

CIBL Inc.
165 West Liberty Street, Suite 210
Reno, NV 89501
(775) 329-8555

To our shareholders:

CIBL's assets as of March 31, 2021, consisted of:

- Cash, United States Treasury investments of \$27.6 million and an investment merger limited partnership of \$1.6 million, or \$1,827 per share. As of March 31, 2021, CIBL had 16,048 common shares outstanding.
- Revenues increased for the first quarter of 2021 to \$527,000 from \$ 476,000 in 2020 while EBITDA totaled \$13,000 compared to \$14,000 in 2020.
- 10,000 shares in Solix, Inc., a private outsourcing firm that provides, among other services, Universal Service Fund (“USF”) administration services to the telecommunications industry.

During the first three months of 2021, we repurchased 156 of our common shares, 1.0% of our total shares outstanding, at an average price of \$1,766 per share. CIBL's shares trade on OTC Pink®: CIBY.

The COVID-19 pandemic has impacted the health and economics of our communities, as is the case throughout our nation and the world. The response of “shelter at home” and “social distancing” to this pandemic has significantly increased and highlighted the critical importance of the voice and broadband services we provide. It is our responsibility to continue to provide service when our communities is in need. To that end, we have taken several steps to make sure that our customers and communities stay connected to loved ones and have access to information, including modifying how we handle repairs and installations in accordance with CDC and New Hampshire guidelines.

If you have any comments or questions, please contact us at the above or e-mail us at: office@ciblinc.com, or visit us on our website: ciblinc.com.

CIBL, Inc. and Subsidiaries
Financial Report to Shareholders
March 31, 2021

CIBL, Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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 necessarily 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

Three Months Ended March 31, 2021, compared to 2020.

In the first quarter of 2021 revenues increased by \$51,000 to \$527,000 from \$476,000 due to increases in revenue for broadband and video services.

EBITDA in the first quarter of 2021 decreased by \$1,000 to \$13,000 compared to \$14,000 in the first quarter of 2020.

<i>(in thousands)</i>	Three Months Ended March 31,	
	2021	2020
Reconciliation to net income:		
EBITDA	\$13	\$14
Investment Income	3	104
Equity in earnings of affiliated investments	47	(120)
Other income (expense)	19	(1)
Depreciation and amortization	(64)	(66)
Income tax benefit	115	14
Net Income (loss)	<u>\$133</u>	<u>\$(55)</u>

Corporate expenses were \$90,000 in 2021 and \$81,000 in 2020, including a management fee to LICT Corporation, of \$31,000, directors' fees, professional fees, insurance, shareholder expenses and other miscellaneous office expenses.

Investment income of \$3,000 in 2021 and \$104,000 in 2020, primarily consists of interest from United States Treasury securities. The decrease in 2021 is due to a decline in U.S. Treasury yields and a redemption of U.S. Treasury Bills in 2021.

Equity in earnings of affiliates represents CIBL's investment in a merger/arbitrage limited partnership investment. CIBL's share was a gain of \$47,000 in 2021 and a loss of \$ 120,000 in 2020.

The Company's tax rate for 2021 and 2020 was 21% excluding a refund in 2021. In the first quarter of 2021 we received a \$113,000 refund from the state of New Mexico related to tax withholdings from 2012. This was reported as an income tax benefit in the consolidated income statement in 2021. In addition, we recorded \$19,000 of interest income related to the state refund in the other income (expense) category.

As a net result, CIBL's operations had net income of \$133,000, or \$8.24 per share in 2021 as compared to a net loss of \$55,000, or \$(3.24) per share, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As of March 31, 2021, CIBL had \$27,691,000 in cash, cash equivalents, United States Treasury Securities as compared to \$27,711,000 as of December 31, 2020. In addition, CIBL had miscellaneous assets and liabilities.

Share Repurchases and Distributions

CIBL's Board of Directors has authorized a stock repurchase program. Since its spin-off from LICT Corporation ("LICT") on November 19, 2007, the Board has the authorized the repurchase of a cumulative 6,324 shares of its common stock, of which 1,002 shares are remaining to be

purchased. In the first three months of 2021, 156 shares were repurchased, at an average price of \$1,766 per share.

CIBL, Inc. and Subsidiaries

Financial Statements

March 31, 2021

CIBL, Inc. and Subsidiaries
Consolidated Balance Sheets (Unaudited)
(In Thousands, Except Common Share Data)

	March 31, 2021	December 31, 2020	March 31, 2020
Assets			
Current Assets			
Cash and cash equivalents	\$1,691	\$12,711	\$29,358
United States Treasury Bills	26,000	15,000	--
Accounts receivable, net of allowance of \$1	200	236	148
Prepaid expenses	184	190	32
Materials and supplies	59	59	59
Other current assets	150	150	104
Total Current Assets	28,284	28,346	29,701
Property, plant and equipment, net	1,088	1,147	1,284
Goodwill	337	337	405
Other intangibles, net	61	63	--
Investments in equity method affiliated entities	1,627	1,580	1,414
Other investments	100	100	100
Other assets	119	119	119
Total Assets	\$31,616	\$31,692	\$33,023
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued expenses	\$110	\$11	\$106
Accrued liabilities	282	320	323
Total Current Liabilities	392	331	429
Deferred income taxes	223	218	226
Other liabilities	104	104	104
Total Liabilities	719	653	759
Stockholders' Equity			
Common stock, par value \$.01, 30,000 shares authorized; 26,115 issued; and 16,048; 16,204; and 16,892 outstanding	--	--	--
Contributed capital	5,612	5,612	5,612
Retained earnings	37,698	37,565	37,594
Treasury stock, 10,068; 9,912; and 9,224 shares at cost	(12,413)	(12,138)	(10,942)
Total Stockholders' Equity	30,897	31,039	32,264
Total Liabilities and Equity	\$31,616	\$31,692	\$33,023

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries
Consolidated Statements of Income and Comprehensive Income (Unaudited)
(In Thousands, Except Common Share Data)

	Three Months Ended March 31,	
	2021	2020
Revenue		
Total Revenue	\$527	\$476
Costs and expenses		
Cost of revenue, excluding depreciation	319	271
General and administrative costs at operations	74	79
Corporate office expenses	90	81
Management fee	31	31
Depreciation and amortization	64	66
Total Operating costs and expenses	578	528
Operating loss	(51)	(52)
 Other income		
Investment income	3	104
Equity in earnings (loss) of affiliated entity	47	(120)
Other	19	(1)
Total Other income (loss)	69	(17)
 Net income (loss) Before Income Taxes	18	(69)
Income tax (provision) benefit	115	14
Net income (loss)	\$133	\$(55)
 Basic and diluted weighted average shares	16,134	16,961
Actual Shares Outstanding	16,048	16,892
 Earnings Per Share		
Net income (loss)	\$8.24	\$(3.24)

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity (Unaudited)
(In Thousands, Except Common Share Data)

	Three Months Ended March 31, 2021					
	Common Shares Outstanding	Common Stock	Contributed Capital	Retained Earnings	Treasury Shares	Total Equity
Balance at December 31, 2020	16.204	\$--	\$5,612	\$37,565	(\$12,138)	\$31,039
Net Income (loss)	--	--	--	133	--	133
Purchase of Treasury shares	(156)	--	--	--	(275)	(275)
Balance at March 31, 2021	16,048	\$--	\$5,612	\$37,698	(\$12,413)	\$30,897

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)
(In Thousands, Except Common Share Data)

	Three Months Ended March 31,	
	2021	2020
Cash Flows From (Used In) Operating Activities		
Net income (loss)	\$133	\$(55)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	64	66
Equity in earnings of affiliated entities	(47)	120
Deferred income taxes	5	(14)
Changes in operating assets and liabilities		
Accounts receivable	36	31
Accounts payable and accrued expenses	61	54
Other operating assets and liabilities	8	(16)
Net Cash from Operating Activities	260	186
Cash Flows (Used In) Investing Activities		
Capital expenditures	(5)	(10)
Redemption of U.S. Treasury Bills	15,000	--
Acquisition of U.S. Treasury Bills	(26,000)	--
Net Cash (used in) Investing Activities	(11,005)	(10)
Cash Flows (Used in) Financing Activities		
Purchase of treasury stock	(275)	(178)
Net Cash (used in) Financing Activities	(275)	(178)
Net Change in Cash and cash equivalents	(11,020)	(2)
Cash and Cash Equivalents		
Beginning of year	12,711	29,360
End of year	\$1,691	\$29,358
Supplemental Cash Flow Information		
Cash (received) for income taxes, net	\$(110)	\$--

See notes to consolidated financial statements.

1. Organization

New Hampshire Operations

On December 31, 2019, the Company completed the acquisition of operations in New Hampshire Granite (“NH”) from LICT Corporation (“LICT”), the publicly traded company that spun off CIBL in 2007. The acquired operations consist of Bretton Woods Telephone Company (“BWTC”), a Rural Local Exchange Carrier serving the Mt. Washington/Carroll, New Hampshire area, and World Surfer, Inc. (“WS”), a Competitive Local Exchange Carrier serving generally the same area.

The Company exchanged 1,000 shares of common stock for all outstanding shares of BWTC and WS. These companies are leading providers of broadband and communications services to an approximately 35 -square-mile area in northern New Hampshire, including the Omni Mount Washington Hotel and Resort, The Mount Washington Cog Railway and the summit of Mount Washington, New Hampshire’s highest mountain top. In addition, CIBL continues to hold a merger/arbitrage limited partnership described below.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements included the operations of the Company and its majority owned or controlled subsidiaries, including New Hampshire Granite (“NH”). All inter-company transactions and balances have been eliminated in consolidation.

Regulatory Accounting

The activities of BWTC, wholly-owned subsidiary of NH, are regulated for the interstate jurisdiction by the Federal Communications Commission (“FCC”) and the New Hampshire Public Utilities Commission for the intrastate jurisdiction. BWTC complies with the FCC Uniform System of Accounts, Part 32 of the FCC Rules and Regulations.

Where applicable, this regulated accounting recognizes the economic effects of rate regulation by recording costs and a return on investment; as such, amounts are recovered through rates authorized by regulatory authorities. Developments that could give rise to substantial modifications of regulatory accounting practices include (1) increasing competition restricting BWTC’s wireline business’ ability to establish prices to recover specific costs, or (2) significant changes in the manner in which rates are set by regulators from cost-based regulation to another form of regulation. The Company periodically reviews the applicability of regulatory accounting guidelines based on the developments in its current regulatory and competitive environments.

In 2019, BWTC adopted the FCC’s voluntary USF Alternative Connect America Cost Model (“A-CAM”) II effective January 1, 2019. BWTC’s A-CAM II revenues for the

first quarter of 2021 and 2020 were \$43,000 and \$48,000 respectively. A-CAM II revenues for BWTC transition down \$20,000 per year through 2028.

Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the financial statement date, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

United States Treasury Bills

The Company considers all highly liquid investments with maturities in excess of three months, and no greater than six months at the date of purchase, to be short-term investments.

Accounts Receivable

Trade receivables of New Hampshire (“NH”) were uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments on trade receivables are applied to the applicable unpaid invoices. The carrying amount of the trade receivables is reduced by an amount that reflects management’s best estimate of the amounts that will not be collected.

Investments in Affiliated Entities, Equity Basis

The Company accounts for its investments in affiliates in which it does not have majority voting control but has the ability to significantly influence financial and operating policies, in accordance with the equity method, based upon information in such equity investees’ financial statements.

SM Merger/Arbitrage, L.P. During 2016, the Company invested \$1,300,000 in a merger/arbitrage limited partnership (“Partnership”) whose primary purpose is to invest in liquidations; stub securities resulting from corporate merger, acquisition, and recapitalization activities; and risk arbitrage transactions in connection with mergers, consolidations, acquisitions, transfers of assets, tender offers, exchange offers, recapitalizations or other similar transactions. The Partnership may engage, to a lesser extent, in other investments in securities including capital structure arbitrage, matched pair trading and related trading in options. A Director of the Company, Salvatore M. Muoio is the managing member of the limited liability company which is the General Partner of the Partnership. As of March 31, 2021, December 31, 2020, and March 31, 2020, the

Company's investment was recorded at \$1,627,000, \$1,580,000 and \$1,414,000, respectively.

Cost Method Investment

The Company accounts for certain investments, listed below, using the cost method because the Company does not exercise significant influence over the management.

The Company's ownership interest in Solix, Inc. ("Solix") is accounted for using the cost method. Solix is an outsourcing firm that provides services such as USF administration services and other business process to the telecommunications industry. The carrying value of such investment as of March 31, 2021, December 31, 2020, and March 31, 2020, was \$100,000.

Marketable Securities

In January 2016, the FASB issued ASU 2016-01, which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Although the ASU retains many current requirements, it significantly revises an entity's accounting related to the classification and measurement of investments in equity securities. To adopt the amendments, entities are required to make a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year in which the guidance is effective.

Goodwill and Other Intangible Assets

The Company evaluates the recoverability of goodwill and other intangible assets with indefinite lives for impairment annually, or more often, whenever events or circumstances indicate that such assets may be impaired. The Company estimates the fair value of each reporting unit based on a number of subjective factors, including: (a) appropriate weighting of valuation approaches (income approach and market approaches), (b) estimates of our future cost structure, (c) discount rates for our estimated cash flows, (d) selection of peer group companies for the market approach, (e) required level of working capital, (f) assumed terminal value and (g) time horizon of cash flow forecasts.

The impairment test for other intangible assets not subject to amortization consists of a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. There were no impairment losses recorded during the three months ended March 31, 2021

Telecommunications Plant and Equipment

Additions to the Telecommunications plant and equipment are recorded at cost, which includes contracted work, direct labor and materials, and allocable overheads. When units of plant and equipment are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation.

Maintenance and repair costs and the replacement and renewal of items determined to be less than units of plant and equipment are charged to expense.

Depreciation

The majority of plant and equipment are used for the wireline telephone business. Depreciation is based on the composite group remaining life method and straight-line composite rates. This methodology provides for the recognition of the cost of the remaining investment in telephone plant and equipment less anticipated positive net salvage value, over the remaining asset lives. When depreciable telephone plant is replaced or retired, the carrying amount of such plant is deducted from the respective accounts and charged to accumulated depreciation, and no gain or loss is recognized.

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 financial statements on a recurring basis, and of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis, or are presented only in disclosures. Authoritative guidance defines fair value as the price 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 three types of assets that are measured at fair value. A money market mutual fund that invests in United States Treasury bills, included in cash and cash equivalents, United States Treasury Bills owned by the company, included in United States Treasury Bills, and marketable securities, included in other investments, which are all classified as Level 1 inputs, because they are valued using quoted market prices. As of March 31, 2021, December 31, 2020, and March 31, 2020, the money market mutual fund had values of \$606,000, \$8,419,000 and \$9,235,000 respectively; the US Treasury Bills had values of \$26,000,000, \$15,000,000, and \$0, respectively.

Cash in banks, trade accounts receivable, short-term borrowings, trade accounts payable and accrued liabilities are carried at cost, which approximates fair value due to the short-term maturity of these instruments.

Impairment of Long-Lived Assets

Long-lived assets, such as telecommunications plant, and purchased 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

group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the three months ended March 31, 2021, and 2020.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements. Income taxes consist of taxes currently payable and those deferred due to temporary differences between the financial reporting and tax basis of the Company's assets and liabilities, using tax rates in effect in the period in which the temporary differences are expected to reverse. The Company establishes valuation allowances relating to deferred tax assets when management concludes that it is more likely than not that the Company will not realize a benefit from the reversal of such temporary differences. The Company and New Hampshire ("NH") file separate tax returns.

Accounting for Uncertainty in Income Taxes

The Company recognizes the effect of income tax positions only when the tax position is more likely than not to be sustained. Management is not aware of any exposure to uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to federal or state income tax examinations for periods prior to the year ended December 31, 2016.

Revenue Recognition

Telephone service revenue related to New Hampshire ("NH") operations was primarily derived from regulated local, intrastate and interstate access and USF services and recognized as services are provided.

The Company's adopted for the acquired New Hampshire Granite operations all three ASCs (ASC 606) on a modified retrospective basis for its contracts with customers that had not been completed as of January 1, 2018. The Company's customer contracts include performance obligations that are satisfied as products are delivered at a point in time or over time. Under the new standard, recognizing revenue for these performance obligations is consistent with the Company's current practice of recognizing revenue.

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 obligations, whether they are explicitly stated in the contract or are implied by customary business practices.

Leases

The Company adopted ASU 2016-02, Leases (Topic 842) (the New Lease Standard) as of January 1, 2019. The New Lease Standard requires lessees to recognize a right-of-use (ROU) asset and a lease liability on the balance sheet for operating leases. Accounting for finance leases is substantially unchanged.

The Company adopted of the New Lease Standard using the comparative reporting at adoption method. Under this method, financial results reported in periods prior to January 1, 2019 are unchanged. The Company also elected the package of practical expedients which among other things, does not require reassessment of lease classification, initial direct costs, or terms within expired or existing contracts.

3. Treasury Stock

Since it was spun-off from LICT Corporation on November 19, 2007, CIBL's Board of Directors has increased its authorized share repurchase program up to a cumulative 6,324 shares of common stock. During the first three months of 2021 CIBL purchased 156 shares at an average price of \$1,766 per share.

In addition to its open-market repurchase programs, the Company has conducted two tender offers for its shares, purchasing a total of 4,746 shares at an average price of \$1,100 per share.

4. Provision for Income Taxes

The provision (benefit) for income taxes from continuing operations for the three months ended March 30, 2021, and 2020 are summarized as follows:

<i>(in thousands)</i>	Three Months	
	2021	2020
Current tax provision (benefit):		
Federal	\$(2)	\$(15)
State	--	1
State Refund ^(a)	(113)	--
	<u>(115)</u>	<u>(14)</u>
Deferred tax provision (benefit):		
Federal	--	--
State	--	--
	<u>--</u>	<u>--</u>
Total	<u>\$(115)</u>	<u>\$(14)</u>

^(a) In the first quarter of 2021 we received a \$113,000 refund from the state of New Mexico related to tax withholdings from 2012

5. Concentration of Risk

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and the note receivable. The Company's cash and cash equivalents may at times exceed federally insured amounts.

6. Related Party Transactions (Not Disclosed Elsewhere)

LICT Corporation, an affiliate, provides administrative and management services to CIBL's continuing operations. As compensation for these services, LICT received fees of \$31,000 for the three months ended March 31, 2021, and 2020, respectively.

As of March 31, 2021, December 31, 2020, and March 31, 2020, cash and short-term investments of \$27,691,000, \$27,711,000 and \$29,358,000 respectively, were invested in United States Treasury money market funds for which affiliates of one of the Company's Directors serve as investment managers.

* * * * *