

LICT Corporation

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For Immediate Release:

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LICT CORPORATION REPORTS 2024 First Quarter Results

- Revenue increased 15.5% quarter over quarter to \$33.5 million.
- EBITDA increased 30% to \$14.7 vs. \$11.5 million in Q1 2023.
- Earnings were \$295 Per Share compared to \$228 last year.
- Capex increased to \$16.4 million from \$9.7 million to fund buildout requirements for E-ACAM and Federal and State grants, as well as our non-regulated markets.

2024-Unaudited First Quarter Results

Rye, NY – June 12, 2024 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports financial results for the quarter ended March 31, 2024. Data for all periods has been adjusted for the spin-off of MachTen on August 31, 2023, and 2023 results are presented as discontinued operations.

Total revenues in the first quarter of 2024 increased by \$4.5 million to \$33.5 million versus \$29.0 million in the same quarter a year ago.

Regulated revenues were \$15.0 million in the first quarter of 2024, an increase of \$3.4 million versus the prior year’s first quarter of \$11.6 million. The acceptance of Enhanced ACAM (E-ACAM) accounted for a \$3.5 million increase in regulated revenues for the quarter.

Non-regulated revenues for the first quarter of 2024 increased 6.3% to \$18.5 million from the prior year’s first quarter \$17.4 million driven by sales of broadband services and high-speed data circuits. Further, our results for the first quarter of 2024 include revenues from the Manti Non-Regulated entities which were acquired on December 1, 2023.

Total EBITDA was \$14.7 million in the first quarter of 2024 as compared to \$11.4 million in 2023. The \$3.3 million increase in EBITDA was driven by the election of E-ACAM as well as an increase in our non-regulated business, which was offset by higher operating expenses, including labor costs, professional and engineering expenses.

Regulated EBITDA in the first quarter of 2024 was \$7.4 million compared to \$4.4 million during the same period last year, driven by E-ACAM and offset by increases in operating expenses.

Non-regulated EBITDA in the first quarter was \$7.3 million compared to \$7.1 million last year. The increase was driven by increases in revenue from broadband services and high-speed data circuits, offset by increased expenses.

OTHER INCOME/(EXPENSES) – Other income/expenses decreased by \$0.8 million in the first quarter of 2024, due to higher interest expense and the impact of an unrealized loss on our 20% interest in MachTen, Inc.

EARNINGS PER SHARE – Earnings per share from continuing operations for the first quarter of 2024 were \$295 per share compared to \$228 per share last year.

FCC Programs and Other Capital Expenditures

With the acceptance of E-ACAM, LICT now has buildout requirements to just under 20,000 locations to speeds of 100/20 which must be completed by December of 2028. The total gross Capital Expenditures to meet the buildout requirements for E-ACAM, along with Federal (ReConnect III & IV) and State grants are estimated at \$511 million (\$349 million net of grant funding).

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

- The Federal Communications Commission proposed an increase in ACAM funding through a program known as E-ACAM, which began January 1, 2024.
- In the new program LICT entities will receive an incremental \$14 million per year or a total of \$37.2 million annually through 2038 with minimum speed requirements of 100/20 Mbps.

II. RECONNECT III and RECONNECT IV-

- As previously announced, LICT has been awarded \$157.5 million for seven United States Department of Agriculture (USDA) ReConnect III and ReConnect IV grants with a total project cost of \$171.2 million, of which, our share of cost will be approximately \$13.7 million. These grants require us to provide 1 Gig of fiber broadband speed. To date, six of the seven awards are still pending environmental clearance approval before construction can commence.

III. AFFORDABLE CONNECTIVITY PROGRAM (ACP)

- Under the ACP program (which was terminated in May of 2024) eligible customers received a broadband credit of up to \$30 per month (up to \$75 for households on Tribal Lands) towards their qualifying internet plan. During 2023, our approximately 1,900 eligible customers received just over a half million dollars in credits. LICT has informed its ACP customers that the company will continue an equivalent Extended Broadband Discount (EBD) through January 31, 2025, at LICT's cost.

Strategic Initiatives

The spin-off of our Michigan entity, MachTen (OTC Pink: MACT), occurred on August 31, 2023. At the time of the spin-off each shareholder of LICT received 150 shares of MachTen per one share of LICT. We continue to own 20% of MachTen as well as holding a note receivable of \$15 million.

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

As previously reported, during the fourth quarter of 2023, LICT completed the sale of 40% of its 20% ownership of Brick Skirt Holding Company (formerly DFT Communications) to CIBL, Inc. LICT's sale of its remaining 12% ownership of Brick Skirt, is still pending regulatory approval. Bretton Woods continues to utilize Brick Skirt for certain administrative functions as it has since 2014.

FIXED WIRELESS - Sound Broadband LLC, LICT's wireless company, has initiated the installation of 5G wireless broadband services in areas we serve in New Mexico, California, Oregon & Utah. Additional analysis continues in order to expand the implementation of 5G wireless broadband services in our other locations to efficiently provide increased broadband speeds to many of the communities we serve.

CAPITAL EXPENDITURES – For the first quarter of 2024, capital expenditures were \$16.4 million versus \$9.7 million in the first quarter of 2023. This increase in capital spending was driven by the build out requirements of E-ACAM.

SHARE REPURCHASES – During the three months ended March 31, 2024, the Company repurchased 92 shares for \$1.5 million, with an average price of \$16,758 per share. As of March 31, 2024, 16,879 shares were outstanding,

OPERATING STATISTICS/BROADBAND DEPLOYMENT - LICT owns and operates 6,664 miles of fiber optic cable, 9,040 miles of copper cable, 839 miles of coaxial cable and 95 towers.

Annual Meeting Date

The LICT annual meeting of Stockholders will be held at 10:30 am on June 25, 2024.

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

	March 31, 2024	December 31, 2023	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	44,770	44,367	403	0.9%
Voice Lines				
ILEC	17,327	17,549	(222)	(1.3%)
Out of franchise	6,377	6,287	90	1.4%
Total	23,704	23,836	(132)	(0.6%)
Video Subscribers	3,520	3,341	179	5.4%
Revenue Generating Units	71,994	71,544	450	0.6%

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

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

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

	Three Months Ended March 31,	
	2024 (Unaudited)	2023 (Restated)
Revenues	\$33,499	\$29,005
Cost and Expenses:		
Cost of revenue	16,073	14,901
General and administrative costs at operations	2,746	2,632
Corporate office expenses	1,278	1,064
Depreciation and amortization	6,005	5,298
Total Costs and Expenses	26,102	23,895
Operating profit	7,397	5,110
Other Income (Expense)		
Investment income	894	825
Interest expense	(970)	(637)
Equity Loss in affiliated companies	(27)	-
Unrealized gain/(loss) on Investment in MachTen	(594)	-
Other	38	(61)
Total Other Income (Expense)	(659)	127
Income from continuing operations	6,738	5,237
Provision for Income Taxes	(1,761)	(1,289)
Income from continuing operations, net of tax	4,977	3,948
Income from discontinued operations	-	1,510
Tax Provision for discontinued operations	-	(358)
Income from discontinued operations, net of tax	-	1,152
Net Income	\$4,977	\$5,100
Capital Expenditures	\$16,354	\$9,676
Basic and Diluted Weighted-Average Shares	16,943	17,309
Actual shares outstanding at end of period	16,879	17,263
Earnings Per Share:		
Income from continuing operations	\$295	\$228
Income from discontinued operations	-	67
Basic and Diluted Earnings Per Share	\$295	\$295

LICT Corporation**Balance Sheet**

(In Thousands, Except Per Share Data)

	(Unaudited) March 31, 2024	(Audited) December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$10,602	\$11,545
Accounts receivable, less allowances of \$137 and \$140, respectively	9,299	7,123
Note receivable from affiliate, including accrued interest	15,600	15,345
Material and supplies	13,267	16,825
Prepaid expenses, and other current assets	5,485	4,417
Total current assets	54,253	55,255
Property, plant, and equipment	158,389	150,112
Goodwill	48,251	48,251
Other intangibles	34,510	34,590
Investments in Affiliated Companies	6,776	7,396
Other assets	10,603	11,436
Total assets	\$312,782	\$307,040
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$4,692	\$7,773
Accrued interest payable	550	272
Accrued liabilities	8,888	7,696
Current maturities of long-term debt	3,876	3,876
Total current liabilities	18,006	19,617
Long-term debt	54,057	49,576
Deferred income taxes	28,885	28,898
Other liabilities	13,715	14,261
Total liabilities	114,663	112,352
Total shareholders' equity	198,119	194,688
Total liabilities and shareholders' equity	\$312,782	\$307,040

LICT Corporation
Selected Balance Sheet Data-Continued
(In Thousands, Except Per Share Data)

	(Unaudited)	
	March 31, 2024	December 31,
Cash and Cash Equivalents	\$10,602	\$11,545
Notes Receivable	15,600	15,345
	<u>\$26,202</u>	<u>\$26,890</u>
Long-Term Debt (including current portion)	(57,933)	(53,452)
Net Debt	<u>(\$31,731)</u>	<u>(\$26,562)</u>
Shareholders' Equity	\$198,119	\$194,688
Shares Outstanding	16,879	17,263

EBITDA

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

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

	Three Months Ended March 31,	
	2024 (Unaudited)	2023 (Restated)
EBITDA Reconciliation:		
Operating Profit from Continuing Operations	\$7,397	\$5,110
Additions:		
Corporate expenses	1,278	1,064
Depreciation and amortization	<u>6,005</u>	<u>5,298</u>
EBITDA from operations	<u>\$14,680</u>	<u>\$11,472</u>