

For Immediate Release:

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LICT Corporation Reports Results for the 3rd Quarter 2024

- Increase In Revenues of 16.9% for the Third Quarter
- EBITDA Up 26% to \$13.7 million from \$10.8 million in prior year
- LICT continues to assume costs for Affordability Connect Program (which was ended in May 2024) customers through January 2025.
- Approved Designated Charitable Contributions

2024-Unaudited Third Quarter Results

Rye, NY – November 11, 2024 – LICT Corporation (“LIC” or the “Company”; OTC Pink®: LICT) reports financial results for the quarter ended September 30, 2024. Data for all periods has been adjusted for the spin-off of MachTen on August 31, 2023, whose 2023 results are presented as discontinued operations.

Total revenues in the third quarter of 2024 increased by \$4.9 million to \$33.7 million versus \$28.8 million in the same quarter a year ago.

Regulated revenues were \$14.8 million in the third quarter of 2024, an increase of \$3.5 million versus the prior year’s third quarter of \$11.3 million. The acceptance of Enhanced ACAM (E-ACAM) accounted for a \$3.5 million increase in regulated revenues for the quarter.

Non-regulated revenues for the third quarter of 2024 increased 8% to \$18.9 million from the prior year’s third quarter \$17.5 million driven by sales of broadband services and high-speed data circuits. Further, our results for the third quarter of 2024 include \$750K in revenues from the Manti Non-Regulated entities which were acquired on December 1, 2023.

Total EBITDA was \$13.7 million in the third quarter of 2024 as compared to \$10.8 million in the third quarter of 2023. The \$2.9 million increase in EBITDA was driven by the election of E-ACAM as well as an increase in our non-regulated business, which was offset by higher operating expenses, including labor costs, professional and engineering expenses.

Regulated EBITDA in the third quarter of 2024 was \$7.0 million compared to \$4.1 million during the same period last year, driven by E-ACAM and offset by increases in operating expenses.

Non-regulated EBITDA was unchanged at \$6.7 million compared to the same period last year.

OTHER INCOME/(EXPENSES) – Other expenses increased by \$1.4 million in the third quarter of 2024 compared to 2023 primarily driven by a \$0.6 million rise in interest expense.

EARNINGS PER SHARE – Earnings per share from continuing operations for the third quarter of 2024 were \$228 per share compared to \$195 per share in the same period last year.

Shareholder Designated Charitable Contribution Program

LICT Corporation (OTC Pink: LICT) will continue its Shareholder Charitable Contribution program for all registered shareholders. Shareholders of record on November 15, 2024, will be eligible to designate a 501 (c) (3) charity to which a \$100 per share donation will be made.

We believe charitable giving is a cornerstone of society and an obligation for those with means to make a difference in the world. As an organization, LICT will have no control over the donations, but we are happy to make them on behalf of our shareholders.

Over the past 9 years, LICT has made more than \$10 million in charitable contributions.

Share Repurchase Program

During the three months ended September 30, 2024, the Company repurchased 134 shares for \$1.8 million, with an average price of \$13,629 per share. For the nine months ended September 30, 2024, the company has repurchased 431 shares for \$6.6 million, with an average price of \$15,223 per share. As of September 30, 2024, 16,540 shares were outstanding. Between October 1st and the date of this press release (November 11th), the Company repurchased 180 shares for \$2.5 million, with an average price of \$13,655 per share.

FCC Programs and Other Capital Expenditures

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

Effective January 1, 2024, all of LICT's Rural Local Exchange Carriers (RLECs) voluntarily elected the Federal Communications Commission's (FCC) Enhanced ACAM program which provides funding for build-out by December 31, 2028 of at least 100/20 Mbps to almost 20,000 mandatory E-ACAM locations lacking 100/20 Mbps broadband service. The Company's RLECs are aggressively designing, engineering, and constructing facilities to be in compliance with the FCC's E-ACAM program. E-ACAM increased LICT's federal Universal Service Fund (USF) revenues an incremental \$14 million per year (\$3.5 million per quarter) to a total of \$37.2 million annually through 2038 (subject to a true-up in 2025 for more precise E-ACAM location counts) as compared to \$23.2 million received in both 2023 and 2022 for ACAM that would have ended December 31, 2028. The total gross capital expenditures to meet the E-ACAM buildout requirements, along with Federal and State grants are estimated at \$511 million (\$349 million net of grant funding).

II. LICT EXTENDED THE FCC'S AFFORDABLE CONNECTIVITY PROGRAM (ACP):

ACP was terminated in May 2024. LICT informed its ACP customers that the Company will continue an equivalent credit through January 31, 2025, at LICT's cost. Eligible ACP customers received a continuation of their broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. During the third quarter of 2024, LICT provided approximately 1,544 ACP eligible customers with the same credits for which they were previously eligible, at the Company's expense.

III. *SUPREME COURT ENDS THE CHEVRON DEFERENCE DOCTRINE:*

On June 28, 2024, the U.S. Supreme Court ended the Chevron deference doctrine. With this ruling, the Supreme Court cut back sharply on the power of federal agencies to interpret the laws they administer and ruled that courts should rely on their own interpretation of ambiguous laws. Management will continue to monitor the impacts of this ruling on the business of the company and specifically any funding provided by government programs.

IV. *PETITIONS TO SUPREME COURT TO REVIEW FIFTH CIRCUIT USF DECISION:*

The Department of Justice, FCC, various industry associations and public interest groups filed petitions before the Supreme Court requesting it review the decision by the U.S. Court of Appeals for the Fifth Circuit that found the Universal Service Fund (USF) contribution mechanism to be unconstitutional related to delegation to the FCC and sub-delegation to the USF Administrator. The ruling of the full Fifth Circuit that the program was unconstitutional differs from the rulings of the Sixth and Eleventh Circuits, which ruled in favor of the USF. Management is monitoring the impacts of this the Fifth Circuit ruling on the business of the company and USF funding.

Strategic Initiatives

The spin-off of our Michigan entity, MachTen (OTC Pink: MACT), occurred on August 31, 2023. At the time of the spin-off each shareholder of LICT received 150 shares of MachTen per share of LICT and LICT retained 19% of MachTen (605,980 shares). MachTen repaid LICT a \$15 million note in August 2024.

LICT's acquisition of Manti Telephone Communications Company (MTCC), and AFConnect (AFI) is complete, the non-regulated facet of the Manti transaction closed on December 1, 2023. The regulated portion, Manti Telephone Company (MTC) transaction is still pending regulatory approval.

LICT's sale of its remaining 12% ownership of Brick Skirt was completed on August 31, 2024, and the company now owns 450 shares of CIBL.

FIXED WIRELESS/5G -Sound Broadband LLC, the wireless subsidiary of LICT Corporation, has successfully completed 5G deployments in its existing markets and expanded into new regions, including New Mexico, California, Kansas, and Utah.

In addition to expanding Fixed Wireless 5G services, Sound Broadband is growing its Private 5G portfolio to meet the unique needs of businesses, government, and other organizations

seeking secure, high-performance wireless networks. To support both public and private 5G growth, the company is applying for federal funding, including the BEAD program, to extend coverage into more remote areas. Sound Broadband remains committed to bridging the digital divide and delivering next-generation connectivity across diverse sectors and underserved regions.

OPERATING STATISTICS/BROADBAND DEPLOYMENT - LICT owns and operates 6,728 miles of fiber optic cable, 9,040 miles of copper cable, 843 miles of coaxial cable and 100 towers.

	September 30,	December 31,	Increase	Percent
	2024	2023	(Decrease)	Increase
				(Decrease)
Broadband lines	49,532	47,635	1,897	4.0%
Voice Lines				
ILEC	16,912	17,549	(637)	(3.6%)
Out of franchise	6,169	6,287	(118)	(1.9%)
Total	23,081	23,836	(755)	(3.2%)
Video Subscribers	3,489	3,341	148	4.4%
Revenue Generating Units	76,102	74,812	1,290	1.7%

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Operating Revenues	\$33,687	\$28,814	\$100,870	\$86,908
Operating Expenses:				
Cost of revenue	17,318	15,227	50,153	44,759
General and administrative costs at operations	2,701	2,765	8,177	8,148
Corporate office expenses	1,040	1,395	3,478	3,626
Depreciation and amortization	5,562	4,591	17,369	14,656
Total Operating Expenses	<u>26,621</u>	<u>23,978</u>	<u>79,177</u>	<u>71,189</u>
Operating Income	7,066	4,836	21,693	15,719
Other Income (Expense)				
Investment income	265	143	1,473	1,124
Interest expense	(1,177)	(629)	(3,243)	(1,894)
Unrealized loss on investment	(151)	-	(788)	-
Equity in earnings of affiliated companies	-	49	225	74
Other	(863)	(134)	(828)	(245)
Total Other Income (Expense)	<u>(1,926)</u>	<u>(571)</u>	<u>(3,161)</u>	<u>(941)</u>
Income from continuing operations	5,140	4,265	18,532	14,778
Provision for Income Taxes	(1,357)	(935)	(4,898)	(3,186)
Net Income from continuing operations	3,783	3,330	13,634	11,592
Income (Loss) from discontinued operations	-	(157)	-	2,270
Tax Provision for discontinued operations	-	34	-	(489)
Income (Loss) from discontinued operations, net of tax	-	(123)	-	1,781
Net Income	<u>\$3,783</u>	<u>\$3,207</u>	<u>\$13,634</u>	<u>\$13,373</u>
Capital Expenditures	\$15,375	\$12,598	\$43,490	\$29,905
Basic & Diluted Weighted Average Shares	16,624	17,109	16,780	17,213
Actual shares outstanding at end of period	16,540	17,069	16,540	17,069
Earnings Per Share:				
Income from continuing operations	\$228	\$195	\$813	\$674
Income (Loss) from discontinued operations	-	(7)	-	103
Basic & Diluted Earnings Per Share	<u>\$228</u>	<u>\$187</u>	<u>\$813</u>	<u>\$777</u>

LICT Corporation
Balance Sheet

(In Thousands, Except Per Share Data)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$14,441	\$11,545
Accounts receivable, less allowances of \$188 and \$140, respectively	10,943	7,123
Note receivable from affiliate, including accrued interest	--	15,345
Material and supplies	14,049	16,825
Prepaid expenses, and other current assets	4,041	4,417
Total current assets	<u>43,474</u>	<u>55,255</u>
Property, plant, and equipment, net	174,583	150,112
Goodwill	48,251	48,251
Other intangibles	34,236	34,590
Investments in Affiliated Companies	7,152	7,396
Other assets	15,197	11,436
Total assets	<u><u>\$322,893</u></u>	<u><u>\$307,040</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$7,553	\$7,773
Accrued interest payable	66	272
Accrued liabilities	8,672	7,696
Current maturities of long-term debt (a)	50,075	3,876
Total current liabilities	<u>66,366</u>	<u>19,617</u>
Long-term debt	11,329	49,576
Deferred income taxes	28,790	28,898
Other liabilities	14,656	14,261
Total liabilities	<u>121,141</u>	<u>112,352</u>
Total shareholders' equity	<u>201,752</u>	<u>194,688</u>
Total liabilities and shareholders' equity	<u><u>\$322,893</u></u>	<u><u>\$307,040</u></u>

Note (a): See 'Subsequent Events' for further information.

EBITDA

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

EBITDA is calculated as Operating Profit from Continuing Operations plus depreciation and amortization expense and corporate expenses.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
EBITDA Reconciliation:				
Operating Profit from Continuing Operations	\$7,066	\$4,836	\$21,693	\$15,719
Additions:				
Corporate expenses	1,040	1,395	3,478	3,626
Depreciation and amortization	5,562	4,591	17,369	14,656
EBITDA from Operations	\$13,668	\$10,822	\$42,540	\$34,001

Sources and Uses of Cash:

	(Unaudited)	
	September 30, 2024	
	Three Months Ended	Nine Months Ended
Net Income	\$ 3,783	\$ 13,634
Adjustments to reconcile net income to net cash provided by operating activities		
Cash Activity (Net Use of Cash)	369	(3,032)
Non-cash Activity (Depreciation, amortization & other activity)	6,653	19,321
Total Net Cash provided by Operating Activities	10,805	29,923
Cash Flows from Investing Activities		
Capital Expenditures	(15,375)	(43,490)
Other Investing Activities	(21)	81
Total Net Cash Used in Investing Activities	(15,396)	(43,409)
Cash Flows from Financing Activities		
Borrowing from Line of credit, net	(8,497)	8,003
Proceeds from repayment of affiliate notes receivable	15,000	15,000
Purchase of treasury stock	(1,835)	(6,570)
Payments to reduce long-term debt	(13)	(51)
Total Net Cash Provided by Financing Activities	4,655	16,382
Net Increase in Cash and Cash Equivalents	64	2,896
Cash & Cash Equivalents at the beginning of the period	14,377	11,545
Cash & Cash Equivalents at the end of the period	\$ 14,441	\$ 14,441

CAPITAL EXPENDITURES – For the third quarter of 2024, capital expenditures were \$15.4 million versus \$12.6 million in the third quarter of 2023. Year to date capital expenditures totaled \$43.5 million in 2024 vs. \$29.9 million in 2023. This increase in capital spending was driven by the build out requirements of E-ACAM.

LIQUIDITY – For the period ended September 30, 2024, the funds drawn on the existing \$50 million CoBank facility are presented on the balance sheet as Current Maturities of Long-Term debt, as required under the terms of US Generally Accepted Accounting Principles (US GAAP), as the debt is due within one year of the financial statement date (due June 30, 2025). For the year ended 2024, as the new five-year facility has been closed (see ‘Subsequent Events’ below), the related borrowings will be reclassified as Long-term Debt on the balance sheet.

SUBSEQUENT EVENTS – On October 23, 2024 the company closed a new \$100 million secured revolving credit facility with CoBank for an extended five-year term. This new facility will provide the company with an additional \$50 million in available liquidity with terms similar to our previous \$50 million revolving credit facility.