareholder Designated Charitable Contribution program. Under the program, each shareholder is eligible to designate a charity to which the Company would donate \$100 per share based upon the number of shares registered in the shareholder's name, to the shareholder's designated 501(c)(3) charity. Shares held in nominee or street name are not eligible to participate. During 2024 and 2023, respectively, the Company recorded a charge of \$0.5 million and \$1.2 million before tax benefit for both years.

The impact of these programs per diluted share were \$24 in 2024 and \$50 in 2023, net of tax benefit related to the contributions, which was included in operating costs in the consolidated statements of income.

13. Acquisition and Earnout Liability Adjustment

On December 1, 2023, the Company completed the acquisition of Manti Tele Communications Co., Inc. ("MTCC") and American Fiber, Inc. ("AFI") for total consideration of \$15.3 million, which included \$6.8 million in contingent consideration ("earnout liability"). The acquisition was accounted for as a business combination under ASC 805.

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The earnout liability associated with the AFI acquisition was initially estimated at \$6.8 million. This amount reflected the estimated fair value of a contingent consideration arrangement, calculated as a multiple of twelve months' trailing EBITDA as budgeted for the two-year period following the acquisition's closing date.

In 2024, based on updated EBITDA projections for 2025, management concluded that the AFI entity would not achieve the previously established earnout targets. Accordingly, in compliance with ASC 805, the Company remeasured the contingent liability and recognized a noncash gain of \$6.5 million, which was recorded in other income on the income statement for the year ended December 31, 2024.

The final purchase price allocation remained unchanged from the initial allocation recorded in 2023.

14. Discontinued Operations – (Spin-off of Michigan Businesses)

On August 31, 2023, the Company completed the spin-off of 81% of the shares of LMT Holdings Corporation ("LMT"), which was formally launched as MachTen Inc., "MAC" as an independent company. Each LICT stockholder received 150 shares of MAC common stock for every one share of LICT common stock held at close of business on the record date and LICT retaining 19% of the outstanding stock of MachTen, Inc.

LICT transferred its wholly-owned indirect subsidiary, LMT, and each of LMT's indirect wholly-owned operating subsidiaries, Upper Peninsula Telephone Company ("UPTC"), Michigan Central Broadband Company, LLC ("MCBC"), and Alpha Communications Limited, Inc. ("Alpha" and together with LMT, UPTC and MCBC, the "Michigan Businesses"), to MAC on August 31, 2023 as part of a tax free spin off.

Since the spin-off was completed on August 31, 2023, the Michigan Businesses were deconsolidated as of that date, and no related assets or liabilities were reported in the Company's consolidated balance sheet as of December 31, 2023.

The following is a summary of the consolidated Michigan businesses directly attributable operating results, which are included in income from discontinued operations for the year ended December 31, 2023 (in thousands).

<i>Year ended December 31,</i>		<i>2023^(a)</i>
Revenues	\$	10,602
Cost of revenues		(4,892)
Depreciation and amortization		(1,279)
Operating Profit		4,431
Other income		42
Income before taxes		4,473
Provision for income taxes		(1,345)
Income from discontinued operations	\$	3,128

(a) Results through August 31, 2023

After the spin-off, LICT retained 19% of the outstanding stock of MAC. The investment is measured at fair value, with unrealized gains and losses recognized in earnings within the other income (expense) section of continuing operations, rather than discontinued operations.

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15. Commitments and Contingencies

Litigation

The Company is involved from time to time in various legal proceedings, regulatory investigations, and claims arising in the normal conduct of business, which may include proceedings that are specific to the Company and others generally applicable to business practices within the industries in which the Company operates. A substantial legal liability or a significant regulatory action against the Company could have an adverse effect on the business, financial condition, and on the results of operations in a particular year. LICT was not involved in any legal proceedings in 2024 and 2023 that had any significant effect on its financial results and is not involved in any ongoing material legal proceedings that are expected to exceed our insurance coverage.

Grant Awards & Capital Projects

As of December 31, 2024, the Company is committed to the construction of two network expansion projects. The first project, located in Deming, New Mexico, is being undertaken by WNM Communications Corporation (“WNMC”) and is expected to cost approximately \$24.9 million. This project is fully funded by a government grant, pursuant to which the Company will be reimbursed up to \$24.9 million for eligible project-related costs incurred. The project is expected to be completed by the end of 2026. The second project is located in Kansas, within the regulated operating territory of the Company’s JBN subsidiary, and is expected to cost approximately \$8.4 million. Of this amount, up to \$6.3 million is eligible for reimbursement through government grant funding (the Company’s Reconnect 3 Grant). This project is expected to be completed by the end of 2025. The Company intends to fund any unreimbursed costs associated with these projects through available cash on hand or other internal sources.

Earnout Liability

As part of the acquisition of Manti Tele Communications Co., Inc. (MTCC) and American Fiber, Inc. (AFI), LICT recorded an earnout provision on the American Fiber company segment. The earnout is based on a multiple of twelve-months trailing EBITDA, two years after the closing date, the anniversary of which will be on December 1, 2025. The earnout liability, was estimated at \$0.3 million and was included as a component of other liabilities in the Company’s December 31, 2024 balance sheet.

In late 2024, based on revised 2025 EBITDA projections, the Company determined that the EBITDA targets for the earnout would not be met. As a result, in accordance with ASC 805, the Company remeasured the contingent liability and recorded a corresponding noncash gain of \$6.5 million in other income in the Company’s December 31, 2024 income statement. Refer to Note 13 - *Acquisition and Earnout Liability Adjustment* for further detail.

Phantom Stock Plan

As of December 31, 2024, a total of 149.5 phantom shares are outstanding, including both the original 2020 awards and the new 2024 awards. During 2024, 3.5 phantom shares from the 2020 award were forfeited. All phantom shares were revalued as of December 31, 2024, reflecting a decline in the fair market value compared to 2023, resulting in an immaterial expense for 2024. The liability for unvested phantom stock awards as of December 31, 2024, was approximately \$0.8 million.

On October 31, 2024, the Company awarded 88 additional shares of phantom stock to 14 employees of the organization under the same terms and conditions as the initial 2020 award. The 2024 awards vest according to the same schedule as the original 2020 awards (30% after 3 years and 70% after 5 years).

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On December 15, 2023, 31 shares of phantom stock were vested at an approximate fair value of \$0.6 million. These awards were paid in two installments: \$0.3 million in 2023 and \$0.3 million in January 2024. During 2023, eight phantom stock shares were forfeited. As of December 31, 2023, we have 65 phantom shares outstanding which are the remaining 70% of the initial award to be paid after five years. The liability for unvested phantom stock awards as of December 31, 2023, was \$1.0 million.

On December 15, 2020, the Company adopted the LICT Phantom Stock Plan. Under this plan 132 shares of phantom stock were awarded to 15 employees of the organization. Each award represents a contractual right to receive an amount in cash equal to the fair market value of a share of our common stock on the settlement date. Each award vests and will be paid out to active participants at 30% of award after year three and the remaining 70% after year five. If a Participant ceases to be employed by the Company all Phantom Shares held by such Participant which have not vested shall automatically and without further notice terminate and become null and void. Since the awarding of the phantom shares, three participants are no longer employed and have forfeited their phantom awards.

The estimated expense for the remaining fiscal years of the program is as follows (in thousands):

Year Ending December 31,		
2025	\$	476
2026		301
2027		280
2028		176
2029		146
Total	\$	1,379

16. Subsequent Events

The Company has evaluated events subsequent to the consolidated balance sheet date and prior to issuance of the consolidated financial statements for the year ended December 31, 2024 through April 25, 2025, the issuance date of the consolidated financial statements.

On January 1, 2025, following receipt of all required regulatory approvals, the Company completed the acquisition of Manti Telephone Company, representing the regulated segment of the broader Manti transaction.

On March 31, 2025, the Company received \$7.2 million in grant funding under Notice of Funding Availability (NOFA) Round 6 from the State of Iowa. These funds relate to the Company's NOFA 6 broadband infrastructure build, which was completed in March 2025. The Company used \$4.1 million of these funds to pay down the debt outstanding with FCSB.

LICT CORPORATION
DIRECTORS, OFFICERS, AND OTHER INFORMATION

Board of Directors

Mario J. Gabelli

Executive Chairman & Interim Chief Executive Officer
GAMCO Investors, Inc.

Robert E. Dolan, CPA

Former Executive Vice President and Chief Financial Officer
LICT Corporation

Gary L. Sugarman

Private Investor

Lerzan Aksoy

Dean - Fordham University - Gabelli School of Business

Salvatore Muoio

Managing Member
S. Muoio Co. LLC

Salvatore M. Salibello, CPA

Senior Partner
Bright Side Consulting

Andrew Sinwell

Founder & Portfolio Manager
N2 Capital Management

Marc Gabelli

Officers & Staff

Mario J. Gabelli

Chairman of the Board &
Interim Chief Executive Officer

Stephen J. Moore

Vice President Finance

Christian Mueller

Corporate Controller

Evelyn Jerden

Senior Vice President - Regulatory Dynamic

Alexander Dominguez

Financial Reporting Controller

Christina McEntee

Chief Administrator

George Ribadeneyra

Accounting Associate

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Trading Information

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