

For Immediate Release:

Contact: Stephen J. Moore
Vice President- Finance

LICT Corporation Reports Results for the 2nd Quarter 2024

- Increase In Revenues of 15.8% for the Second Quarter
- EBITDA Up 21% to \$14.2 million from \$11.7 million in prior year
- Share Buyback Authorization Increased
- Designated Charitable Contribution of \$100 per Share for Registered Shareholders Approved

2024-Unaudited Second Quarter Results

Rye, NY – August 12, 2024 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports financial results for the quarter ended June 30, 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 second quarter of 2024 increased by \$4.6 million to \$33.7 million versus \$29.1 million in the same quarter a year ago.

Regulated revenues were \$14.9 million in the second quarter of 2024, an increase of \$3.2 million versus the prior year’s second quarter of \$11.7 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 second quarter of 2024 increased 8% to \$18.8 million from the prior year’s second quarter \$17.4 million driven by sales of broadband services and high-speed data circuits. Further, our results for the second quarter of 2024 include \$750K in revenues from the Manti Non-Regulated entities which were acquired on December 1, 2023.

Total EBITDA was \$14.2 million in the second quarter of 2024 as compared to \$11.7 million in the second quarter of 2023. The \$2.5 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 second quarter of 2024 was \$7.2 million compared to \$4.5 million during the same period last year, driven by E-ACAM and offset by increases in operating expenses.

Non-regulated EBITDA in the second quarter was \$7.0 million compared to \$7.2 million last year. The decrease was driven by an increase in operating expenses, offset by an increase in internet revenues.

OTHER INCOME/(EXPENSES) – Other income/expenses remained flat at \$0.5 million in the second quarter of 2024 versus 2023.

EARNINGS PER SHARE – Earnings per share from continuing operations for the second quarter of 2024 were \$293 per share compared to \$220 per share in the same period last year.

Shareholder Designated Charitable Contribution Program

LICT Corporation (OTC Pink: LICT) will continue its Shareholder Charitable Contribution program for all registered shareholders. Each registered shareholder will be eligible to designate a 501 c3 charity to which a \$100 per share donation on behalf of the shareholder will be made.

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

Over the past 7 years, LICT has made more than \$7.5 million in charitable contributions.

Details will be announced before year end regarding the details of the contribution.

Share Repurchase Program

During the three months ended June 30, 2024, the Company repurchased 205 shares for \$3.2 million, with an average price of \$15,559 per share. For the six months ended June 30, 2024, the company has repurchased 297 shares for \$4.7 million, with an average price of \$15,943 per share. As of June 30, 2024, 16,674 shares were outstanding.

LICT's Board of Directors increased the Company's authorization to repurchase shares by an additional 400 shares, bringing the total to 514 authorized for repurchase. We will continue to repurchase shares on an opportunistic basis.

FCC Programs and Other Capital Expenditures

With the acceptance of the FCC's E-ACAM program effective January 1, 2024, LICT now has buildout requirements to a minimum speed of 100/20 Mbps to almost 20,000 locations which must be completed by December 31, 2028 (the company has already commenced the buildout process). E-ACAM increased LICT's federal Universal Service Fund (USF) revenues an incremental \$14 million per year (\$3.5 million per quarter) to a total of \$37.2 million annually through 2038 (subject to a one-time true-up in 2025 for more precise E-ACAM location counts). 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. SUPREME COURT ENDS THE CHEVRON DEFERENCE DOCTRINE

On June 28, 2024 the U.S. Supreme Court ended the Chevron deference doctrine. With this ruling, the Supreme Court cut back sharply on the power of federal agencies to

interpret the laws they administer and ruled that courts should rely on their own interpretation of ambiguous laws. Management will continue to monitor the impacts of this ruling on the business of the company and specifically any funding provided by government programs.

II. *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 \$37.2 million per year through 2038, as compared to \$23.2 million received in both 2023 and 2022, with minimum speed requirements of 100/20 Mbps.

III. *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. Five of the seven awards are still pending environmental clearance approval before construction can commence.

IV. *LICT EXTENDED THE FCC'S AFFORDABLE CONNECTIVITY PROGRAM (ACP)*

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

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 plus accrued interest.

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

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, the wireless subsidiary of LICT Corporation specializing in fixed wireless solutions, has successfully completed 5G deployments in its existing service areas and expanded into new markets across New Mexico, California, and Utah. The company is now poised to introduce additional 5G deployments in Kansas and Oregon this year. Ongoing analysis aims to further extend 5G wireless broadband services across all operational regions, enhancing broadband speeds and connectivity for communities served by LICT.

OPERATING STATISTICS/BROADBAND DEPLOYMENT - LICT owns and operates 6,713 miles of fiber optic cable, 9,040 miles of copper cable, 841 miles of coaxial cable and 95 towers.

	June 30, 2024	December 31, 2023	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	45,358	44,367	991	2.2%
Voice Lines				
ILEC	17,114	17,549	(435)	(2.5%)
Out of franchise	6,280	6,287	(7)	(0.1%)
Total	23,394	23,836	(442)	(1.9%)
Video Subscribers	3,510	3,341	169	5.1%
Revenue Generating Units	72,262	71,544	718	1.0%

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 June 30,		Six Months Ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Operating Revenues	\$33,684	\$29,088	\$67,183	\$58,093
Operating Expenses:				
Cost of revenue	16,763	14,631	32,836	29,532
General and administrative costs at operations	2,730	2,748	5,476	5,381
Corporate office expenses	1,158	1,166	2,437	2,230
Depreciation and amortization	5,803	4,767	11,807	10,065
Total Operating Expenses	26,454	23,312	52,556	47,208
Operating Income	7,230	5,776	14,627	10,885
Other Income (Expense)				
Investment income	315	155	1,208	980
Interest expense	(1,096)	(629)	(2,066)	(1,266)
Unrealized loss on investment	(42)	-	(636)	-
Equity in earnings of affiliated companies	252	24	225	24
Other	28	(49)	67	(110)
Total Other Income (Expense)	(543)	(499)	(1,202)	(372)
Income from continuing operations	6,687	5,277	13,425	10,513
Provision for Income Taxes	(1,780)	(1,484)	(3,541)	(2,773)
Income from continuing operations, net of tax	4,907	3,793	9,884	7,740
Income from discontinued operations	-	1,766	-	3,277
Tax Provision for discontinued operations	-	(493)	-	(851)
Income from discontinued operations, net of tax	-	1,273	-	2,426
Net Income	\$4,907	\$5,066	\$9,884	\$10,166
Capital Expenditures	\$11,761	\$9,191	\$28,115	\$18,867
Basic & Diluted Weighted Average Shares	16,775	17,224	16,859	17,267
Actual shares outstanding at end of period	16,674	17,165	16,674	17,165
Earnings Per Share:				
Income from continuing operations	\$293	\$220	\$586	\$448
Income from discontinued operations	-	74	-	141
Basic & Diluted Earnings Per Share	\$293	\$294	\$586	\$589

LICT Corporation
Balance Sheet

(In Thousands, Except Per Share Data)

	(Unaudited) June 30, 2024	(Audited) December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$14,377	\$11,545
Accounts receivable, less allowances of \$137 and \$140, respectively	9,719	7,123
Note receivable from affiliate, including accrued interest	16,202	15,345
Material and supplies	14,533	16,825
Prepaid expenses, and other current assets	4,453	4,417
Total current assets	59,284	55,255
Property, plant, and equipment, net	165,233	150,112
Goodwill	48,251	48,251
Other intangibles	34,363	34,590
Investments in Affiliated Companies	7,006	7,396
Other assets	13,671	11,436
Total assets	<u>\$327,808</u>	<u>\$307,040</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$6,928	\$7,773
Accrued interest payable	400	272
Accrued liabilities	8,497	7,696
Current maturities of long-term debt	50,075	3,876
Total current liabilities	65,900	19,617
Long-term debt	19,839	49,576
Deferred income taxes	28,803	28,898
Other liabilities	13,429	14,261
Total liabilities	127,971	112,352
Total shareholders' equity	199,837	194,688
Total liabilities and shareholders' equity	<u>\$327,808</u>	<u>\$307,040</u>

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
EBITDA Reconciliation:				
Operating Profit from Continuing Operations	\$7,230	\$5,776	\$14,627	\$10,885
Additions:				
Corporate expenses	1,158	1,166	2,437	2,230
Depreciation and amortization	5,803	4,767	11,807	10,065
EBITDA from Operations	\$14,191	\$11,709	\$28,871	\$23,180

Sources and Uses of Cash:

	(Unaudited)	
	June 30, 2024	
	Three Months Ended	Six Months Ended
Net Income	\$ 4,907	\$ 9,884
Adjustments to reconcile net income to net cash provided by operating activities		
Cash Activity (Net Use of Cash)	(2,636)	(3,401)
Non-cash Activity (Depreciation, amortization & other activity)	4,541	12,635
Total Net Cash provided by Operating Activities	6,812	19,118
Cash Flows from Investing Activities		
Capital Expenditures	(11,761)	(28,115)
Other Investing Activities	(67)	102
Total Net Cash Used in Investing Activities	(11,828)	(28,013)
Cash Flows from Financing Activities		
Borrowing from Line of credit, net	12,000	16,500
Purchase of treasury stock	(3,189)	(4,735)
Payments to reduce long-term debt	(20)	(38)
Total Net Cash Provided by (Used in) Financing Activities	8,791	11,727
Net Increase (Decrease) in Cash and Cash Equivalents	3,775	2,832
Cash & Cash Equivalents at the beginning of the period	10,602	11,545
Cash & Cash Equivalents at the end of the period	\$ 14,377	\$ 14,377

LIQUIDITY - The company is in the process of closing on a new \$100 million secured revolving credit facility with CoBank for an extended five-year term. This new facility will provide the company with an additional \$50 million in available liquidity with terms similar to our current revolving credit facility, we expect the facility to be closed by the end of August. For the period ended June 30, 2024, the funds drawn on the existing \$50 million CoBank facility are presented on the balance sheet as Current Maturities of Long-Term debt, as required under the terms of US Generally Accepted Accounting Principles (US GAAP), as the debt is due within one year of the financial statement date (due June 30, 2025). Once the new five-year facility has been closed the related borrowings will be classified as Long-term Debt on the balance sheet.

CAPITAL EXPENDITURES – For the second quarter of 2024, capital expenditures were \$11.7 million versus \$9.2 million in the second quarter of 2023. Year to date capital expenditures totaled \$28.1 million in 2024 vs. \$18.9 million in 2023. This increase in capital spending was driven by the build out requirements of E-ACAM.