

# LICT CORPORATION

2025

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)*

<b>Calendar Year</b>	<b>2025</b>	<b>2024</b>
Revenues	\$ 141,398	\$ 134,241
EBITDA from Operating Units	\$ 56,431	\$ 55,358
Income from Operations Excluding Non-Recurring Items	\$ 12,726	\$ 15,694
Diluted EPS Excluding Non-Recurring Items	\$ 805	\$ 941 (a)
Basic & Diluted Weighted-Average Shares Outstanding	15,799	16,686

(a) Earnings per share less non-recurring items in 2024.

## Letter from the Executive Chairman and Interim Chief Executive Officer

Dear Partners/Owners,

We are in our 40<sup>th</sup> year of stewardship of LICT.

In 2025, revenues grew 4.4% to \$141.4 million, fiber route miles expanded 19% to 8,184, and broadband connections crossed 50,000.

Full-year non-regulated revenues rose 7.7% to \$81.0 million. EBITDA was \$56.4 million with a margin of approximately 40%. Earnings per share from continuing operations were \$771.

Management maintains a conservative balance sheet; net leverage ended the year at 1.5x trailing EBITDA, and 847 shares were repurchased, leaving 15,326 shares outstanding at December 31, 2025.

Key metrics supporting the buildout:

- Gross capital expenditures of \$77.1 million; net outlay of \$52.6 million after \$24.5 million in grants
- E-ACAM revenue rises to \$40.4 million in 2026, locking in approximately \$541.7 million through 2038
- \$157.5 million in ReConnect III & IV grants across seven fiber-to-the-home projects in Kansas, California, and New Mexico are underway

We would consider a significant opportunity within broadband and telecommunications, (our historical core competency), and we continue to evaluate transactions in adjacent regulated industries. If you know of any, please let us know.

The world continues to present its share of challenges including but not limited to elevated debt and deficits, tariff and trade uncertainty, and the acceleration of artificial intelligence across every sector of the economy. Through it all our mission has remained consistent - provide rural America with affordable connectivity speed, accessibility and exceptional service, while maintaining long-term value for shareholders.

We thank our shareholders, partners, directors, management and teammates, for their focus and attention to help the communities we serve.

Thanks to our partners, management, teammates and our directors for their focus and attention to help the communities we serve, as we build for a brighter future for all.

*Mario J. Gabelli*

## Report of the Chief Operating Officer

At LICT, we have always believed that great businesses are built not only on strong financial results, but on people who care deeply about their communities and the work they do each day. In 2025, that belief once again proved to be well-founded. My first nine months as your COO have certainly been productive and impactful.

Let me start with our people.

Across our operating companies—from California and Oregon to Kansas, New Mexico, Iowa, Wisconsin, and Utah—our teams showed resilience, adaptability, and a determination that defines LICT. Whether navigating competitive pressures, integrating acquisitions, or expanding into new markets, our employees remained focused on doing the right things the right way. Just as importantly, they continued to invest their time and energy into the communities we serve—supporting schools, local organizations, and economic development efforts that strengthen the very fabric of rural America.

We think of these efforts not as “extras,” but as essential. Strong communities create strong customers, and strong customers create durable businesses.

Operationally, 2025 was a year of meaningful progress.

We continued to expand our fiber footprint across our markets, ending the year with more than 8,100 route miles of fiber, a 19% increase over the prior year. This expansion is not just about adding miles—it is about delivering faster, more reliable broadband to homes, schools, hospitals, and businesses that increasingly depend on connectivity as essential infrastructure.

Across our subsidiaries, we saw tangible execution of this strategy.

- In Utah, CentraCom expanded fiber significantly while growing broadband subscribers and positioning itself for further growth through the pending Gunnison acquisition.
- In Iowa and Wisconsin, Central Broadband completed the transition to fiber in key markets, enabling speeds up to 8 giga and strengthening our competitive position.
- In California and Oregon, Cal-Ore extended its network and continued multi-year federally supported build outs to reach even the most remote locations.

In Kansas and New Mexico, we invested heavily in both fiber and wireless technologies to extend coverage efficiently and meet regulatory obligations.

We also continued to take a practical, returns-oriented approach to capital allocation—combining fiber deployment with fixed wireless solutions where appropriate. This allows us to maximize coverage while maintaining discipline in how we invest shareholder capital.

While Stephen Moore will go into financial details in his report, I’m pleased to report that 2025 results reflected disciplined performance and strategic investment in the Company’s long-term growth. This marks the



Joe Cecin  
Chief Operating Officer  
Team Member since 2025

mid-point of LICT's investment cycle, with rural broadband expansion accelerating as a key driver of future value.

Our philosophy here is simple: grow steadily, invest intelligently, and take care of our people, our customers and our shareholders.

Looking ahead, we are optimistic.

Demand for broadband in our markets remains strong. Government programs continue to support rural deployment on a bipartisan basis. And our operating companies are well-positioned to execute on both organic growth and strategic expansion opportunities.

In closing, LICT's story remains consistent with what it has always been—a collection of local businesses run by experienced and dedicated people, serving communities we know well, and focused on long-term value creation.

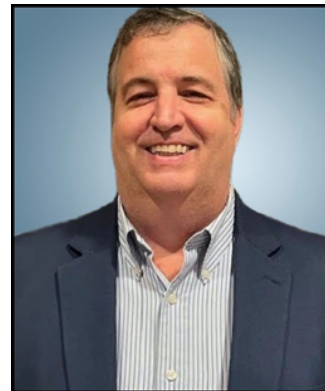
We thank our employees for their hard work, our customers for their trust, and our shareholders for their continued confidence.

We are standing in a good place and are excited about our future.

*Joe Cecin*

## Report of the Vice President - Finance

In 2025, LICT continued its significant investment cycle, actively deploying both fiber optic and fixed wireless assets across our rural service territories to meet the build-out requirements of our Federal Communications Commission's (FCC) Enhanced Alternative Connect America Cost Model ("E-ACAM") and the U.S. Department of Agriculture ("USDA") ReConnect programs. We completed a key acquisition, strengthened our leadership team, and continued to grow our broadband customer base while managing the elevated operating costs that naturally accompany a period of accelerated infrastructure deployment. Broadband services now represent approximately two-thirds of our revenue-generating units, currently the primary engine of our business as customers continue to migrate from legacy services to high-speed connectivity.



Stephen J. Moore  
VP Finance  
Team member since 2014

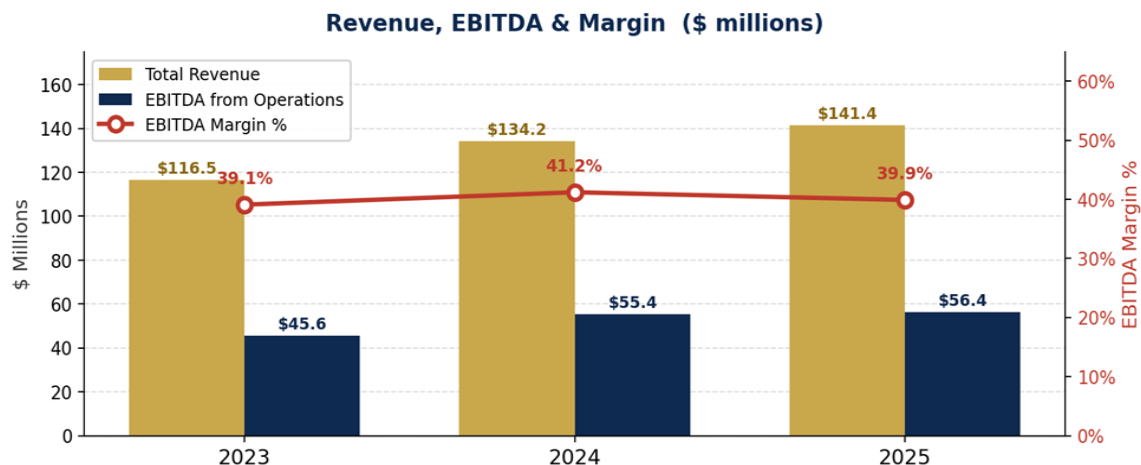
### Strategic Achievements

- **E-ACAM Program.** Following the FCC's December 2025 true-up, LICT's E-ACAM support follows a clear trajectory: rising from \$37.2 million in 2025 to a peak of \$40.4 million in 2026, and \$37.9 million in 2027, then stepping down to a steady state of approximately \$35.4 million annually from 2028 through 2038. Over the full 15-year life of the program (2024–2038), LICT expects to receive approximately \$541.7 million in total support—secured in exchange for deploying 100/20 Mbps broadband to approximately 15,000 locations by December 31, 2028 on a state level. Through the end of 2025, LICT has built to over 50% of these locations, which is the first benchmark at the end of 2026.
- **Asset Integration.** LICT closed the acquisition of Manti Telephone Company (MTC) on January 1, 2025, expanding our regulated presence in rural Utah adding approximately \$3.6 million of incremental regulated revenue in 2025.
- **Network Expansion.** The company made significant investments in network infrastructure, with fiber optic cable expanding 19% to 8,184 route miles by year-end 2025, an increase of 1,316 miles over the prior year. This results in fiber passings totaling approximately 63,000, and total broadband connections grew 3.0% to 50,978, with broadband services now representing approximately two-thirds of revenue-generating units.
- **Share Repurchase Program.** We continued to repurchase our shares. During 2025, we acquired 847 shares of company stock at an average price of approximately \$12,474 per share, totaling \$10.6 million for the year.
- **Community Commitment.** LICT contributed \$1.0 million through our Shareholder Designated Charitable Contribution Program (\$100 per share), bringing the cumulative total to more than \$11.2 million since the program's inception in 2016.

### Financial Highlights

- **Revenue Growth.** Total revenues increased 5.4% to \$141.4 million in 2025, compared with \$134.2 million in 2024. Non-regulated revenues grew 7.7% to \$81.0 million, including \$3.3 million of non-recurring revenue from a one-time fiber-build construction project completed at one of our subsidiaries for a middle-mile provider—a project that also contributed meaningfully to EBITDA. Excluding this item, underlying broadband service revenue grew \$3.2 million, reflecting continued demand across our markets. Regulated revenues rose to \$60.4 million, including \$3.6 million from the MTC acquisition, partially offset by expected declines in legacy voice and special access revenues.

- EBITDA Performance.** EBITDA from operations increased to \$56.4 million from \$55.4 million in 2024, resulting in a strong margin of approximately 40%. Non-regulated EBITDA grew to \$32.4 million driven by broadband revenue growth and construction revenue from a fiber-build project; regulated EBITDA declined to \$24.0 million reflecting higher staffing and professional services costs tied to network expansion.



- Balance Sheet & Leverage.** Net debt finished the year at \$80.3 million, or 1.5x trailing EBITDA—a conservative leverage profile that preserves ample capacity for continued network investment, pursue selective acquisitions, and return capital to shareholders.
- Capital Expenditures.** Gross capital expenditures were \$77.1 million, with approximately \$24.5 million supported by government programs. These partnerships significantly enhance our ability to build in rural markets while maintaining attractive long-term returns. In 2025, LICT added 1,316 miles of fiber, expanding its owned and operated fiber network 19% to 8,184 route miles.

## Outlook for 2026

Looking ahead, our focus is on executing our E-ACAM and ReConnect build-out programs, expansion capital projects and managing operating expenditures. As we navigate this heavy investment cycle with elevated capital and operating expenditures in the near-term, our goal is to emerge in 2029 and beyond with an expanded network that will drive EBITDA growth and as capital requirements decline, result in stronger free cash flow.

We continue to evaluate telecommunications and other regulated industry merger and acquisition opportunities that meet our long-standing criteria: business models and operations that we understand, durable earnings, capable management and sensible valuations.

Our ongoing execution of these strategies reflects LICT’s unwavering dedication to serving our customers, communities, and shareholders by providing accessible, affordable, and reliable high-speed broadband services, while maintaining a conservative balance sheet and returning capital.

*Stephen J. Moore*

## Report of the Senior Vice President - Regulatory Dynamics

Americans located in some of the most rural, high-cost portions of the nation benefit substantially in obtaining affordable access to broadband service that is reasonably priced compared to urban centers - primarily due to Federal and State Universal Service Funds (USF) and grants.

LICT received \$37.2 Million in 2025 of the FCC's E-ACAM USF program and has been rapidly installing high-speed broadband service to transform rural consumers' lives for the better. Homes and businesses with access to high-speed internet service are no longer second-class citizens in the digital global society, but gain substantial benefits for work, education, tele-medicine, entertainment, as well as communicating with the community, friends and family.

In addition to USF funded infrastructure projects, construction continued on high-speed fiber broadband infrastructure projects of \$171.2 million, including Federal ReConnect grants of \$157.5

million awarded in Kansas, New Mexico and California. Our California operation also commenced work in 2026 on two major, state fully-funded, fiber infrastructure projects totaling \$23 Million in northern California. Since broadband must be both available and affordable to be beneficial, LICT continued a program to provide a discount on broadband service to some of the most socio-economically compromised individuals located in our lowest income areas so the most vulnerable in rural America are not disadvantaged.

LICT remains vigilant monitoring proposed actions of the FCC and various state commissions as it relates to providing broadband service.

Fiber construction continues to be deployed in numerous locations providing communities broader connectivity and the advantages the internet can provide. The year 2026 will be transformational thanks to State USF mechanisms, the FCC's EACAM USF program, which will continue and provide a cumulative \$541.7 million to LICT through 2038, and state and federal grants. Providing high-speed broadband service in rural America is truly coming to fruition to the benefit of LICT's shareholders, employees and customers.



Evelyn J. Jerden  
Senior Vice President of  
Regulatory Dynamics  
Team member since 2025

*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, Curt Condit, Bryan Coutier-Coates, Jesse Davidson, Carolyn Field, Darin Fine, Kevin Fine, Cody Gardner, Paul Hensley, Melinda Hill, Joleen Hogan, Tara Hubert, Elizabeth Jimenez, Sabree Johnson, Yvonne Kilano, Darrel Lemos, Joslyn Lindsey, Veronica Mozqueda, Keith Nielson, Marisol Nuniz, Kristi Olson, Shannon Pannell, Ana Marie Perez, Christopher Randolph, Heith Rasica, Jennifer Skoog, Ryan Stevenson, Brian Sweat, Andrew Ulbricht, Becky Vaughan, Rodney Wood

**Haviland Telephone (Kansas)** – Aaron Adams, Brandon Adams, Ricky Baker, Rochelle Ann Barber, Alex S. Brensing, Jessica Brown, Dave Callison, Vesta Charbonneau, Sabrina Freeman, Mildred A. Hannan, Michael Harding, Nathan M. James, Michael KellyKay E. Lewis, Sam Lofgren, Heather Long, Robert Lyle Long, Michael McBeath, James Mevey, Ryan R. Oren, Bianca Romero, Casey Smith, Jayci M. Smitherman, Jacob Smock, Marcy Sparks, Brent A. Swingle, Diane M. Thompson, Kevin Volavka, Mark A. Wade, Sawyer Woodsmall.

**JBN Telephone (Kansas)** - Gavin Arnold, Jarrett Bell, Daniel Scott Bradley, Jan Charles, Glenn Chiles, Jevon Coleman, Sheri Cothran, Janet Curtis, Jeremy Dallas, Taven Dick, Scott Dutt, Kyle Edwards, Travis Feltner, Rebecca Gann, William Jefferson, Oswin Norman Johnson, Paul Leaym, Lance Lyman, Jeremy Marcotte, Susan McGhee, Trevor Miller, Travis Peek, Brittany Roggenkamp, Thomas Ryan IV, Judy Sextro, Jacob Sherer, Sondra Stroup, Austin Taylor, Jamika Teel, Audrey Wade, Kaden Watkins, Jodi Whipple, Dana Williams.

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

**Western New Mexico Telephone (New Mexico)** - Alex Albers, Michael Albers, Mark Alderette, Garret Allsup, Ashley Arambula, Rudy Arambula, Jonathan Artiaga, Sherman Baird, Nate Bell, Kayson Best, Matthew Brown, Patricia Jo Bryant, Jacob Bursleson, Jessica Trujillo-Burns, Sophia Cabrera, Patrick Carrillo, Kaelub Carrasco, Rylan Carver, Julian Chaney, DeMarcus Contreras, Becky Cooper, Alexandra Acosta-Cordova, Elicia Dacus, Haleigh DeMorrow, Jamie Diaz, Joshua Dirmeyer, Conrad D'Souza, Jack Farmer, Levi Farris, Xena Fernandez, Tony Garcia, Kyle Goar, Jackie Gonzales, James Guck, Aiden Gutierrez, Tony Gutierrez, Del Hooker, Daniel Jacquez, Evelyn Jerden, Anthony Jimenez, James Johnson, Coy Judd, Marvin Kartchner, Billie Knight, Teresa Lamoroux, Aaron Laney, Ed Laney, Lexus Leetmae, Tyler Leyba, Joseph Lopez, Justin Luster, Mariah Malone, Tamra Manning, Nichole McKinney, Gabrielle Mendoza, Tammie Mize, Micheal Montoya, Steven Montoya, Robert Moore, Dan Morrison, Michael Moyer, Justin Murillo, Rusty Nations, Edward Ondelacy, Vanessa Orosco, Alec Munoz-Paez, Aubrey Palmer, Rodolfo Porras, Audie Price, Louis Reed, Alex Reyes, Carrie Rice, Autumn Robertson, Ryan Rodriguez, Veronica Rodriguez, Belinda Rogers, Holly Rogers, Melissa Saenz, Lebert Saulsberry, Chelsea Starr, Cory Stevenson, Debra Sutton, Kenny Sutton, Justin Taylor, James Tibbs, Jane Tibbs, Alyssa Trujillo, Brendan Trujillo, Gary Trujillo, Vince Vega, Shelli Watkins, Roper Williamson.

**CentraCom (Utah)** - Nathan Abrams, Andrew Adamson, Rebeca Aguado, Clay Anderson, Erika Anderson, Jason Anderson, Kenyon Anderson, Todd Anderson, Trenton Anderson, Easton Arambula, Jax Arthur, Kevin Arthur, Leo Arthur, Jared Barnette, Daniel Barton, David Barton, Timothy Beesley, Charles Beus, James Blackham, Nina Blackham, Kaden Bleazard, Tammy Bowers, LaTaya Boylan, Wesley Brailsford, Collyn Brinkerhoff, Mackenzie Brown, Kenneth Carlson, Richard Carpenter, Virgil Chappell, Brandon Childs, Allen Christensen, Wesly Christiansen, Kevin Clawson, Eris Cloward, Olivia Clyde, Patrick Coates, Donald Cohee, Megan Cook, Adam Coombs, Carl Cornista, Bert Cox, Branch Cox, Casey Cox, Cory Cox, Dallas Cox, Eddie Cox, Gavin Cox, Jason Cox, Jeffrey Cox, Steven Cox, Timothy Cox, Laura Dahl, Aaron Davis, Paul Davis, Helena De St Jeor, Laramy Draper, Kevin Dutt, Shaylyn Duval, Gayle Earl, Jess Earl, Parker Earl, Clint England, Nathaniel England, Alisa Faatz, Eric Forbush, Angela Galbraith, Jonathon Gale, Mary Gavril, Justus Gordon, Rodrigo Guitron, Julie Hansen, Kristene Hansen, Tami Hansen, Bradly Hardy, Ethan Harmston, Brad Harwell, Les Haskins, Jason Hathaway, Barrett Hilton, Kelby Hoenicke, Jakob Howcroft, Jonathan Hoyt, Gary Hughes, Kristie Ison, Robert Jenkins, Duane Jensen, Leslee Jensen, Patrick Jensen, WendyJo Jensen, Brett Johnson, Carter Johnson, Jeramy Johnson, Jerry Johnson, Kailey Johnson, Richard Johnson, Wyatt Johnson, Kolten Kendall, Robert Kirkham, David Knudsen, Eloisa Lemus, Jason Lewellyn, Spencer Lewis, Kaleb Litster, Von Locklear Jr, Samuel Loveland, James Lutts, Nicholas Lyon, Marc Madsen, James Maendl, Tory McArthur, Tammy Moore, Nathan Morrill, AJ Mower, Sonia Murillo, Tanner Nelson, Ann Nielsen, Julie Nielsen, Robert Nielsen, Monica Nielson, Keven Olson, Nathan Palmer, Colton Parks, Michael Paster, Paul Peckham, Benjamin Pehrson, Jeff Petersen, Kyle Petersen, Jolynn Peterson, Raymond Quintero III, Pam Rigby, Daniel Roberts, Kristin Rosenlof, Alexander Rugg, Paul Rymer, Tyrel Sackett, Jeniffer Salisbury, Dennis Sampson, Ryan Shaw, Calvin Shelley, Brok Shepherd, Abdiel Silva, Shantrell Sorensen, Freddy Soriano, Jose Soriano, Kord Staples, Randy Stewart, Ryan Stewart, Jeremy Stilson, Derek Stoker, Lillian Stoneman, Matthew Tabolt, Sione Taufa, Manase Tesi, Bryan Thompson, Shayne Thompson, Trayson Thompson, McCoy Thomson, Angel Valdivia, Jared Wahlberg, Riley Walton, Faylyn Warnick, Bradley Welch, Keller Wheeler, Erin Williams, Heidi Williams, Travis Williams, Marnee Winn, Brandale Woodbury, Brandon Woodbury, Chad Wray

## Utah

2025 was a year defined by both the grit to meet challenges head-on and the vision to seize opportunities. As the landscape continues to evolve, the CentraCom team worked diligently to deliver the essential broadband services that remain the lifeblood of our communities. While we navigated an increasingly crowded marketplace, contending with legacy incumbents, fixed wireless entrants, and the expansion of satellite providers, we remained focused on our long-term trajectory. By prioritizing acquisitions, expansion, and significant technology upgrades to our existing infrastructure, we haven't just kept pace, we've laid the groundwork for a more connected and resilient future.



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

Following the September 2025 announcement of our acquisition of Gunnison Telephone Company, CentraCom is currently navigating the final stages of the regulatory process. We anticipate receiving all necessary federal and state approvals in early 2026. This strategic expansion is designed to seamlessly integrate Gunnison's network into CentraCom's robust statewide fiber infrastructure, bolstering our capacity to drive economic growth and provide residents with unparalleled access to advanced telecommunications.

By extending our footprint to include the communities of Gunnison, Centerfield, Mayfield, Fayette, and Axtell, CentraCom reaffirms its commitment to delivering superior, high-reliability connectivity. This acquisition not only enhances our service capabilities for businesses and residents alike but also underscores our ongoing dedication to fostering innovation and sustainable economic development across the regions we serve.

CentraCom continued to expand its fiber network throughout Utah, adding fiber facilities along the Wasatch Front and in unserved/underserved rural areas of Utah, including new FTTH deployment in many ILEC and CLEC municipalities. CentraCom has connected over 12,195 homes to fiber internet which is a 28% increase from the previous year. The company now has over 3,350 route miles of fiber, an addition of over 550 route miles of fiber was installed in 2025.

CentraCom continues to achieve unprecedented growth across its diversified broadband portfolio, encompassing cable modem, fixed wireless, and Fiber-to-the-Home (FTTH) technologies. This resulted in a total of 27,439 residential broadband subscribers by the close of 2025. Complementing this growth, the company successfully finalized a state broadband access grant project targeting the communities of Meadow, Leamington, and Kanosh. This investment deployed high-speed FTTH connectivity to nearly 500 previously underserved households, further reinforcing CentraCom's mission to bridge the digital divide and provide critical services to rural regions.

Looking ahead to 2026, CentraCom remains committed to driving operational excellence and expanding its regional impact through disciplined strategic growth, even as we enter an exciting new chapter of leadership. In mid-2026, after over 50 years of dedicated service to the company, together we will transition into consulting roles, and Brad Welch will assume the role of President to lead the company forward.

Brad brings over 28 years of experience to CentraCom, where he began his career as a dial-up internet technician and went on to help guide the company through decades of unprecedented growth and major technological milestones, including transitions to DSL, Cable Modem, Fixed Wireless, and Fiber technologies.

Under this new leadership, our primary objectives include the seamless integration of the Gunnison Telephone Company and the execution of network deployment initiatives supported by a \$3 million provisional BEAD program award. These efforts will significantly enhance infrastructure across Juab, Sanpete, Millard, and Sevier counties, reinforcing our dedication to providing robust connectivity and long-term value to the communities we serve.

***Branch Cox & Eddie Cox***

## **Western New Mexico**



Dan Morrison  
President  
Team member since 2013

New Mexico, known for its diverse landscapes and rural communities. Reliable high-speed broadband connectivity is vital in this region, supporting essential sectors such as education, healthcare and commerce are essential to everyday life. Our expanding network now spans over 5,201 route miles, including more than 1,086 miles of advanced fiber optic cable.

### **Advancing Broadband Infrastructure**

We are strategically enhancing our broadband fiber and wireless networks, delivering high-speed solutions tailored for small businesses and residential customers. Access to dependable internet is crucial for economic growth in rural areas, facilitating critical services such as telemedicine, remote work, online education, and digital commerce.

### **Strengthening Community Engagement**

Western New Mexico Communications is committed to active community support and engagement. Each year, we invest in over 50 local organizations, which directly benefit educational initiatives, community development, and events enhancing the quality of life. Our ongoing commitment ensures that students have reliable access to remote learning resources and that community members remain connected to families and opportunities beyond their local environment.

### **Looking Ahead: Continued Growth**

As we move into 2026 and beyond, our strategic focus will remain on expanding high-speed broadband services and reaching underserved communities with next-generation telecommunications infrastructure. We align our efforts with federal and state initiatives to bridge the digital divide and are dedicated to deploying cutting-edge fiber and wireless solutions. This commitment ensures robust connectivity essential for residents to thrive in Southwest New Mexico.

Thank you to our communities, customers and teammates for your continued support, as we grow and enhance our services in this vital region.

*Dan Morrison*

## 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 2025, our fiber network expanded significantly, reaching 662 route miles, enhancing connectivity and creating economic growth opportunities for the rural communities we proudly serve. The year concluded with 3,676 broadband subscribers and 1,681 voice customers, with a combined 2,547 access lines.

### Advancing Broadband Infrastructure

In 2025, significant progress was achieved through multiple FTTH projects bringing high-speed broadband to an additional 1,651 locations in the communities of Newell, Tennent, Yreka and Weed, California. To further extend connectivity in underserved communities, we successfully launched a 5G Fixed Wireless Service initiative targeting areas surrounding Montague, California.

Additionally, Cal-Ore entered its second year of an ambitious five-year broadband infrastructure initiative within our incumbent service territories. Supported by the FCC's E-ACAM program and the USDA's ReConnect III and IV Grant Programs, through this initiative Cal-Ore promises comprehensive fiber-based broadband to even the most remote areas we serve.

### Community Support

Beyond our commitment to building robust infrastructures, Cal-Ore remains dedicated to community development. Throughout 2025, 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 2026, Cal-Ore will continue to provide our rural communities with telecommunication services that will rival those found in metropolitan markets. Cal-Ore firmly stands by its dedication to customer satisfaction, market expansion, and service excellence.

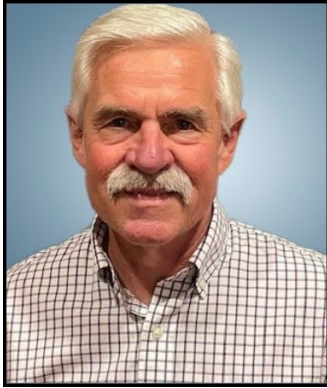
We sincerely thank our customers, partners, and community stakeholders for their enduring support. Cal-Ore remains your local, trusted, and professional telecommunications partner, committed to connecting communities and empowering growth.



Rodney G. Wood Jr.  
President  
Team member since 2020

*Rodney G. Wood Jr.*

## Kansas



Mark Wade  
President  
Team member since 1990

J.B.N. Telephone Company (“JBN”) and Haviland Broadband (“HBB”), provide traditional broadband and voice services, in 27 small towns and nearby rural areas. J.B.N. operates principally in five counties in northeast Kansas, while HBB operates in eight counties southwest of Wichita. Under these ILEC brands we serve about 1,800 traditional telephone subscribers and about 4,100 broadband subscribers. Approximately 67% of these broadband customers are served via FTTH; about 25% are served by copper, while the remainder are served via fixed wireless.

Our affiliate CLEC, Giant Communications (“Giant”), serves as our primary vehicle for out-of-territory business, delivering broadband, TV, traditional phone and cellular services to Holton and 10 other towns in northeast Kansas. In addition, Giant provides fiber-based broadband, cloud-based voice, and TV services primarily to businesses in Topeka. Giant also provides cloud-based voice services both on and off our networks, supporting approximately

4,500 voice seats. Across these markets, Giant serves around 4,500 broadband subscribers, with 61% connected via hybrid fiber-coaxial networks, 21% via FTTH, and the remainder through fixed wireless or resale partnerships. In 2025 Giant began offering cellular voice service through a Mobile Virtual Network Operator (MVNO) arrangement. Thus, Giant can deliver a true “quad” play of communication services.

### Expanding Connectivity

Giant continues its expansion efforts in the Topeka area, extending distribution fiber from our established rectilinear route. As part of this growth, we are actively addressing the needs of Multi-Dwelling Units (MDUs) 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 750 customers in the Greensburg and Coldwater out-of-territory areas, with 87% of these served with fiber and the remainder via fixed wireless. HBB also provides managed information technologies services to both on-network and off-network customers near its traditional ILEC area, including the Wichita metro area. Year-over-year, this line of business grew nearly 70% in 2025. Included in the offering is cloud-based voice services, up nearly 50% this year. Focus markets include agri-businesses, cities, schools, and medical entities.

Recently, Kansas fiber subscriber count surpassed its copper subscriber and cable modem subscriber counts. Now 46% of broadband subscribers are served via fiber. Today 76% of locations are built on networks that can provide at least 2 Gigabits per second speeds in both upstream and downstream directions.

*Mark Wade*

## Iowa and Wisconsin

In 2025, Central Broadband continued to enhance its fiber infrastructure across our Iowa and Wisconsin operations. FTTH construction and customer conversions advanced notably in Eldridge, Parkview, Long Grove and Princeton, Iowa.

### Advancing Broadband Infrastructure

Customer conversions from copper to FTTH continue in the Iowa ILEC exchanges. Central Broadband Iowa can now provide speeds up to 8 Gigabits per second to 89% of our regulated service region. In the first quarter of 2026 installation of service will begin in the CLEC exchange of Princeton Iowa.

At the end of 2024, every ILEC exchange in Wisconsin was served by FTTH, and all customers have been transitioned to FTTH. In 2025 we finished construction of FTTH in the CLEC market of Benton Wisconsin. We are now able to offer 8 gig high-speed broadband services to all our customers in Wisconsin.

A key achievement in 2025 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 the diverse markets in which we operate. In 2025 we increased our top residential speed to 8 Gigabits in all Iowa and Wisconsin FTTH exchanges.

### 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  
President  
Team member since 2022

*Mark Harvey*

## Sound Broadband



Dylan Larmore  
President  
Team member since 2022

Over the past year, Sound Broadband has continued to strengthen and expand 5G coverage across LICT's operating markets, delivering high-speed connectivity to rural and underserved communities in California, New Mexico, Utah, Kansas, and Iowa. Through ongoing network investment, strategic industry partnerships, and support for broadband expansion initiatives, Sound Broadband has enhanced the reach and capabilities of wireless broadband services throughout the LICT footprint.

By leveraging advanced 5G Fixed Wireless Access technology and collaborating with leading technology providers, Sound Broadband has improved broadband accessibility, supported local businesses, and created new opportunities for economic growth and digital inclusion in the communities we serve.

During the year, Sound Broadband continued to advance key growth initiatives in smart agriculture, Department of Defense (DoD) private networks, and managed wireless services. The company remains actively engaged with government and industry partners to explore secure communications solutions and innovative applications of wireless technology. Sound Broadband also supported LICT operating companies in developing broadband deployment initiatives in Kansas and Iowa, helping position those companies to expand broadband access in underserved areas through federally supported programs.

### Looking Ahead

Sound Broadband is focused on accelerating growth across its core strategic priorities: smart agriculture, managed wireless services, and DoD private networks. As LICT operating companies move forward with broadband expansion projects in Kansas and Iowa, Sound Broadband expects to play an important role in supporting the deployment of advanced 5G-based broadband solutions in those markets. In partnership with industry leaders, we are advancing smart agriculture initiatives that demonstrate the transformative potential of 5G connectivity for American farmers while creating new opportunities for long-term growth.

As demand for reliable, high-performance wireless connectivity continues to increase, Sound Broadband remains committed to delivering innovative solutions that support both commercial and government customers. By building on our advanced 5G capabilities, strategic partnerships, and strong operational foundation, we are well positioned to create lasting value for the communities we serve and for LICT shareholders.

*Dylan Larmore*

# **LICT Corporation**

A Delaware Corporation

401 Theodore Fremd Avenue, Rye, New York 10580

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Website: <https://www.lictcp.com>  
Email: [Administration@lictcp.com](mailto:Administration@lictcp.com)

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

**For the year ended December 31, 2025**

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.

<b>Class</b>	<b>Outstanding as of September 30, 2025</b>	<b>Outstanding as of June 5, 2026</b>
LICT Common Stock, \$0.01 par value (OTCPK: LICT)	15,625	15,305

**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 “The 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, managed 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 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. (“CIBL”). LICT's sale of its remaining 12% ownership of Brick Skirt, also to CIBL, was completed on August 31, 2024.

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

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 completed the spin-off of 81% of its wholly owned Michigan subsidiary through a pro rata distribution to shareholders into a newly formed publicly traded parent company, MachTen, Inc. LICT shareholders received 150 shares of MachTen common stock for each share of LICT held. Following the transaction, the Company retained a 19% equity interest in MachTen, Inc. The Company will continue to evaluate potential additional spin-off transactions as part of its ongoing strategic and capital allocation initiatives.

The Company's shares are quoted on OTC Pink® under the symbol “LICT”. The Company has approximately 77 shareholders of record. The Company disseminates quarterly and audited annual financial statements as well as press releases and proxy materials 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 12 RLECs, excluding RLECs which have been divested as described above. These operations range in size from approximately 900 to 7,000 access lines with locations in California, Iowa, Kansas, New Mexico, Utah, and Wisconsin. As of December 31, 2025, LICT's operations deployed 8,184 miles of fiber optic cable, 8,942 miles of copper cable and 850 miles of coaxial cable. In addition, we operate 104 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 CLEC 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; Yreka and Mount Shasta, CA; 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 3,272 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 8,690 "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 and CLEC 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, 2025, total voice lines, including both ILEC and CLEC, but excluding hosted seats, were 21,345 as compared to 21,984 as of December 31, 2024.

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 or handled on a "bill-and-keep" basis where no revenues are received or paid to exchange traffic with another carrier per the regulatory rules. 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:

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Operations:</b>		
Broadband lines	43,976	42,497
Wireless	7,002	7,000
Total broadband connections	50,978	49,497
In-territory (RLEC) access lines <sup>(a)</sup>	16,203	15,871
Out-of-territory (CLEC) lines	5,142	6,113
Total voice lines	21,345	21,984
% Residential	74 %	74 %
% Business	26 %	26 %
Video subscribers	3,272	3,467
Hosted voice seats <sup>(b)</sup>	8,690	9,267
<b>Total revenues:</b>		
Local service	3 %	4 %
Network access	40 %	41 %
Non-regulated businesses <sup>(c)</sup>	57 %	55 %
<b>Total revenues</b>	<b>100 %</b>	<b>100 %</b>

<sup>(a)</sup> An "access line" is a telecommunications circuit between the customer's establishment and the central switching office.

<sup>(b)</sup> 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.

<sup>(c)</sup> 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 is 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 launched a new wireless subsidiary, Sound Broadband, to provide 5G wireless services to business and residential customers within the Company’s existing footprint as well as in additional markets. The Company initially deployed wireless broadband services in select areas of Utah, California, and New Mexico and has since expanded its 5G coverage to include additional markets in Kansas and Iowa. Sound Broadband continues to extend high-speed connectivity to rural and underserved communities and to evaluate opportunities to further expand these services across the Company’s footprint.

During the past year, Sound Broadband enhanced its network capabilities and geographic reach through a combination of strategic initiatives, including ongoing engagement with Department of Defense (“DoD”) partners. These initiatives have supported expanded coverage and improved service quality, and position the Company to participate in emerging broadband deployment opportunities. Sound Broadband has also established relationships with industry participants, including Ericsson and T-Mobile, to support the deployment of 5G Fixed Wireless Access solutions.

In addition to expanding its core broadband offerings, Sound Broadband is pursuing opportunities in adjacent markets, including smart agriculture applications, managed wireless services, and private network solutions, including potential deployments supporting DoD-related communications. While these initiatives may provide additional avenues for growth, they remain subject to development, regulatory considerations, and market adoption.

**Manti Telephone** - LICT’s acquisition of Manti Telephone Company (“MTC”) and its partner companies, Manti Tele Communications Company (“MTCC”), and American Fiber, Inc. (“AFI”) has been completed. The MTCC and AFI transaction closed on November 30, 2023, and subsequently the MTC transaction closed in January 1, 2025 after receiving regulatory approval. Refer to Note 13 - Acquisition and Earnout Liability Adjustment, for further detail.

All of our current in-territory companies offer broadband internet access service, either directly or through affiliated companies. As of December 31, 2025 broadband access customers totaled 50,978, compared to 49,497 as of December 31, 2024, a year-over-year increase of approximately 3%. Our companies have 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 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 completed the project in the first quarter of 2025. Utah was awarded approximately a \$1 million grant, with company provided matching funds. In 2025, Utah completed the

multiple-year FTTH construction project. Kansas also completed the required build-outs of several smaller state grants.

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 accepted \$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 ReConnect grants in which we will receive \$41.2 million for 75% of project costs in Kansas and New Mexico totaling \$55 million, of which, LICT is required to match \$13.7 million or 25% of the total project cost. All of these grant projects have received environmental clearance to build fiber to provide 1 Gig broadband service to customers designated in the grants. Construction is in the final stages of completion on the \$8.4 million ReConnect III project in Kansas. The other six ReConnect grants that LICT was successfully awarded have construction either underway or are in the contracting and permitting stages.

**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 4,041 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 2025, there was a net addition of 2,452 FTTH customers. At the end of 2025, the company had 27,439 residential broadband customers. Finally, CentraCom completed a Utah State Broadband Access Grant which passed 473 locations in Millard County that were previously underserved.

In September of 2025, CentraCom announced the acquisition of Gunnison Telephone Company. This strategic move reinforces CentraCom's commitment to delivering high-quality telecommunication services while expanding its footprint to support the rural communities of Gunnison, Centerfield, Mayfield, Fayette, and Axtell. CentraCom plans to retain all Gunnison Telephone Company staff in their positions to expand their customer support. CentraCom expects to receive all Federal and State regulatory approvals in time to close the transaction on July 1, 2026.

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 has been selected as a recipient in the initial rollout of Utah's Broadband Equity, Access, and Deployment ("BEAD") program. The award is intended to support a hybrid approach to delivering broadband to certain of the state's "unserved" and "underserved" areas using a combination of fiber-to-the-home and fixed wireless technologies. CentraCom's award focuses primarily on rural central Utah, including portions of Juab, Sanpete, and Sevier counties, with total funding of approximately \$3 million. CentraCom expects to enter into a subgrantee agreement in early 2026 and to begin deployment thereafter.

## *New Mexico*

In 2025, Western New Mexico (“WNM”) continued its focused broadband expansion by extending fiber optic infrastructure, enhancing wireless platforms, and upgrading associated electronics. These advancements will further improve broadband speeds across both Regulated and Non-Regulated areas.

This expansion has improved service for existing subscribers, while enabling WNM to enhance speed offerings for those we serve. Simultaneously, the company continues its strategic growth in Non-Regulated markets, including Las Cruces, Silver City, Deming, and Socorro, NM.

Western closed out 2025 with strong momentum, achieving a broadband customer base of 4,299 and reaching 5,675 fiber passings, with current numbers standing at 7,000 fiber serviceable locations.

Looking ahead to 2026, WNM is set to add 3,226 new fiber passings and 1,963 new wireless passings. Our build schedules are on track to surpass 15,696 fiber passings by the end of 2028. Additionally, WNM will expand broadband reach by adding 21 new wireless towers in 2026. This transition from copper to fiber and wireless infrastructure positions us for sustained long-term growth, enhanced customer satisfaction, and a more efficient, future-proof network.

## *Kansas*

Giant Communications, Inc. (“Giant”), an affiliate of JBN Telephone Company and the Company’s primary non-regulated services brand, provides services to over 1,100 business and educational customer locations in Topeka, Wichita, and the Company’s traditional service areas. Giant has recently focused on expanding broadband, video, wireless, and bundled service offerings to multi-dwelling unit (“MDU”) residential properties in the Topeka market, particularly in areas proximate to existing fiber infrastructure. The Company believes this strategy enables a more efficient deployment of capital by increasing the number of serviceable locations per dollar of investment relative to typical single-family residential markets.

As of the date of this report, Giant serves 438 MDU units via fiber infrastructure capable of delivering multi-gigabit symmetrical speeds. An additional 296 MDU units are pending installation, of which 268 are expected to be completed during 2026.

In 2025, responding to increased competitive pressure, Giant replaced traditional co-axial cable plant with FTTH (Fiber-to-the-home) in the town of Hoyt, about 300 passings. In 2026, Giant will invest \$3.4 million replacing co-axial plant in its service towns of Valley Falls and Oskaloosa, the county seat of Jefferson County. These networks provide speeds well beyond the current maximums co-axial plant provides, essentially eliminating network replacement costs for a generation.

Both ILEC’s (JBN and Haviland) are in the FCC’s E-ACAM (Enhanced Alternative Connect America Model) universal service structure. This carries with it build obligations. In 2025 the ILEC’s invested over \$5.1 M in fulfilling these obligations. About 80% of this construction was FTTH and the remainder fixed wireless.

Additionally, JBN materially completed construction on its ReConnect3 grant project in its ILEC area. This includes both E-ACAM obligation locations and non-E-ACAM locations.

In 2026, the ILEC’s will spend about \$5.5 million to fulfill E-ACAM obligations, about 58% of which will be FTTH. The remainder is fixed wireless deployments, most of which are planned as 5G.

In 2025, Haviland Broadband (“HBB”), completed its BAG3 (Broadband Acceleration Grant) project. Although the project touched a dozen rural residences, its principal benefit was to provide a redundant

path into the Comanche County seat, Coldwater. As the major internet provider in the city, we now provide services via 2 diverse fiber routes. We recently completed a similar project for the Kiowa County seat, Greensburg.

The ILEC's have built FTTH to areas most dense with subscriber locations, usually towns. Last year, both focused on the most dense rural areas, converting more copper and wireless subscribers to FTTH than any year, except 2022.

### ***Iowa/Illinois***

CS Technologies, Inc. (doing business as Central Broadband) provides competitive local exchange carrier ("CLEC") voice and data services in the Quad Cities region (Davenport and Bettendorf, Iowa; Rock Island, Moline, and East Moline, Illinois) and in the Dubuque, Iowa market, primarily through company-owned facilities. Central Broadband has constructed and operates a 29-mile metropolitan fiber network in Dubuque and an 86-mile metropolitan fiber network serving the Davenport and Bettendorf markets.

As of year-end 2025, Central Broadband serves approximately 739 CLEC customers across the Quad Cities and Dubuque markets. In late 2025, the Company initiated fiber-to-the-home (FTTH) construction in the CLEC city of Princeton, Iowa. This project is scheduled for completion in early 2026 and will pass 364 locations.

FTTH construction in Eldridge, Iowa was completed in 2025, passing 1,750 locations. During 2025, the Company also completed FTTH construction in the communities of Long Grove and Park View, adding an additional 1,050 homes to its fiber network.

In 2021, Central Scott Telephone Company was awarded a State of Iowa Broadband Grant, which enabled the construction of FTTH facilities to approximately 1,200 additional rural homes within its exchange area. In total, as of December 31, 2025, the Company has connected more than 4,000 homes in Iowa with FTTH service. Network conversions and transition activities will continue into 2026 and beyond as the Company progresses toward the decommissioning of its legacy copper network.

### ***Wisconsin***

Central Broadband's continued investment in FTTH infrastructure in Cuba City and Belmont, Wisconsin has significantly enhanced broadband capabilities for more than 2,800 residential and business customers. All Wisconsin exchanges, including rural service areas, are now 100% FTTH.

CLEC FTTH construction in Benton, Wisconsin commenced in late 2024 and continued through the spring of 2025, extending FTTH service to an additional 400 homes.

### ***California/Oregon***

Cal-Ore Telephone Co. and Cal-Ore Communications, Inc., headquartered in Dorris, California, with additional offices in Tulelake, 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 cellular carriers, 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 2025, Cal-Ore continued to expand our service offerings in the communities of Yreka and Weed in California. Collectively, our company's own 662 miles of fiber optic cable and 714 miles of copper cable, providing broadband service to 3,676 customers and access line service to 1,400 customers.

In 2025 Cal-Ore Telephone and Cal-Ore Communications completed significant telecommunication expansion projects in our underserved rural Northern California and Southern Oregon communities. In 2025, we celebrated our 75<sup>th</sup> anniversary and 15<sup>th</sup> year as a LICT Team Member; we are proud to serve all our local communities and be their choice for a Local, Trusted, and Professional telecommunications provider.

### ***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" which became effective January 1, 2024, accelerates broadband deployment and improves speeds in rural portions of the nation. E-ACAM 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 E-ACAM. Consistent with the election of ACAM and ACAM II, all of the Company's RLECs, except Manti Telephone Company ("Manti", which was acquired in 2025, elected to participate in E-ACAM in order to provide substantially greater, predictable, set amounts of support. Manti remains on legacy Connect America Fund – Broadband Loop Support ("CAF-BLS" and High Cost Loop Support ("HCLS" for USF.

E-ACAM directly supports LICT's long-term capital plans, operating expenses and a commitment to deliver at least 100/20 Mbps service in our RLEC territory. E-ACAM provided LICT \$37.2 million 2025 and \$37.1 million in 2024. In 2025, the FCC completed a one-time true-up which has an unusual transition for LICT. The true-up increases LICT's E-ACAM revenues to \$40.4 million in 2026, then declines to \$37.9 million in 2027 and finally stabilizes at \$35.4 million annually for 2028 through 2038. Total trued-up E-ACAM revenue for the required build-out will be \$541.7 million for the 15-year period from 2024 through 2038.

E-ACAM revenues were trued-up based on a reduction from 19,609 to 14,963 of required broadband locations which must be built-out 50% by December 31, 2026, 75% by December 31, 2027 and 100% by December 31, 2028. Build-out compliance is for exact E-ACAM locations in each state, rather than a total number of state locations like A-CAM required. There was no E-ACAM build-out requirement for 2024 or 2025.

LICT received \$8.3 million and \$6.9 million in 2025 and 2024, respectively, from state USF in New Mexico, California, Kansas and Utah which also significantly assists in deploying high-speed broadband to some of the most rural portions of our ILEC service area. 2026 state USF will increase approximately \$575K for a partial year USF support because LICT Kansas company, Haviland, finalized a state USF rate case. Full year in 2027 estimated at \$667K and then declining each year thereafter. We expect that states will continue to support broadband deployment, but it is unclear if changes will be made to the various state USF programs.

## Low Income Affordability Programs

LICT participated in the FCC's Affordable Connectivity Program ("ACP") which terminated in May 2024 due to a lack of funding from Congress. ACP supported affordable broadband to the rural communities to help close the digital divide. ACP provided eligible consumers 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 broadband customers relied on ACP, LICT continued an equivalent Extended Broadband Discount ("EBD") for a period of time to our ACP customers. LICT provided EBD credits in 2025 of \$462K and \$324K for the second half of 2024 after the ACP was eliminated by Congress. Western New Mexico continues to provide the EBD credits in 2026 at approximately \$12K per month; however, the remainder of the LICT companies ceased providing the EBD credit at various times in 2025.

## *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 six 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. Manti is the only LICT company in the NECA CL revenue pool.

In addition to receiving E-ACAM or CAF-BLS 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 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 opened a proceeding and issued a Notice of Proposed Rulemaking ("NPRM") to modify originating access to bill-and-keep. 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 terminating intrastate costs through a bill-and-keep intrastate access charge. (i.e., there are no intrastate access revenue pools). Originating Intrastate access charge revenues are based on intrastate access rates filed with the state regulatory commission. The FCC requires that the company's originating 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 2025 and 2024 and will continue with each subsequent interstate tariff filing thereafter, as needed.

## *Voice over Internet Protocol*

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 VoIP operators. Many of these newer entrants operate with minimal local infrastructure, leveraging digital platforms to reach customers directly.

These shifts have led to significant 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, local team presence in our communities, and customer feedback to refine our go-to-market strategies and improve customer experience. We continue to explore strategic partnerships and wholesale opportunities to diversify our revenue streams and extend our service reach.

LICT is confident we can adapt with future-ready technologies to determine the most effective and efficient high-speed broadband to be competitive and provide our customers solutions to meet their broadband needs.

## **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.

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.

*Aureon Network Services, Inc.* ("Aureon") formerly Iowa Network Services, Inc. One of the Company's wholly-owned subsidiaries 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"). One of the Company's wholly-owned subsidiaries owns an interest of approximately 2.5% 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 \$50 million in annual revenue and approximately \$34 million in annual EBITDA.

*Kansas Fiber Network* ("KFN"). Two of the Company's 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 IXCs. 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, 2025, compared to 342 employees as of December 31, 2024, including 8 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, 2025 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.	83
Jose A. Cecin, Jr.	Chief Operating Officer since July, 2025. Chief Executive Officer of Ontivity, December 2021 – October 2023. Chief Executive Officer of Hylan Group, July 2018 – August 2021. EVP of Operations, Unitek Global Services, August 2016 – July 2018. President & Chief Operating Officer, Nervve Technologies, June 2012 – July 2016. Chairman of the Board of Directors, Arbinet Corporation, October 2008 – March 2011. Chief Operating Officer, RCN Corporation, March 2009 – October 2010. Managing Director and Group Head, BB&T Capital Markets, March 2003 – August 2008.	62
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.	61
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.	68
Christina M. McEntee	Secretary since June 2019; Chief Administrator since 2016; served as Executive Coordinator from 2008-2016.	61

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.** (“WNMT”) owns a total of 25.90 acres at 15 sites located in southwestern New Mexico. Its principal administrative facilities are located in Silver City, where WNMT 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. A new central office (CO) has been placed in Silver City to enhance network infrastructure and support improved service in the area. The principal operating facilities are located in Cliff, New Mexico, where WNMT owns seven buildings with a total of 19,118 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.

**WNM Communications Corporation** (“WNMC”) now owns 0.19 acres of property in Deming, which serves as our new business office in the community. In Deming there also is a Co-Located Central Office, housing switching equipment.

In addition, WNM Combined, leases 1.28 acres. It also owns and operates 26 towers and 22 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 a combined amount of 4,205 miles of copper cable and 995 miles of fiber optic cable within its service area of approximately 17,000+ square miles.

**J.B.N. Telephone Company** (“JBN”) owns or leases a 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 headend 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. In 2025, JBN with its affiliate Giant, owned 952 miles of fiber optic cable, 1,175 miles of copper cable, and 70 miles of coaxial cable.

**Haviland Telephone Company** (dba “Haviland Broadband”) owns a total of approximately 3.9 acres at 24 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. A new 10,750 square foot multi-function building is being completed in 2026 to replace aging warehouse and office facilities. Haviland owns 21 other facilities housing garage, warehouse facilities, and central office switching equipment in several small towns in its ILEC and CLEC areas. HBB leases small lots for some of its tower and CLEC equipment. Haviland had approximately 1,336 miles of copper cable, 915 miles of fiber optic cable, and 3 communications towers in 2024, with final footages from 2025 not yet available.

**Central Broadband Iowa** (“Central Broadband Iowa”) owns 4 acres of land at 6 sites. Its main office in Eldridge, Iowa, contains 3,104 square feet of office space, 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 technical operations. Central Broadband Iowa's network infrastructure includes 483 miles of copper cable, 736 miles of fiber optic cable and 137 miles of coaxial cable.

**Central Broadband Wisconsin** (“Central Broadband Wisconsin”) serves three communities in Wisconsin. The Cuba City exchange office is located in a 3,800 square-foot brick building which it owns on 0.4 acres. 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 concrete block building and a 600 square-foot metal building used for storage of materials and equipment. The Belmont exchange operates from an 800 square-foot concrete

block building located on 0.5 acres in Belmont, which houses its central office equipment. The Company owns a combined total of approximately 412 miles of fiber optic cable across its Wisconsin operations.

**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 Note 14 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.

**We may not be successful in increasing the size of our revolving credit facility, which could adversely affect our liquidity and capital plans.** We are currently in discussions with our lender to amend our revolving credit facility to increase total commitments from \$100 million to \$150 million. This proposed increase is intended to support our capital expenditure programs, including broadband expansion initiatives and grant-related buildout requirements. There can be no assurance that such an amendment will be completed on acceptable terms, within the anticipated timeframe, or at all.

The availability and terms of any amended facility will depend on a number of factors, including market conditions, interest rates, lender requirements, and our financial performance. Any amendment, if completed, may include more restrictive covenants, higher borrowing costs, or other less favorable terms than our existing facility.

If we are unable to complete this amendment, or if it is delayed, we may need to seek alternative sources of financing, which may not be available on acceptable terms, or at all. As a result, we may be required to delay or reduce planned capital expenditures or modify our growth initiatives, which could adversely affect our business, financial condition, results of operations, and liquidity.

**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.

**We may not be able to refinance our existing debt if necessary, or we may only be able to do so at a higher interest rate.** We may be unable to refinance or renew our credit facilities and our failure to repay all amounts due on the maturity dates would cause a default under the credit agreement. Alternatively, any renewal or refinancing may occur on less favorable terms. If we refinance our credit facilities on terms that are less favorable to us than the terms of our existing debt, our interest expense may increase significantly, which could impact our results of operations and impair our ability to use our funds for other purposes.

**Our variable-rate debt subjects us to interest rate risk, which could have an impact on our cost of borrowing** and operating results. Certain of our debt obligations are at variable rates of interest and expose us to interest rate risk. Increases in interest rates could have a negative impact on the results of our operations and operating cash flows.

**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 expect to continue to face significant competition in all parts of our business and the level of competition** could intensify among our customer channels. The communications industry is highly competitive. We face actual and potential competition from many existing and emerging companies, including other incumbent and competitive communications companies, long-distance carriers and resellers, wireless companies, ISPs, satellite companies and CATV companies, and, in some cases, new forms of providers who can offer competitive services through software applications requiring a comparatively small initial investment. Due to consolidations and strategic alliances within the industry, we cannot predict the number of competitors we will face at any given time.

The wireless business has expanded significantly and has caused many subscribers with traditional telephone and land-based Internet access services to give up those services and rely exclusively on wireless service. In addition, consumers' options for viewing TV shows have expanded as content becomes increasingly available through alternative sources. Some providers, including TV and CATV content owners, have initiated OTT services that deliver video content to TV, computers, and other devices over the Internet. OTT services can include episodes of highly rated TV series in their current broadcast seasons. They can also include original content and broadcast or sports content like those that we carry, but that is distinctive and exclusively available through the alternative source. Consumers can pursue each of these options without foregoing any of the other options. We may not be able to successfully anticipate and respond to many of the various competitive factors affecting the industry, including regulatory changes that may affect our competitors and us differently, new technologies, services and applications that may be introduced, changes in consumer preferences, demographic trends and discount or bundled pricing strategies by competitors.

Competitors in the markets we serve may enjoy certain business advantages, including size, financial resources, favorable regulatory position, a more diverse product mix, brand recognition and connection to virtually all our customers and potential customers. The largest cable operators also enjoy certain business advantages, including size, financial resources, ownership of or superior access to desirable programming and other content, a more diverse product mix, brand recognition and first-in-field advantages with a customer base that generates positive cash flow for its operations. Our competitors continue to add features, increase data speeds, and adopt aggressive pricing and packaging for services comparable to the services we offer. Their success in selling services that are competitive with ours among our various customer channels could lead to revenue erosion in our business. We face intense competition in our markets for long-distance, Internet access, video service and other ancillary services that are important to our business and to our growth strategy. If we do not compete effectively, we could lose customers, revenue, and market share.

**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 shareholders' 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 E-ACAM 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 E-ACAM 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 averse 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

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;
- 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 communication services in rural areas because it provided a benefit to all Americans and to the nation as a whole. It commenced with voice service but now is focused on make certain all Americans, including those in rural areas, have access to broadband service at reasonably comparable rates to those in urban areas. 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.

LICT elected to participate in the Federal Communications Commission’s (“FCC’s”) voluntary Enhanced Alternative Connect America Cost Model (“E-ACAM”) program effective January 1, 2024 for all of its telephone companies, except Manti Telephone Company (“Manti”) which was not acquired until 2025. E-ACAM is designed to further increase broadband speed and expand the deployment of broadband capabilities throughout the nation’s rural areas.

Revenues from E-ACAM was \$37.2 million for 2025 and \$37.1 million for 2024. In 2025, the FCC completed a one-time true-up, which has an unusual transition for LICT. The true-up increases LICT’s E-ACAM revenues to \$40.4 million in 2026, then declines to \$37.9 million in 2027 and finally stabilizes at \$35.4 million annually for 2028 through 2038. Total true-up E-ACAM revenue for the required build-out will be \$541.7 million for the 15-year period from 2024 through 2038.

As part of the 2025 true-up, LICT’s mandatory build-out requirements of 100/20 Mbps by December 31, 2028 was reduced to 14,963 from 19,609 E-ACAM locations originally required for receipt of E-ACAM support through 2038. E-ACAM, with speed requirements of 100/20 Mbps, replaced ACAM and ACAM II with their speed requirements of 25/3 Mbps.

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 accepted \$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 ReConnect grants in which we will receive \$41.2 million for 75% of project costs in Kansas and New Mexico totaling \$55 million, of which, LICT is required to match \$13.7 million or 25% of the total project cost. All of these grant projects have received environmental clearance to build fiber to provide 1 Gig broadband service to customers designated in the grants. Construction is in the final stages of completion on the \$8.4 million ReConnect III project in Kansas. The other six ReConnect grants that LICT was successfully awarded have construction either underway or are in the contracting and permitting stages.

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 completed the project in the first quarter of 2025. Utah was awarded approximately a \$1 million grant, with associated company provided matching funds. In 2025, Utah completed the multiple-year FTTH construction project. Kansas also completed the required build-outs of several smaller state grants.

Federal and state governmental agencies continue to support building out rural, high-speed broadband infrastructure on an expeditious basis. Public policy is currently positive towards ensuring that underserved

communities have access to reliable, affordable broadband and voice services. Government funding is subject to increasing scrutiny, with heightened focus on fiscal responsibility, efficiency, and the prevention of waste, fraud, and abuse. We are vigilant to use the most cost-effective solutions for broadband expansion.

We have experienced competitive pressure from both fixed wireless and satellite-based providers in our more remote service areas especially where we do not provide the highest speed service. We anticipate that such competition will continue to expand in areas where our service has lower speeds than our competitors. However, we are continually assessing the best infrastructure solutions for the extremely hard to reach locations.

In 2026 LICT was awarded the following Broadband Equity Access and Deployment Program (“BEAD”) grants:

<i>(\$ in millions)</i>	<b>Grant Amount</b>	<b>Match Amount</b>	<b>Total Project</b>	<b>Locations</b>
<b>Kansas-Giant</b>	\$ 18.0	\$ 8.4	\$ 26.4	625
<b>Kansas-Haviland</b>	3.2	2.0	5.2	270
<b>Utah</b>	1.9	1.1	3.0	600
<b>Iowa</b>	0.1	0.1	0.2	42
<b>Total</b>	<b>\$ 23.2</b>	<b>\$ 11.6</b>	<b>\$ 34.8</b>	<b>1,537</b>

BEAD funding of broadband includes grant funds for competitive areas which includes LICT building fiber and fixed wireless service in areas outside our RLEC territories.

In addition, during the second quarter of 2026, one of the Company’s subsidiaries entered into discussions with a middle-mile fiber provider regarding three anticipated contracts for the construction of approximately 237 miles of fiber infrastructure. If finalized, the agreements are expected to generate aggregate revenue in excess of \$60 million, which the Company currently expects would be recognized from 2026 through early 2029. The anticipated arrangements would also provide the Company access to a portion of the installed fiber network and to more than 60,000 passings located outside the Company’s existing service territories.

High-speed broadband demand continues to grow, driven by increased usage for distance learning, remote work, telemedicine, social media platforms and digital entertainment. The Company is excited about this high-speed long-term growth opportunity. Customer expectations continue to increase for faster and more reliable connectivity, particularly in rural markets, and we are well positioned to invest in and expand our communications infrastructure to meet those needs.

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

	2025	2024
<b>Revenue:</b>		
Regulated revenue		
Local access	\$ 3,847	\$ 4,076
Interstate access & USF (federal)	46,567	46,565
Intrastate access & USF (state)	8,617	7,201
Other	1,197	1,237
Total regulated revenue	60,228	59,079
Non-regulated revenue		
Broadband and related services	68,131	66,309
Video (including cable modem)	4,819	4,747
Other	8,220	4,106
Total non-regulated revenue	81,170	75,162
Total revenue	\$ 141,398	\$ 134,241
<b>Operating costs and expenses:</b>		
Cost of revenue, excluding depreciation	72,114	67,994
General and administrative costs at operations	12,853	10,889
Corporate office expenses	6,446	4,756
Charitable contributions	1,024	543
Depreciation and amortization	28,486	23,913
Total operating costs and expenses	120,923	108,095
<b>Operating profit</b>	<b>\$ 20,475</b>	<b>\$ 26,146</b>

Total revenues in 2025 increased \$7.2 million, or 5.3%, to \$141.4 million.

Our regulated revenues increased by \$1.1 million to \$60.2 million, a 1.9% increase as compared to 2024. Local access revenue decreased \$0.2 million, or 5.6%, due to the continued decline in in-territory telephone access lines as customers migrate to alternative technologies. Interstate access and Universal Service Fund (“USF”) revenues remained relatively consistent year over year, reflecting stable support levels under the Company’s participation in the FCC’s Enhanced Alternative Connect America Cost Model (“E-ACAM”) program. Intrastate access and USF revenues increased modestly, primarily driven by higher state USF support. Other regulated revenue decreased modestly, primarily related to activity in Wisconsin and California and the return of previously awarded Rural Digital Opportunity Fund (“RDOF”) markets to the FCC.

Our non-regulated revenues grew by \$6.0 million to \$81.2 million, an 8.0% increase as compared to 2024. Broadband and related service revenues increased by \$1.8 million, from \$66.3 million in 2024 to \$68.1 million in 2025, driven by continued growth in broadband subscribers, increased demand for higher-speed services, and expansion of fiber and fixed wireless networks both within our regulated footprint and in adjacent markets. Growth was also supported by increased data transport and circuits provided to commercial, governmental, and wholesale customers, as well as the sale of communications equipment. In addition, non-regulated revenues benefited from approximately \$3.5 million of non-recurring revenue associated with a one-time fiber construction project completed for a middle-mile provider. Revenues from video services increased slightly by \$0.1 million to \$4.8 million. Overall, non-regulated revenues represented over 57% of total revenues in 2025, reflecting the Company’s continued strategic transition toward broadband and data services, and are expected to remain a primary driver of future growth.

Total operating costs and expenses were \$120.9 million in 2025 and \$108.1 million in 2024, resulting in a \$12.8 million increase. Cost of revenues increased by \$4.1 million, driven in part by the Company's continued efforts to expand broadband speed offerings, the addition of new customers and related customer premises equipment ("CPE"), and higher costs to support network expansion activities. General and administrative costs at operations also increased, reflecting higher personnel-related, professional services, engineering, and maintenance expenses associated with the Company's operational expansion and accelerated broadband deployment activities. In addition, increased capital expenditures to expand the Company's network reach and add customers resulted in a \$4.6 million increase in depreciation and amortization expense for the year. Corporate office expenses increased \$1.6 million, or 33.3%, to \$6.4 million in 2025 from \$4.8 million in 2024, reflecting higher overhead and expanded corporate support for the Company's growth, operational, and strategic initiatives. In both 2025 and 2024, the Company executed its charitable giving program, resulting in donations of \$1.0 million and \$0.5 million, respectively. In 2025 and 2024, the Company performed its annual goodwill impairment test and recognized no impairment charges.

As a result of the above factors, Operating profit in 2025 decreased by \$5.7 million to \$20.5 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):

	<b>2025</b>	<b>2024</b>
<b>EBITDA from:</b>		
Operating units	\$ 56,431	\$ 55,358
Corporate expense	(6,446)	(4,756)
Charitable contributions	(1,024)	(543)
<b>EBITDA</b>	<b>\$ 48,961</b>	<b>\$ 50,059</b>
<b>Reconciliation to net income:</b>		
EBITDA	\$ 48,961	\$ 50,059
Depreciation and amortization	(28,486)	(23,913)
Investment income	956	1,528
Interest expense	(5,196)	(4,188)
Unrealized gain (loss) on investment	333	(454)
Equity in earnings of affiliates	(66)	42
Other income (expense)	23	6,063
Income tax provision	(3,799)	(8,522)
<b>Net income</b>	<b>\$ 12,726</b>	<b>\$ 20,615</b>

#### **Other income (expense)**

Investment income decreased by \$0.6 million to \$1.0 million in 2025 from \$1.5 million in 2024, primarily reflecting lower interest income earned on money market balances. Interest expense increased by \$1.0 million to \$5.2 million in 2025 from \$4.2 million in 2024, primarily due to higher average debt balances associated with the Company's increased borrowings to support capital expenditures, network expansion activities and acquisition-related funding needs.

In 2025, the Company recorded an unrealized gain of \$0.3 million on its investment in MachTen, Inc., compared with an unrealized loss of \$0.5 million in 2024, primarily reflecting changes in the fair value of that investment. LICT's first-quarter 2025 press release likewise attributed the year-over-year improvement in other income/(expense) for that quarter primarily to a favorable change in unrealized gains on its MachTen investment.

Other income decreased from \$6.1 million in 2024 to \$23 thousand in 2025. The decrease was primarily due to the recognition in 2024 of a one-time, non-cash gain of approximately \$6.5 million related to the remeasurement of contingent consideration associated with the Manti acquisition. This variance was partially offset in 2025 by approximately \$0.5 million of accrued interest forgiven on the MachTen note.

#### **Income tax provision**

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2025 and 2024 represents effective tax rates of 22.7% and 29.2%, respectively. The decrease was primarily attributable to a favorable state unitary tax adjustment, as well as favorable federal and deferred true-up items recognized in 2025. 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 operations, net of tax was \$12.7 million, or \$805 per share in 2025, compared to \$20.6 million, or \$1,235 per share in 2024.

There were no discontinued operations in 2025 or 2024.

### **LIQUIDITY AND CAPITAL**

In October 2024, LICT entered into a five-year, \$100 million secured revolving credit facility with CoBank. As of December 31, 2025, the outstanding balance under the facility was \$63.9 million. The Company is currently in discussions with its lender to amend its revolving credit facility to increase total commitments from \$100 million to \$150 million. While no assurance can be provided that such amendment will be completed, the Company expects that, if consummated, the expanded facility would support ongoing capital expenditure programs, including broadband buildout initiatives and grant-related projects. As of December 31, 2025, the Company was in compliance with all applicable financial covenants under the agreement.

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, 2025, and for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity (in thousands):

<i>(in thousands)</i>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>1 year</b>	<b>2 - 3 years</b>	<b>4 - 5 years</b>	<b>Over 5 years</b>
Revolving credit facility with CoBank, principal only	\$ 63,850	\$ —	\$ —	\$ 63,850	\$ —
Notes to sellers, principal only	27,448	7,647	11,501	8,300	—
Operating leases	7,590	1,210	2,050	846	3,484
Interest on debt <sup>(a)</sup>	38,150	6,296	16,230	15,616	8
Debt on building acquisition, principal only	656	83	179	199	195
<b>Total contractual cash obligations and commitments</b>	<b>\$ 137,694</b>	<b>\$ 15,236</b>	<b>\$ 29,960</b>	<b>\$ 88,811</b>	<b>\$ 3,687</b>

<sup>(a)</sup> The calculation of future interest payments for variable rate debt is based on the interest rate at the balance sheet date.

As of December 31, 2025, total debt, was \$92.0 million, compared to \$66.6 million as of December 31, 2024. As of December 31, 2025, 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 \$63.9 million of variable interest rate debt, averaging 6.3%, and \$15.0 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.

Subsequent to year-end, the Company has been in discussions with the holders of approximately \$7.6 million of seller notes (see Note 4), which mature in June 2026, regarding a potential extension of the notes for an additional three-year term at the existing fixed interest rate of 6%.

With the Company's election to accept E-ACAM and grant awards (ReConnect III & IV), management's preliminary estimate of total remaining capital expenditures for these projects over the next three years will total approximately \$337 million, or approximately \$200 million, after grant receipts of \$137 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 2025 and 2024 capital expenditures of \$77.0 million and \$68.5 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 where 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.

As of December 31, 2025, the ratio of total debt (excluding the operating leases and future interest) to EBITDA was 1.88x compared to 1.33x as of December 31, 2024.

### **ALLOWANCE FOR CREDIT LOSSES**

Accounts receivable (“AR”) consists primarily of amounts due to the Company from normal business activities and 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 \$0.1 million as of December 31, 2025, and \$0.2 million as of December 31, 2024.

### **WORKING CAPITAL**

As of December 31, 2025, LICT had current assets of \$42.4 million and current liabilities of \$28.3 million resulting in working capital of \$14.1 million, compared to working capital of \$31.9 million as of December 31, 2024. The decrease in working capital was primarily attributable to increased borrowings under the Company’s revolving credit facility and higher accounts payable and accrued liabilities associated with elevated capital expenditures, customer growth, and network expansion activities.

### **Sources and Uses of Cash**

As of January 1, 2024, all LICT subsidiaries have converted to E-ACAM funding support through 2038. The total E-ACAM cash receipts were \$37.2 million in 2025 and \$37.1 million in 2024, respectively.

Cash and cash equivalents as of December 31, 2025, was \$11.7 million, an increase of \$2.1 million from 2024.

Net cash provided by operations of \$45.5 million in 2025 and \$46.9 million in 2024 was primarily used to invest in plant and equipment, acquisitions, repay debt, pay taxes and acquire treasury shares.

Capital expenditures from operations were \$77.0 million in 2025 and \$68.5 million in 2024.

From 2008 through 2025, the Company has taken bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service as follows:

- January 1, 2008 through September 8, 2010: 50%;
- September 9, 2010 through December 31, 2011: 100%;
- January 1, 2012 through September 28, 2017: 50%; and
- Pursuant to the Tax Cuts and Jobs Act of 2017: 100% for qualified property placed in service after September 27, 2017 and before January 1, 2023, with a phase down to 80% in 2023 and 60% in 2024.

Subsequent legislation restored 100% bonus depreciation for qualified property placed in service in 2025.

Such deductions have the effect of reducing current taxes payable but will increase tax payments in future years.

During the second quarter of 2026, the Company entered into discussions with another company regarding the potential sale of a portion of its spectrum license assets located outside of the Company's operating territories. The proposed transaction remains subject to regulatory approval by the Federal Communications Commission ("FCC"), and no assurance can be provided that the transaction will be completed.

The Company's Board of Directors has authorized the purchase of up to 11,865 shares of the Company's common stock. Through December 31, 2025, the Company purchased 13,116 shares in the open market at an average investment of \$9,157 per share, including 847 shares purchased in 2025 at an average investment of \$12,474 per share. The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999.

LICT CORPORATION  
DIRECTORS, OFFICERS, AND OTHER INFORMATION

**Board of Directors**

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**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**

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**Mario J. Gabelli**

Chairman of the Board &  
Interim Chief Executive Officer

**Jose A. Cecin, Jr.**

Chief Operating Officer

**Stephen J. Moore**

Vice President Finance

**Christian Mueller**

Corporate Controller

**Evelyn Jerden**

Senior Vice President -  
Regulatory Dynamics

**Alexander Dominguez**

Financial Reporting Controller

**Christina McEntee**

Chief Administrator

**George Ribadeneyra**

Senior Accountant

**Transfer Agent and Registrar For Common Stock**

Equiniti  
48 Wall Street  
New York, NY 10005

**Trading Information**

OTC Pink ®  
Common Stock  
Symbol: LICF

**Investor Relations Contact**

Stephen J. Moore  
(914) 921-8821

# **LICT Corporation and Subsidiaries**

Consolidated Financial Statements  
For the years ended December 31, 2025 and 2024

# LICT Corporation and Subsidiaries

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## **Independent Auditor's Report**

The Board of Directors  
LICT Corporation and Subsidiaries  
Rye, New York

### ***Opinion***

We have audited the consolidated financial statements of LICT Corporation and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, changes in stockholders' 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, 2025 and 2024, 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 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.

June 5, 2026

# LICT Corporation and Subsidiaries

## Consolidated Balance Sheets (in thousands, except share data)

<i>As of December 31,</i>	<b>2025</b>	<b>2024</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 11,684	\$ 9,546
Restricted cash	668	1,835
Accounts receivable, less allowances of \$129 and \$190, respectively	10,371	7,834
Grants receivable	3,340	12,759
Materials and supplies	11,822	12,581
Other current assets	4,517	4,681
<b>Total current assets</b>	<b>42,402</b>	<b>49,236</b>
<b>Property, plant and equipment, net</b>	<b>220,013</b>	<b>179,910</b>
<b>Goodwill</b>	<b>50,735</b>	<b>48,251</b>
<b>Other intangible assets, net</b>	<b>33,611</b>	<b>34,100</b>
<b>Investments in affiliated companies</b>	<b>6,202</b>	<b>6,723</b>
<b>Other assets, net</b>	<b>10,783</b>	<b>10,836</b>
<b>Total assets</b>	<b>\$ 363,746</b>	<b>\$ 329,056</b>
<b>Liabilities and shareholders' equity:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 8,951	\$ 8,908
Accrued interest payable	541	105
Accrued liabilities	11,088	8,195
Current maturities of long-term debt	7,731	80
<b>Total current liabilities</b>	<b>28,311</b>	<b>17,288</b>
<b>Long-term debt</b>	<b>84,223</b>	<b>66,556</b>
<b>Deferred income taxes</b>	<b>36,566</b>	<b>32,321</b>
<b>Other liabilities</b>	<b>8,895</b>	<b>9,301</b>
<b>Total liabilities</b>	<b>157,995</b>	<b>125,466</b>
<b>Commitments and contingencies (Note 14)</b>		
<b>Shareholders' equity:</b>		
Common stock, \$0.01 par value; 10,000,000 shares authorized; 26,831 issued; 15,326 and 16,173 outstanding, respectively	—	—
Additional paid-in capital	10,302	10,302
Retained earnings	310,730	298,004
Treasury stock, 11,505 and 10,658 shares, respectively, at cost	(115,281)	(104,716)
<b>Total shareholders' equity</b>	<b>205,751</b>	<b>203,590</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 363,746</b>	<b>\$ 329,056</b>

*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>	<b>2025</b>		<b>2024</b>	
<b>Revenues</b>	\$	<b>141,398</b>	\$	<b>134,241</b>
<b>Operating costs</b>				
Cost of revenue, excluding depreciation and amortization		72,114		67,994
General and administrative costs at operations		12,853		10,889
Corporate office expense		6,446		4,756
Charitable contributions		1,024		543
Depreciation and amortization		28,486		23,913
<b>Total operating costs</b>		<b>120,923</b>		<b>108,095</b>
<b>Operating profit</b>		<b>20,475</b>		<b>26,146</b>
<b>Other income (expense)</b>				
Investment income		956		1,528
Interest expense		(5,196)		(4,188)
Unrealized gain (loss) on investment		333		(454)
Equity in (losses) earnings of affiliated companies		(66)		42
Other		23		6,063
<b>Total other (expense) income</b>		<b>(3,950)</b>		<b>2,991</b>
<b>Income before income taxes</b>		<b>16,525</b>		<b>29,137</b>
Provision for income taxes		(3,799)		(8,522)
<b>Net income</b>	\$	<b>12,726</b>	\$	<b>20,615</b>
<b>Basic and Diluted Weighted-Average Shares Outstanding</b>		<b>15,799</b>		<b>16,686</b>
<b>Basic and Diluted Earnings Per Share</b>	\$	<b>805</b>	\$	<b>1,235</b>

*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	Addition al Paid-in Capital	Retaine d Earning s	Treasury Stock	Total
<b>Balance, December 31, 2023</b>	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)
<b>Balance, December 31, 2024</b>	16,173	\$ 10,302	\$298,004	\$(104,716)	\$203,590
Net income	—	—	12,726	—	12,726
Purchase of treasury stock	(847)	—	—	(10,565)	(10,565)
<b>Balance, December 31, 2025</b>	15,326	\$ 10,302	\$310,730	\$(115,281)	\$205,751

*See accompanying notes to consolidated financial statements*

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

<i>Year Ended December 31,</i>	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
<b>Net income</b>	\$ 12,726	\$ 20,615
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,486	23,913
Debt costs amortization	69	73
Deferred income tax provision	3,331	3,526
Gain on remeasurement of contingent consideration liability	—	(6,520)
Unrealized loss (gain) on investment	(333)	454
Realized loss on investment	43	314
Equity in earnings of affiliated companies	66	(42)
Unrealized losses on securities	(120)	(3)
Changes in operating assets and liabilities, net of effects of acquisition:		
Accounts receivable	(3,097)	(711)
Dividend receivable	—	345
Income taxes receivable (payable)	(800)	(118)
Accounts payable and accrued liabilities	3,859	(120)
Other assets and liabilities	1,259	5,207
<b>Net cash provided by operating activities</b>	<b>45,489</b>	<b>46,933</b>
<b>Cash flows from investing activities</b>		
Capital expenditures	(77,028)	(68,520)
Government grants received	24,421	5,236
Proceeds from note receivable from affiliate	—	15,000
Proceeds from the sale of investment	768	—
Other	868	69
<b>Net cash used in investing activities</b>	<b>(50,971)</b>	<b>(48,215)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term debt	(79)	(75)
Proceeds from borrowings under the line of credit	35,000	21,750
Repayments of borrowings under the line of credit	(9,900)	(16,500)
Proceeds from (repayment of) construction loan	(8,003)	8,003
Purchase of treasury stock	(10,565)	(11,713)
Debt issuance costs	—	(347)
<b>Net cash provided by financing activities</b>	<b>6,453</b>	<b>1,118</b>

*See accompanying notes to consolidated financial statements*

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

<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	\$	971	\$	(164)
<b>Cash and cash equivalents and restricted cash, beginning of year</b>		11,381		11,545
<b>Cash and cash equivalents and restricted cash, end of year</b>	\$	12,352	\$	11,381

Supplemental cash flow information

Cash paid during the year for:				
Interest	\$	4,784	\$	4,274
Income tax payments, net of refunds		1,780		5,105
Non-cash transactions:				
Right-of-use assets obtained in exchange for new operating lease liabilities		708		821
Net change of capital expenditures in accounts payable	\$	(1,541)	\$	1,602

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets to the total shown in the consolidated statements of cash flows:

Cash and cash equivalents	\$	11,684	\$	9,546
Restricted cash		668		1,835
Cash and cash equivalents and restricted cash, end of year	\$	12,352	\$	11,381

*See accompanying notes to consolidated financial statements*

# **LICT Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

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### **1. Organization and Summary of Significant Accounting Policies**

#### ***Organization***

LICT Corporation and Subsidiaries (the “Company” or “LICT”) is an integrated broadband and communications company whose shares trade on the OTC Pink Sheets under the symbol LICT.

LICT’s subsidiaries operate in rural communities in seven 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 (“Cal-Ore”) in California.

#### ***Basis of Presentation***

The accompanying consolidated financial statements represent the accounts of LICT and its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

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 Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 980, *Regulated Operations* (“ASC 980”).

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.

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.

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

#### ***Investments in Affiliated Companies***

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.

#### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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

# **LICT Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

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include the useful lives of property, plant and equipment; asset retirement obligations (AROs); allowances for credit losses; the valuation of deferred tax assets; goodwill and 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 \$0.7 million as of December 31, 2025 and \$1.8 million as of December 31, 2024.

### ***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 \$3.3 million and \$1.6 million as of December 31, 2025 and 2024, 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 \$48.6 million and \$47.1 million in 2025 and 2024 respectively, from the Federal Universal Service Fund, various state funds and NECA. This equates to 34.4% and 35.1% of its revenue for each 2025 and 2024.

### ***Investment in Securities***

The Company carries its investments in equity securities at fair value and records the subsequent changes in fair value in the consolidated statements of income as a component of other income (expense). These securities are included in other current assets in the consolidated balance sheets. The Company’s investment in equity securities totaled \$0.4 million as of December 31, 2025 and \$0.3 million as of December 31, 2024.

### ***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, CoBank will at its discretion make an additional patronage distribution based on the average patronage-eligible loan volume outstanding. Total patronage refunds were \$0.5 million in 2025 and \$0.5 million in 2024 and were included as investment income in the Company’s consolidated statements of income. Of this, total patronage refunds received in cash were \$0.4 million in 2025 and \$0.4 million in 2024, with the balance received in CoBank stock. Investment in CoBank stock is carried at cost, which approximates redemption value. Patronage stock is redeemed at its face value for cash ten years

# **LICT Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

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after the related debt is paid off. Patronage stock redemptions were less than \$0.1 million in 2025 and \$0.1 million in 2024. Investment in CoBank stock received as part of the Company's patronage distributions totaled \$0.6 million and \$0.6 million as of December 31, 2025 and 2024, respectively. These amounts are included as a component of Other Assets, net on the consolidated balance sheets.

### ***Accounts Receivable***

As of December 31, 2025 and 2024, the Company's consolidated accounts receivable ("AR") totaled \$10.4 million and \$7.8 million, net of the allowance for credit losses ("AFCLs"), respectively.

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 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 debt, 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.

### ***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 earnings over the useful life of the asset through lower depreciation expense. As of December 31, 2025, the short-term grants receivable balance was \$3.3 million compared to \$12.8 million as of December 31, 2024. Refer to Note 14 for further detail.

### ***Notes Receivable***

Notes receivable are recorded at amortized cost, which represents the principal amount outstanding, net of any unamortized premium or discount and an allowance for credit losses, if applicable. Interest income is recognized over the term of the note using the effective interest method based on the contractual interest rate.

The Company evaluates notes receivable for expected credit losses in accordance with ASC Topic 326, Financial Instruments—Credit Losses. An allowance for credit losses is established based on management's assessment of the collectability of the outstanding balance, considering historical experience, current

# **LICT Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

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conditions, and reasonable and supportable forecasts. Notes receivable are written off when deemed uncollectible.

In connection with the Company's August 31, 2023 spin-off of MachTen, Inc. ("MachTen" or "MAC"), a \$15.0 million note receivable was issued to the Company, bearing interest at a rate based on the Secured Overnight Financing Rate ("SOFR") plus 1.5% and maturing on August 30, 2024. The note was repaid in full 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 total par value, are non-voting and have a 5% cumulative annual dividend payable when the shares are redeemed. The preferred equity is included in our December 31, 2024 balance sheet (included in Investments in Affiliated Companies). The resulting preferred equity investment is accounted for within investments in affiliated companies.

### ***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. The Company did not participate in any spectrum auctions in 2025 or 2024.

### ***Reclassification***

Certain amounts in the prior-year financial statements have been reclassified to conform with the current-year presentation. 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 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 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. Refer to Note 14 for additional detail.

# **LICT Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

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Depreciable lives for the Company's telephone and non-telephone properties, excluding land, range from 15 to 30 years for buildings and leasehold improvements, 3 to 15 years for machinery and vehicles. 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. All 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 "LTCX"), a subsidiary of 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***

The Company evaluates goodwill and intangible assets with indefinite lives for impairment annually, or more frequently if events or changes in circumstances indicate that such assets may be impaired.

As of December 31, 2025, the Company performed its annual impairment tests of goodwill and other intangible assets with indefinite lives. As part of its annual impairment assessment process, the Company performed a qualitative assessment ("Step 0") for the Utah reporting unit to determine whether it was more likely than not that the fair value of the reporting unit was less than its carrying amount. Based on the results of the qualitative assessment, no further testing was required for the Utah reporting unit. The Company performed quantitative impairment assessments ("Step 1") for the Kansas, Cal-Ore, Western New Mexico, and Central Scott reporting units. In 2024, the Company performed quantitative impairment assessments ("Step 1") for all reporting units. In performing its impairment assessment, management utilized valuation analyses prepared by an independent third-party valuation specialist engaged at the parent company level (LICT Corporation). The valuation analyses were based on financial information as of September 30, 2025 and 2024, respectively, and were updated for known and reasonably knowable events and circumstances through December 31, 2025 and 2024, respectively. The results of these valuation analyses were reviewed by management and reflected in the Company's financial statements. Goodwill is assigned to and evaluated at the reporting unit level. The Company's reporting units consist of its operating subsidiaries or components for which discrete financial information is available and regularly reviewed by management. Based on the quantitative impairment analysis performed, the Company did not recognize an impairment charge in 2025 and 2024.

## LICT Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

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With respect to goodwill, the Company estimates the fair value of its reporting units using a combination of valuation approaches, including the income approach and market approach. Significant assumptions utilized in the valuation analyses include estimates of future cash flows, discount rates, long-term growth rates, working capital requirements, selection of comparable companies, and other market-based assumptions. These assumptions are inherently subjective and involve management judgment. Changes in these assumptions or estimates could materially affect the estimated fair value of the reporting units and could result in future impairment charges.

The Company evaluates intangible assets with indefinite lives for impairment by comparing the fair value of the asset to its carrying value. The Company estimates fair value using Level 3 inputs within the fair value hierarchy due to the use of significant unobservable assumptions.

In addition to goodwill, intangible assets with indefinite lives, including spectrum licenses, and other indefinite-lived intangible assets, had a carrying value of \$30.0 million and \$30.0 million as of December 31, 2025 and 2024, respectively. No impairment of intangible assets with indefinite lives was identified as of December 31, 2025 and 2024.

Under ASC Topic 350, Intangibles—Goodwill and Other, goodwill is considered impaired if the carrying amount of a reporting unit exceeds its estimated fair value, with the impairment loss limited to the amount of goodwill allocated to the reporting unit. Based on the quantitative impairment analysis performed as of December 31, 2025 and 2024, the estimated fair value of the Company's reporting units exceeded their carrying amounts and no impairment charge was recorded.

The following table presents changes in the carrying amount of goodwill for the periods presented (in thousands):

<i>As of December 31,</i>	<b>2025</b>		<b>2024</b>	
Beginning balance	\$	48,251	\$	48,251
Additions		2,484		—
Impairment losses		—		—
<b>Ending balance</b>	<b>\$</b>	<b>50,735</b>	<b>\$</b>	<b>48,251</b>

The goodwill addition recorded in 2025 relates to the Company's acquisition of MTC.

The Company's intangible assets subject to amortization consist primarily of subscriber relationships and trade names and trademarks. These assets are amortized over their estimated useful lives. Subscriber relationships are generally amortized on a straight-line basis over an estimated useful life of 8 to 10 years, with a weighted-average amortization period of approximately 9 years. Trade names and trademarks are amortized over an estimated useful lives, which range from approximately 3 to 14 years. Such intangible assets are included in Other Intangibles, net in the accompanying consolidated balance sheets.

The following table presents intangible assets subject to amortization as of December 31, 2025 and 2024 (in thousands):

**LICT Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**

<i>As of December 31, 2025</i>	<b>Gross</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Subscriber relationships	\$ 8,142	\$ (4,758)	\$ 3,384
Trade names and trademarks	301	(47)	254
<b>Ending balance</b>	<b>\$ 8,443</b>	<b>\$ (4,805)</b>	<b>\$ 3,638</b>

<i>As of December 31, 2024</i>	<b>Gross</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Subscriber relationships	\$ 8,130	\$ (4,273)	\$ 3,857
Trade names and trademarks	290	(21)	269
<b>Ending balance</b>	<b>\$ 8,420</b>	<b>\$ (4,294)</b>	<b>\$ 4,126</b>

Amortization expense was \$0.5 million for each of the years ended December 31, 2025 and 2024.

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

<i>Year Ending December 31,</i>			
2026		\$	510
2027			510
2028			510
2029			510
2030			509
Thereafter			1,089
<b>Total Amortization of Subscriber Lists, Trade Names and Trademarks</b>	<b>\$</b>		<b>3,638</b>

***Impairment of Long-Lived Assets***

Long-lived assets, such as property, plant, and equipment, right of use assets, and 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 costs to sell, and depreciation ceases. No indicators of impairment were identified and no impairment charges were recorded during the years ended December 31, 2025 and 2024.

***Debt Issuance Costs***

The Company incurs debt issuance costs in connection with its borrowing arrangements. Such costs are deferred and amortized over the term of the related debt using the effective interest method. Debt issuance costs associated with the Company's revolving credit facility are presented within other assets, while issuance costs related to term debt are presented as a direct deduction from the carrying amount of the related debt.

During 2025, the Company did not incur any new debt issuance costs. During 2024, the Company incurred approximately \$0.3 million of debt issuance costs related to its revolving credit facility with CoBank. The

# LICT Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

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unamortized balance of debt issuance costs was approximately \$0.3 million as of December 31, 2025 and 2024. Amortization amounted to \$69 thousand for 2025 and \$73 thousand for 2024. These amounts were recorded as interest expense.

### ***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, the balance was de minimis as of December 31, 2025 and 2024.

### ***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 Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), 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 performance obligations, whether they are explicitly stated in the contract or are implied by customary business practices.

The Company enters into contracts with customers that often include multiple performance obligations. For these contracts, the Company accounts for distinct individual performance obligations separately by allocating the contract's total transaction price to each performance obligation in an amount based on the relative standalone selling price ("SSP") of each distinct good or service in the contract.

The Company's determination of SSP for each distinct performance obligation in its contracts with its customers requires minimal judgment. Products and services are generally sold at standard prices. Therefore, it is rare that any reallocation of transaction consideration is required. The Company's best evidence of SSP is the observable price at which products and services are sold separately to customers, which is generally the stated contract price.

### ***Advertising Costs***

Advertising costs are expensed as incurred and are included in general and administrative expense in the accompanying consolidated statements of income. Advertising costs were \$1.4 million and \$1.2 million for the years ended December 31, 2025 and 2024, respectively.

# **LICT Corporation and Subsidiaries**

## **Notes to Consolidated Financial Statements**

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### ***Leases***

The Company recognizes leases in accordance with ASC Topic 842, *Leases* (“ASC 842”), 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.

### ***Income Taxes***

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*, using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as for 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 of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

A valuation allowance is established when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The Company evaluates the realizability of deferred tax assets on a quarterly basis based on all available evidence, including historical operating results, projections of future taxable income, and tax planning strategies.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained upon examination by the relevant taxing authorities. Recognized income tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions, if any, as a component of income tax expense. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

### ***Earnings per Share***

Basic earnings per common share are based on the weighted-average number of common shares outstanding during each period. Diluted earnings per common share include the effect of potentially dilutive securities when their inclusion would be dilutive.

### ***Segment Reporting***

The Company operates as a single operating and reportable segment. The Company’s chief operating decision maker (“CODM”) is its senior management team, comprised of the Acting Chief Executive Officer, Chief

# LICT Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

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Operating Officer, and VP of Finance, who collectively evaluate financial performance and allocate resources based on consolidated results. As a result, the Company has determined that it has one reportable segment and does not present separate segment information. All of the Company's long-lived assets and revenues are attributable to operations within the United States.

### ***Recent Accounting Developments***

In November 2024, the FASB issued Accounting Standards Update ("ASU") 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03"). This accounting update requires disclosure of disaggregated expense in prescribed categories underlying any relevant income statement expense caption. The updated disclosure requirements are to be adopted for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company is currently assessing the impact of adopting ASU 2024-03 on the consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants received by Business Entities* ("ASU 2025-10"). This accounting update establishes guidance for the recognition, measurement, presentation and disclosure of government grants. The updated requirements are effective for public business entities for annual reporting periods beginning after December 15, 2028, and interim periods therein, with early adoption permitted. The Company is currently assessing the impact of adopting ASU 2025-10 on its consolidated financial statements.

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Improvements to Income Tax Disclosures*, which enhances the transparency and decision usefulness of income tax disclosures. The standard requires expanded disclosures in the rate reconciliation, including disaggregation of certain reconciling items, as well as additional disclosures of income taxes paid (net of refunds), disaggregated by federal, state, and foreign jurisdictions.

The Company adopted ASU 2023-09 effective January 1, 2025. The adoption of this standard resulted in enhanced income tax disclosures in the Company's consolidated financial statements. The adoption did not have a material impact on the Company's financial position, results of operations, or cash flows.

## **2. Investments in Affiliated Companies**

The Company accounts for investments in affiliated companies based on the equity method of accounting: telecommunications operations in California, Kansas, and Utah (2% to 12% owned through partnerships), and the former subsidiary, rural communication and alarm system subsidiary in New York, in which the Company maintained a 12% ownership interest which was sold as of August 31, 2024.

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If a decline in value is determined to be other-than-temporary, the investment is written down to its fair value.

During the third quarter of 2024, LICT completed the sale of its remaining 12% ownership interest in Brick Skirt Holdings Company (formerly DFT Communications) to CIBL, Inc. upon receiving regulatory approval. Prior to the completion of the sale, the Company accounted for its investment in Brick Skirt using the equity method.

## LICT Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

On August 31, 2023, the Company completed a spin-off of 81% of the shares of LMT Holdings Corporation (“LMT”), which formally launched MachTen, Inc. (“MAC”) as an independent company. 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 30, 2024, with an interest rate based on the 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 preferred equity is included in our December 31, 2024 balance sheet (included in Investments in Affiliated Companies). Following the spin-off transaction, MachTen continues to be considered a related party due to the Company’s preferred equity investment.

Investments in affiliated companies totaled approximately \$6.2 million and \$6.7 million at December 31, 2025 and 2024, respectively. The balances at December 31, 2025 consisted primarily of approximately \$4.6 million related to the Company’s investment in MAC common shares, including unrealized gains, approximately \$0.9 million related to the Company’s investment in the Kansas Fiber Network (“KFN”), approximately \$0.5 million related to preferred shares issued by MAC and approximately \$0.2 million in other investments. The balances at December 31, 2024 consisted primarily of approximately \$4.3 million related to the Company’s investment in MAC common shares, approximately \$1.0 million related to the Company’s investment in KFN, approximately \$0.8 million related to the Company’s investment in CIBL and approximately \$0.5 million related to preferred shares issued by MAC.

Included in consolidated retained earnings at December 31, 2025 and 2024 were approximately \$0.1 million of cumulative undistributed earnings of equity method investees, representing LICT’s share of investee earnings recognized under the equity method and not distributed as dividends.

### 3. Property, Plant and Equipment

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

<i>As of December 31,</i>	<b>2025</b>	<b>2024</b>
Land	\$ 1,674	\$ 1,213
Buildings and leasehold improvements	23,383	18,587
Construction in progress	11,851	24,057
Machinery and vehicles	530,147	458,342
Property, plant and equipment, gross	567,055	502,199
Accumulated depreciation	(347,042)	(322,289)
<b>Property, plant and equipment, net</b>	<b>\$ 220,013</b>	<b>\$ 179,910</b>

Depreciation expense for 2025 and 2024 was \$28.0 million and \$23.4 million, respectively.

**LICT Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**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 (LICT Corporation). The table below represents long-term debt borrowings by various subsidiaries of LICT (in thousands):

<i>As of December 31,</i>	<b>2025</b>	<b>2024</b>
Long-term debt consists of:		
Revolving credit facility from CoBank	\$ 63,850	\$ 38,750
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%).	18,801	10,501
Other at fixed rates of 5.25% and 6% (including building mortgage)	1,656	1,735
<b>Total debt</b>	<b>91,954</b>	<b>66,636</b>
Current maturities	(7,731)	(80)
<b>Long-term debt</b>	<b>\$ 84,223</b>	<b>\$ 66,556</b>

**Revolving Credit Facility CoBank**

In October 2024, the Company secured a new five year, \$100 million revolving credit facility with CoBank. 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 as of December 31, 2025 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 \$63.9 million as of December 31, 2025 and \$38.8 million as of December 31, 2024. The average balance of the line of credit outstanding was \$52.2 million in 2025 and \$40.6 million in 2024; the highest amount outstanding was \$63.9 million in 2025 and \$50 million in 2024; and the average interest rate was 6.3% in 2025, 7.1% in 2024.

As of December 31, 2025, \$36.1 million remained available under the revolving credit facility. The credit agreement with CoBank includes customary financial covenants, including a maximum leverage ratio. As of December 31, 2025 the Company was in compliance with all of its covenants.

**Construction Loan from First Central Bank**

In August 2024, the Company secured an \$11 million, 18 month credit facility with First Central State Bank (FCSB) to finance its Iowa Notice of Funding Availability (NOFA) 6 build project. 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 Company repaid the FCSB credit facility in full in May 2025.

# LICT Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

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### Secured Notes

In June 2023, the Company renewed \$7.6 million of seller notes for a three-year term maturing in June 2026. These notes were originally issued in connection with the acquisition of the Company's Utah subsidiary, Central Utah Telephone, and are secured by the stock of that subsidiary. The notes bear interest at a fixed rate of 6.0%.

As of December 31, 2025, the outstanding balance of these notes is classified as short-term debt on the Company's consolidated balance sheet.

### Unsecured Notes

In May 2024, the Company renewed \$3.8 million of seller notes for a three-year term maturing in May 2027. These notes were originally issued in connection with the acquisition of one of the Company's Kansas subsidiaries and bear interest at a fixed rate of 6.0%.

In November 2023, the Company issued \$6.7 million of seller notes in connection with its acquisitions of MTTC and AFI. The notes have a five-year term, maturing November 2028, and bear interest at a variable rate equal to the lesser of the five-year U.S. Treasury rate or a rate within a range of 6.0% to 10.0%, subject to a minimum rate of 6.0%.

On January 1, 2025, the Company issued \$8.3 million of seller notes in connection with its acquisition of Manti Telephone Company ("MTC"). These notes have a five-year term, maturing December 31, 2029, and bear interest at a variable rate equal to the lesser of the five-year U.S. Treasury rate or a rate within a range of 6.0% to 10.0%, subject to a minimum rate of 6.0%.

### Other Long-Term Debt

Other debt consists of a \$1.0 million seller note issued in September 2022 in connection with the purchase of a building by the Company's Utah subsidiary. The note has a five-year term, maturing September 2027, and bears interest at a fixed rate of 6.0%.

Other debt also includes a mortgage issued in September 2022, secured by the same property, with a ten-year term maturing in September 2032 and bearing interest at a fixed rate of 5.25%.

The following table presents the aggregate scheduled maturities of the Company's debt obligations as of December 31, 2025:

Years Ending December 31, <i>(in Millions)</i>	Amount
2026	\$ 7.7
2027	4.9
2028	6.8
2029	72.2
2030	0.1
Thereafter	0.2
<b>Total Debt</b>	<b>\$ 91.9</b>

# LICT Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

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### 5. Related Party Transactions

#### Amounts Due From and To Affiliate

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 2025 and \$0.2 million in 2024. The related-party office lease is included in the Company's lease disclosures, and the associated right-of-use asset and lease liability are not separately presented. Expenses related to transportation paid to the same affiliate were \$0.1 million and \$0.1 million for 2025 and 2024, respectively. As of December 31, 2025 and December 31, 2024 nothing was due to or from this affiliate.

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. The construction company provided services totaling \$2.2 million in 2025 and \$2.3 million in 2024, respectively. As of December 31, 2025 nothing was due to this construction company, and \$0.1 million was due to the company at December 31, 2024.

See Note 2 for details of the Company's transactions with MachTen, Inc., including the repayment and settlement of the LMT note and the Company's preferred equity investment, as a result of which MachTen is considered a related party.

#### Other Related Party Arrangements

As of December 31, 2025 and 2024, assets of \$3.3 million and \$1.6 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 secured and unsecured notes issued to sellers in connection with acquisitions (see Note 4).

Other than the balances disclosed above, there were no amounts due to or due from related parties as of December 31, 2025 or 2024.

### 6. Shareholders' Equity

For the year ended December 31, 2025 and 2024, shares have been purchased on the open market in the amount of 847 and 798, respectively at an average investment per share of \$12,474 in 2025 and \$14,666 in 2024. LICT's Board of Directors has authorized the purchase of up to 11,865 shares of its common stock. As of December 31, 2025, the Company had authorization remaining to repurchase 360 shares of its common stock. The Company accounts for treasury stock using the cost method, and all shares repurchased during the periods presented remain held in treasury and have not been retired.

The Inflation Reduction Act of 2022 introduced a 1% nondeductible excise tax on certain repurchases of stock by publicly traded U.S. corporations, effective for repurchases after December 31, 2022. The tax is based on the fair market value of stock repurchased during the year, net of certain stock issuances, including shares issued pursuant to employee compensation arrangements.

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The Company accounts for the excise tax as part of the cost of treasury stock transactions, recording the liability in the period in which the repurchase occurs. As such, the excise tax is included in the cost basis of treasury stock and does not impact net income.

During the years ended December 31, 2025 and 2024, the Company recorded excise tax of \$0.1 million and \$0.1 million, respectively. These amounts are included as a component of treasury stock within shareholders' equity and as accrued liabilities in the consolidated balance sheets.

**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>	<b>2025</b>	<b>2024</b>
<b>Current taxes:</b>		
Federal	\$ 298	\$ 2,894
State and local	170	2,102
<b>Total current taxes</b>	<b>468</b>	<b>4,996</b>
<b>Deferred taxes:</b>		
Federal	2,828	3,143
State and local	521	621
Change in state rate	(18)	(238)
<b>Total deferred taxes</b>	<b>3,331</b>	<b>3,526</b>
<b>Total provision for income taxes</b>	<b>\$ 3,799</b>	<b>\$ 8,522</b>

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective income tax rate is as follows (in thousands, except percentages):

<i>Year Ended December 31,</i>	<b>2025</b>	<b>Effective Rate</b>	<b>2024</b>	<b>Effective Rate</b>
Income before income taxes	\$ 16,525		\$ 29,137	
U.S. federal statutory income tax expense	3,484	21.0 %	6,117	21.0 %
State and local income taxes, net of federal benefit	440	2.7 %	2,027	7.0 %
<b>Permanent differences</b>				
Nondeductible expenses	61	0.3 %	49	0.2 %
Other permanent differences	11	0.1 %	29	0.1 %
Change in effective state tax rate	(93)	(0.6) %	(189)	(0.6) %
Other	(104)	(0.6) %	489	1.6 %
<b>Total provision for income taxes</b>	<b>\$ 3,799</b>	<b>22.9 %</b>	<b>\$ 8,522</b>	<b>29.3 %</b>

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Deferred income taxes for 2025 and 2024 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):

<i>As of December 31,</i>	<b>2025</b>	<b>2024</b>
Property, plant and equipment and depreciation	\$ 34,394	\$ 29,482
Partnership tax losses in excess of book losses	—	(14)
Goodwill	3,671	3,680
Investments	69	(46)
Right-of-use assets	1,371	1,240
Lease liabilities	(1,373)	(1,233)
Other reserves and accruals	(1,566)	(788)
<b>Total deferred tax liabilities, net</b>	<b>\$ 36,566</b>	<b>\$ 32,321</b>

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 2025, 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 2022 through 2025 by the Internal Revenue Service and, with few exceptions, is subject to state examinations by tax authorities for the same four years.

The following table summarizes income taxes paid, net of refunds received, by jurisdiction for the years ended December 31, 2025 and 2024 (in thousands):

<i>Year Ended December 31,</i>	<b>2025</b>	<b>2024</b>
Federal	\$ 550	\$ 4,319
Utah	553	390
New Mexico	337	213
California	335	—
Other state and local	5	183
<b>Total cash paid for taxes, net</b>	<b>\$ 1,780</b>	<b>\$ 5,105</b>

## 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

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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 \$3.3 million and \$1.6 million as of December 31, 2025 and 2024, respectively.

Cash in banks, accounts receivable, 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, 2025. 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.

On December 1, 2023, the Company completed the acquisition of MTCC and AFI for total consideration of \$15.3 million, which included \$6.8 million in contingent consideration (the “earnout liability”). The earnout liability related to the AFI 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, consolidated statements of income. As a result, the earnout liability was reduced to \$0.3 million as of December 31, 2024. As of December 31, 2024, 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 remaining earnout liability was paid in December 2025.

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). Refer to Note 2 for additional detail:

*As of December 31, 2025*

	Fair Value		Level 1		Level 2		Level 3
Equity securities:							
Common stock	\$	5,043	\$	5,043	\$	—	\$ —
<b>Total Assets Accounted for, at fair value</b>	<b>\$</b>	<b>5,043</b>	<b>\$</b>	<b>5,043</b>	<b>\$</b>	<b>—</b>	<b>\$ —</b>

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*As of December 31, 2024*

	Fair Value		Level 1		Level 2		Level 3
Equity securities:							
Common stock	\$ 5,401	\$	5,401	\$	—	\$	—
<b>Total Assets Accounted for, at fair value</b>	<b>\$ 5,401</b>	<b>\$</b>	<b>5,401</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>

The following tables present the fair value of the earnout liability included in accrued liabilities on the consolidated balance sheets as of December 31, 2025 and 2024, and the level within the fair value hierarchy in which such measurements are classified. No earnout liability was recorded as of December 31, 2025:

*As of December 31, 2025*

	Fair Value		Level 1		Level 2		Level 3
Earnout liability at beginning of year:	\$ 300	\$	—	\$	—	\$	300
Payment of earnout liability	\$ (300)	\$	—	\$	—	\$	(300)
Earnout liability at end of year:	\$ —	\$	—	\$	—	\$	—
<b>Total Liabilities Accounted for, at fair value</b>	<b>\$ —</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>

*As of December 31, 2024*

	Fair Value		Level 1		Level 2		Level 3
Earnout liability	\$ 300	\$	—	\$	—	\$	300
<b>Total Liabilities Accounted for, at fair value</b>	<b>\$ 300</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>300</b>

## 9. Employee Benefit Plans

LICT maintains several defined contribution plans at its telephone subsidiaries and corporate office. LICIT'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 2025 and \$2.0 million in 2024.

The Company has a Principal Executive Bonus Plan, for which \$0.5 million was recorded in 2025 and \$0.2 million in 2024.

## 10. Revenue Recognition

*Revenue Accounted for in Accordance with ASC 606*

# LICT Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

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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 disclosure 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 Local Exchange Carriers ("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 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 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 that was completed before December 31, 2025. Carriers electing E-ACAM are required to offer and maintain voice and broadband service to obligated locations, while legacy ACAM and ACAM II carriers are subject to deployment obligations and must use support to provide, maintain, and upgrade broadband-capable networks. Total 2025 E-ACAM revenues were \$37.2 million, and \$37.1 million in 2024.

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):

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*Year ended December 31, 2025*

	Accounted for Under ASC 606	Accounted for Under Other Guidance	Total Revenue
<b>Non-regulated revenue</b>			
Broadband and related services	\$ 68,131	\$ —	\$ 68,131
Video	4,819	—	4,819
Other	8,220	—	8,220
<b>Total non-regulated revenue</b>	<b>81,170</b>	<b>—</b>	<b>81,170</b>
<b>Regulated revenue</b>			
Local access	\$ 3,847	—	\$ 3,847
Interstate access and USF	3,062	43,505	46,567
Intrastate access and USF	347	8,270	8,617
Other	1,152	45	1,197
<b>Total regulated revenue</b>	<b>8,408</b>	<b>51,820</b>	<b>60,228</b>
<b>Total revenue</b>	<b>\$ 89,578</b>	<b>\$ 51,820</b>	<b>\$ 141,398</b>

*Year ended December 31, 2025*

	Accounted for Under ASC 606
Revenue accounted for in accordance with ASC 606 consisted of the following:	
Services transferred over time	\$ 88,815
Equipment and long-distance service transferred at a point in time	763
<b>Total revenue</b>	<b>\$ 89,578</b>

*Year ended December 31, 2024*

	Accounted for Under ASC 606	Accounted for Under Other Guidance	Total Revenue
<b>Non-regulated revenue</b>			
Broadband and related services	\$ 66,309	\$ —	\$ 66,309
Video	4,747	—	4,747
Other	4,106	—	4,106
<b>Total non-regulated revenue</b>	<b>75,162</b>	<b>—</b>	<b>75,162</b>
<b>Regulated revenue</b>			
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
<b>Total regulated revenue</b>	<b>8,649</b>	<b>50,430</b>	<b>59,079</b>
<b>Total revenue</b>	<b>\$ 83,811</b>	<b>\$ 50,430</b>	<b>\$ 134,241</b>

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*Year ended December 31, 2024*

		<b>Accounted for Under ASC 606</b>
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
<b>Total revenue</b>	<b>\$</b>	<b>83,811</b>

***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.

***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, 2025.

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, as of December 31, 2025. Amortization was \$0.7 million and \$0.7 million in 2025 and 2024, 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, as of December 31, 2025.

**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.

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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>	<b>2025</b>	<b>2024</b>
Operating lease cost	\$ 1,332	\$ 1,263
Finance lease cost:		
Amortization of right-of-use assets	1	10
<b>Total lease cost</b>	<b>\$ 1,333</b>	<b>\$ 1,273</b>

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

<i>Year ended December 31,</i>	<b>2025</b>	<b>2024</b>
Weighted average remaining lease term (in years) - operating leases	11.35 yrs	10.5 Years
Weighted average discount rate - operating leases	4.7%	4.5%

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

<i>Year Ending December 31, 2025</i>	
2026	\$ 1,210
2027	1,072
2028	978
2029	451
2030	395
2031 and thereafter	3,484
<b>Total obligation</b>	<b>7,590</b>
Less: amount representing interest and discount	(1,837)
<b>Present value of future minimum lease payments</b>	<b>5,753</b>
Less: current portion	(1,021)
<b>Lease obligations, net of current portion</b>	<b>\$ 4,732</b>

ROU assets were approximately \$5.8 million and \$5.8 million as of December 31, 2025 and 2024, respectively, and are included in other assets, net on the consolidated balance sheets. Operating lease liabilities are included in accrued expenses and other current liabilities and other long-term liabilities on the consolidated balance sheets. Current operating lease liabilities were approximately \$1.0 million and \$1.0 million as of December 31, 2025 and 2024, respectively, and long-term operating lease liabilities were approximately \$4.7 million and \$4.8 million as of December 31, 2025 and 2024, respectively.

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**12. Charitable Contribution Programs**

During 2025 and 2024, 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. The charitable contribution program is discretionary and does not create a contractual obligation beyond amounts approved by the Board in each respective year.

During 2025 and 2024, respectively, the Company recorded a charge of \$1.0 million and \$0.5 million before tax benefit for both years. The impact of these programs per diluted share were \$48 in 2025 and \$24 in 2024, 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 January 1, 2025, the Company acquired MTC, the regulated operating subsidiary, completing the broader Manti transaction that commenced in November 2023 with the acquisition of the non-regulated entities MTCC and AFI and was finalized upon receipt of regulatory approval for MTC. The total consideration for the acquisition was approximately \$8.3 million in seller notes, \$0.7 million in working capital adjustment and a nominal amount of cash (\$12 thousand). MTC provides regulated telecommunications services and operates primarily in rural markets. This acquisition aligns with the Company's strategic objectives to expand its presence in underserved rural communities and enhance its broadband infrastructure and service capabilities. The transaction was accounted for as a stock acquisition, whereby the Company acquired 100% of MTC's outstanding shares. Accordingly, MTC's results of operations have been included in the Company's consolidated financial statements from the date of acquisition.

The following table summarizes the purchase price and purchase price allocation relating to the acquisition of MTC (in thousands):

<b>Tangible Assets:</b>	
Net Working Capital (incl Cash)	\$ 691
Property, Plant and Equipment	7,193
Other Assets	12
<b>Total Tangible Assets</b>	<b>\$ 7,896</b>
<b>Deferred Tax Liability</b>	<b>(1,404)</b>
Total Identifiable Intangibles	\$ 11
Estimated Goodwill (tax adjusted)	2,473
<b>Total Identifiable Intangible Assets, Including Goodwill</b>	<b>\$ 2,484</b>
<b>Total Allocated Purchase Price</b>	<b>\$ 8,976</b>

The tax adjusted goodwill recognized of approximately \$2.4 million primarily represents expected synergies from combining the acquired MTC operations with the Company's existing telecommunications and broadband platform, including anticipated economies of scale in network operations and procurement, integration of back-office functions, and cross-selling opportunities to an expanded subscriber base. Goodwill also reflects the value of the assembled workforce and other expected benefits that do not qualify for separate recognition, such as anticipated future customer relationships and strategic growth opportunities from planned

# LICT Corporation and Subsidiaries

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fiber network expansion. None of the goodwill recognized is expected to be deductible for income tax purposes.

On December 1, 2023, the Company completed the acquisition of MTCC and 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.

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 remaining earnout liability, was revised to \$0.3 million and was included as a component of other liabilities in the Company’s December 31, 2024 balance sheet and was paid in December 2025.

### 14. 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 industry 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. The Company was not involved in any legal proceedings in 2025 and 2024 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, 2025, the Company is committed to multiple network expansion projects primarily funded through federal and state government grant programs. These projects are focused on deploying high-speed broadband infrastructure in rural and underserved areas.

The Company has been awarded approximately \$157.2 million of grants from the United States Department of Agriculture Rural Utilities Service (“RUS”) under the ReConnect III and ReConnect IV programs across seven projects. Each of these grants must be completed with active services no later than five years from the RUS release of funds notification date announcing that funds were available to be received for that grant. Of the total grant amount, approximately \$116.0 million relates to five fully-funded government grants with projects in various stages of completion, including final inspections, testing, construction, contracting and permitting where all are expected to be completed over the next 2 years. The remaining \$41.2 million relates to projects that fund approximately 75% of total project costs, with the Company required to contribute matching funds of approximately \$13.7 million on a pro-rata basis throughout the project. Total project costs associated with these partially-funded grants are approximately \$55.0 million, including an \$8.4 million project, with a \$2.1 million match, where construction is completed and the project is awaiting final testing, inspection and project close-out. The other partially-funded grant project has not yet commenced construction but is still awaiting permits and project completion is expected mid-2028.

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One such project, located in Kansas within the regulated operating territory of the Company's J.B.N. Telephone Company subsidiary, has a total expected cost of approximately \$8.4 million, of which up to \$6.3 million is eligible for reimbursement under a ReConnect III grant. As of December 31, 2025, construction of this project is in the final stages of completion.

In addition, the Company has received state broadband grants supporting fiber-to-the-home deployments. These include a \$7.2 million grant in Iowa (total project cost of approximately \$13.2 million) and an approximately \$1.0 million grant in Utah, both of which required matching contributions from the Company. The Iowa and Utah projects were completed in 2025, and the Company has also completed required build-outs associated with several smaller state grants in Kansas.

In 2026, the Company was awarded Broadband Equity, Access, and Deployment ("BEAD") program grants totaling approximately \$23.2 million, which require matching contributions of approximately \$11.6 million, for total expected project costs of approximately \$34.8 million. These projects are expected to expand broadband service in both existing and adjacent service areas and are in the early stages of development. Refer to Note 15 for more detail.

The Company expects to fund required matching contributions and any unreimbursed project costs through available cash on hand or other internal sources. Reimbursements under these grant programs are subject to compliance with applicable terms and conditions, including construction and performance requirements.

### ***Phantom Stock Plan***

The Company maintains a phantom stock plan that provides eligible participants with cash payments based on the value of the Company's stock. The phantom stock awards are accounted for in accordance with ASC 718, Compensation—Stock Compensation. Because the awards are settled in cash, they are classified as liability-based awards and are recorded as a liability in the consolidated balance sheets.

The liability associated with the phantom stock plan is remeasured to fair value at each reporting date until settlement, with changes in fair value recognized in compensation expense. Remeasurement is required under ASC 718 as the ultimate cash obligation is variable and is dependent on changes in the Company's stock value.

As of December 31, 2025, a total of 163 phantom shares are outstanding, including both the original 2020 awards and the 2024 awards, as well as a new grant issued in 2025. All phantom shares were revalued as of December 31, 2025, reflecting an increase in fair market value compared to 2024, resulting in compensation expense of approximately \$0.1 million for 2025. The fair value of phantom stock awards is based on management's estimate of the fair value of the Company's common stock and is remeasured at each reporting date until settlement. The liability for vested and unvested phantom stock awards as of December 31, 2025, was approximately \$0.9 million and is included within other liabilities in the consolidated balance sheets.

On December 15, 2025, 62 shares of phantom stock were vested at an approximate fair value of \$0.7 million from the 2020 awards. All shares from this award have now fully vested. These awards were paid in two installments: \$0.1 million in 2025 and \$0.6 million in January 2026.

In July 2025, the Company granted 25 phantom shares to a key employee, which vest over a 1.5-year period.

As of December 31, 2024, a total of 149.5 phantom shares were 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 expense of approximately \$32 thousand for 2024. The liability for unvested phantom stock awards as of December 31, 2024, was approximately \$0.8 million.

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**Notes to Consolidated Financial Statements**

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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).

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

<i>Year Ending December 31,</i>		
2026	\$	417
2027		217
2028		136
2029		113
<b>Total</b>	<b>\$</b>	<b>883</b>

### **15. 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, 2025 through June 5, 2026, the issuance date of the consolidated financial statements.

In 2026, the Company was awarded Broadband Equity, Access, and Deployment (“BEAD”) program grants totaling approximately \$23.2 million. The grants require matching contributions of approximately \$11.6 million and are expected to support total project costs of approximately \$34.8 million. These projects are expected to expand broadband service in both existing and adjacent service areas and are currently in the early stages of development.