

LICT Corporation

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For Immediate Release:

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LICT CORPORATION REPORTS 2025 First Quarter Results

- Revenue increased quarter over quarter to **\$34.6 million from \$33.5 million**
- Closed the acquisition of Manti Telephone Company on **January 1, 2025**
- Completed the **\$15M Iowa broadband project and received \$7.2M in state grant funding**
- Commenced construction on the **\$25M ReConnect III grant project in Deming, New Mexico**

2025-Unaudited First Quarter Results

Rye, NY – May 23, 2025 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports financial results for the quarter ended March 31, 2025.

Total revenues for the first quarter of 2025 increased by \$1.1 million, or 3.3%, to \$34.6 million, compared to \$33.5 million in the same quarter of 2024.

Non-regulated revenues for the first quarter of 2025 increased by \$900,000, or 4.9%, to \$19.4 million, compared to \$18.5 million in the prior year’s first quarter, driven by higher sales of broadband services and high-speed data circuits.

Regulated revenues were \$15.2 million in the first quarter of 2025, representing an increase of \$200,000, or 1.3%, compared to \$15.0 million. Regulated revenues were bolstered by initial inclusion of \$800,000 from Manti Telephone Company (MTC). This acquisition, which closed on January 1, 2025, underscores our continued strategic expansion in rural markets. The quarter was crimped by a decline in voice and interstate access revenues due to a drop in special access circuits which have been replaced with lower-cost broadband services.

Total EBITDA for the first quarter of 2025 was \$13.8 million, compared to \$14.7 million in the first quarter of 2024, reflecting a decrease of \$900,000, or 6.1%. This decline was primarily driven by increased operating costs, including higher expenses for expanded staffing and professional services related to our operational expansion, as well as elevated repair and maintenance activity in the Company’s New Mexico and Utah operations.

Effective February 1, 2025, under Dan Morrison, former President of our California-Oregon operations assumed responsibility for our New Mexico operations. The leadership team is actively collaborating with existing staff to advance the build-out initiatives under both the Enhanced Alternative Connect America Model (E-ACAM) program and the ReConnect grant program. In parallel, the team remains focused on executing operational enhancements and disciplined cost management strategies aimed at improving efficiency and supporting sustainable revenue and margin growth.

Non-regulated EBITDA for the first quarter of 2025 was \$7.3 million, unchanged from the same period in 2024.

Regulated EBITDA for the first quarter of 2025 was \$6.5 million, compared to \$7.4 million in the same period of 2024, reflecting a decrease of \$900,000, or 12.2%. The decline was primarily driven by losses of wireline customers who are choosing to drop their voice service but are subscribing to high-speed data service, reduced revenues due to a mandatory 5% reduction in switched regulatory revenues and higher operating expenses as detailed above.

OTHER INCOME/(EXPENSES) – Total other income increased by \$700,000 in the first quarter of 2025, compared to a loss of \$700,000 in the first quarter of 2024. This improvement was primarily driven by a \$1.0 million favorable change in unrealized gains on our 19% investment in MachTen, Inc.

EARNINGS PER SHARE – Earnings per share from continuing operations for the first quarter of 2025 were \$256 per share compared to \$294 per share in last year’s first quarter.

Share Repurchase - Program - During the first quarter of 2025, the Company repurchased 166 shares for a total of \$2.6 million, at an average price of \$14,391 per share. This reflects the Company’s continued commitment to disciplined capital allocation and enhancing long-term shareholder value. As of March 31, 2025, LICT had 16,007 shares outstanding.

FCC Programs and Other Capital Expenditures

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

- LICT’s voluntary election of the FCC’s Enhanced Alternative Connect America Cost Model (“E-ACAM”) became effective January 1, 2024. 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. The E-ACAM program is designed to further increase speed and expand the deployment of broadband capabilities throughout the nation’s rural areas.
- Under E-ACAM, in the new program LICT entities receive a total of \$37.2 million annually through 2038 (subject to a one-time true-up to be determined by the FCC by 12/31/2025).
- The gross Capital Expenditures to meet the build-out requirements for E-ACAM total \$170 million which is required and expected to be completed by December 31, 2028.

II. *RECONNECT III and RECONNECT IV-*

- As previously announced, LICT has been awarded \$157.5 million for seven United States Department of Agriculture (USDA) ReConnect III and ReConnect IV grants awarded in Kansas, California and New Mexico with a total project cost of \$171.2 million, of which, our share of cost will be approximately \$13.7 million. These grants require us to provide 1 Gig of fiber broadband speed. The Kansas grant and Deming New Mexico ReConnect grant projects have fiber construction underway with two additional grants in New Mexico ready to commence construction after having received environmental clearance. LICT has been actively working to receive environmental clearance for the remaining ReConnect grant awards before construction can commence.

III. *AFFORDABLE CONNECTIVITY PROGRAM (ACP)*

- Under the FCC ACP program (which was terminated in May of 2024) eligible customers received broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. During 2024, our approximately 1,550 eligible customers received just over \$350,000 in credits. LICT has informed its ACP customers that the company will continue an equivalent Extended Broadband Discount (EBD) through June 30, 2025, at LICT's cost. The Company is currently evaluating options to further extend the EBD beyond this date.

Strategic Initiatives

Acquisitions: On January 1, 2025, following receipt of all required regulatory approvals, the Company completed the acquisition of Manti Telephone Company (MTC), the regulated business segment of the broader Manti transaction. This acquisition was financed with \$8.3 million of seller debt and \$12,000 cash and aligns with the Company's strategic focus on expanding its presence in rural markets and enhancing its broadband service capabilities.

We are pleased to welcome the MTC team to the Company and look forward to working together to deliver high-quality service to customers and drive long-term value for our stakeholders.

Projects: In March 2025, our wholly owned subsidiary, Central Scott telephone, completed its \$15 million broadband infrastructure expansion project in Scott County, Iowa, as part of the Iowa Notice of Funding Availability (NOFA) 6 grant program. Following the successful deployment of Fiber to approximately 1,900 locations in our Central Scott exchange, the Company received the expected \$7.2 million in grant funding from the State of Iowa on March 31, 2025.

Fixed Wireless/5G — Sound Broadband LLC, the wireless subsidiary of LICT Corporation, completed 5G deployments in its existing markets and expanded into new regions, including New Mexico, California, Kansas, and Utah. The company is currently identifying sites in California, Iowa and Kansas for new expansion markets, while also working to reduce costs across its current deployments to deliver the highest speeds at the best possible cost to customers. Sound Broadband remains committed to bridging the digital divide and delivering next-generation connectivity across diverse sectors and underserved regions.

Annual Meeting Date

The LICT annual meeting of Stockholders will be held at 10:30 am on June 6, 2025.

The meeting will be held at 401 Theodore Fremd Avenue, Rye, NY 10580.

OPERATING STATISTICS/BROADBAND DEPLOYMENT AND OTHER ASSETS

LICT owns and operates 7,077 miles of fiber optic cable, 8,950 miles of copper cable, 846 miles of coaxial cable, 104 towers, along with other assets including spectrum with a cost of \$29.5 million, investments in MachTen of \$4.4 million and Aureon valued at \$9.0 million.

	March 31, 2025	December 31, 2024	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	49,778	49,497	281	0.6%
Voice Lines				
ILEC	17,189	15,871	1,318	8.3%
Out of franchise	5,843	6,113	(270)	-4.4%
Total	23,032	21,984	1,048	4.8%
Video Subscribers	3,361	3,467	(106)	-3.1%
Revenue Generating Units	76,171	74,948	1,223	1.6%

This release contains certain forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation anticipated financial results, financing, capital expenditures and corporate transactions. It should be recognized that such information is based upon certain assumptions, projections and forecasts, including without limitation, business conditions and financial markets, regulatory and other approvals, and the cautionary statements set forth in documents filed by LICT on its website, www.liccorp.com. As a result, there can be no assurance that any possible transactions will be accomplished or be successful, or that financial targets will be met. Such forward-looking information is subject to uncertainties, risks and inaccuracies, which could be material.

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

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

	Three Months Ended March 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Revenues	\$ 34,609	\$ 33,499
Cost and Expenses:		
Cost of revenue, excluding depreciation and amortization	17,594	16,073
General and administrative costs at operations	3,195	2,746
Corporate office expenses	1,412	1,278
Depreciation and amortization	6,827	6,005
Total Costs and Expenses	<u>29,028</u>	<u>26,102</u>
Operating profit	5,581	7,397
Other Income (Expense)		
Investment income	784	894
Interest expense	(1,147)	(970)
Unrealized gain/(loss) on investment	424	(594)
Equity in earnings of affiliated companies	(66)	(27)
Other	10	38
Total Other Income (Expense)	<u>5</u>	<u>(659)</u>
Income from operations before income taxes	5,586	6,738
Provision for Income Taxes	(1,470)	(1,761)
Net Income	<u>\$ 4,116</u>	<u>\$ 4,977</u>
Capital Expenditures	\$ 15,485	\$ 16,354
Basic and Diluted Weighted-Average Shares	16,095	16,943
Earnings Per Share	\$ 256	\$ 294
Actual shares outstanding at end of period	16,007	16,971

LICT Corporation
Balance Sheet
(In Thousands)

	(Unaudited)	(Audited)
	March 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,394	\$ 9,546
Restricted cash	1,773	1,835
Accounts receivable, less allowances of \$218 and \$190, respectively	8,304	7,834
Grants receivable	8,161	12,759
Materials and supplies	12,979	12,581
Prepaid expenses, and other current assets	5,513	4,681
Total current assets	53,124	49,236
Property, Plant, and Equipment, Net	187,149	179,910
Goodwill	51,185	48,251
Other intangibles	35,772	34,100
Investments in Affiliated Companies	6,293	6,723
Other assets	11,297	10,836
Total assets	\$ 344,820	\$ 329,056
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,993	\$ 8,908
Accrued interest payable	338	105
Accrued liabilities	10,646	9,227
Current maturities of long-term debt	9,683	80
Total current liabilities	26,660	18,320
Long-term debt	71,827	66,556
Deferred income taxes	31,920	31,289
Other liabilities	9,280	9,301
Total liabilities	139,687	125,466
Total shareholders' equity	205,133	203,590
Total liabilities and shareholders' equity	\$ 344,820	\$ 329,056

EBITDA

EBITDA is a widely recognized measure of operating performance and liquidity, commonly used by analysts, investors, and other stakeholders in the telecommunications industry. It provides a useful benchmark by removing variations in financial, capitalization, and tax structures, allowing for better comparability across companies.

We consider EBITDA trends to be a key indicator of our ability to generate sufficient operating cash flow to support working capital needs, service debt obligations, and fund capital expenditures.

EBITDA is calculated as Operating Profit from Continuing Operations, adjusted to include corporate expenses, depreciation and amortization, charitable contributions, and impairment losses.

	Three Months Ended March 31,	
	2025	2024
	(Unaudited)	(Unaudited)
EBITDA Adjustment:		
Operating Profit from Operations	\$ 5,581	\$ 7,397
Additions:		
Corporate expenses	1,412	1,278
Depreciation and amortization	6,827	6,005
EBITDA from operations	\$ 13,820	\$ 14,680

LIQUIDITY - In October 2024, the Company enhanced its financial flexibility by securing a new \$100.0 million revolving credit facility with CoBank. This facility, which carries terms similar to the Company's prior \$50.0 million revolver, extends for a five-year term and doubles the Company's available liquidity. As of March 31, 2025, the Company had drawn \$43.8 million under this facility, with an average interest rate of 6.4% during the first quarter.

As previously disclosed, in August 2024, the Company entered into an \$11 million credit facility with First Central State Bank (FCSB) to support construction of its Iowa NOFA 6 project. As of March 31, 2025, \$9.6 million remained outstanding at an interest rate of 6.41%. The project was successfully completed in March 2025, and on March 31, 2025, the Company received \$7.2 million in grant funding from the State of Iowa. The FCSB facility was fully repaid in early May 2025.

As of March 31, 2025, the Company's net debt balance stood at \$55.0 million, compared to \$47.4 million as of December 31, 2024. The \$7.6 million increase (16.1%) reflects a \$14.9 million rise in total debt, including a \$5.0 million draw on the CoBank facility, \$8.3 million in seller notes related to the MTC acquisition, and a \$1.6 million draw on the FCSB facility. These increases were partially offset by a \$6.8 million increase in cash, largely attributable to the Iowa state grant as well as a \$0.5 million increase in accounts receivable.

The Company maintains ample liquidity under its \$100 million credit facility, allowing it to balance strategic investments, acquisitions, and return of capital to shareholders.

CAPITAL EXPENDITURES – In the first quarter of 2025, capital expenditures totaled \$15.5 million, a decrease of \$900,000 (5.5%) compared to \$16.4 million in the first quarter of 2024. Spending this quarter was primarily directed toward the continued build- out of E-ACAM broadband infrastructure, the Iowa NOFA 6 project, and early-phase ReConnect III and IV initiatives. The Company also allocated capital to fixed wireless and 5G network expansion under the direction of its Sound Broadband subsidiary. LICT currently projects full-year 2025 capital expenditures of just over \$100.0 million to exceed the 2024 gross capital expenditures of \$68.0 million. The current projection will be impacted by the timing of the commencement of the grant projects in New Mexico and California that are awaiting environmental clearance. In the first quarter of 2025 we received \$7.2 million in state grant funding for the completion of the two year Iowa NOFA 6 fiber to the home project. Capital investments remain integral to achieving regulatory commitments and expanding high-speed broadband services across LICT’s rural markets.