

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

*To our shareholders:*

CIBL's assets as of March 31, 2022, consisted of:

- Cash and United States Treasury investments of \$22.3 million and an investment merger limited partnership of \$1.8 million, or \$1,830 per share. As of March 31, 2022, CIBL had 13,171 common shares outstanding.
- Ownership of Bretton Woods Telephone Company and World Surfer, Inc. providers of broadband and communication services in Northern New Hampshire.
- 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.

Revenues for the first quarter ended March 31, 2022, decreased to \$443,000 from \$497,000 for the prior year, while EBITDA decreased by \$19,000 to \$115,000 from \$134,000. We repurchased 1,578 of our common shares, 12.0% of our total shares outstanding, at an average price of \$1,831 per share. CIBL's shares trade on OTC Pink®: CIBY.

If you have any comments or questions, please contact us at the above or e-mail us at: [office@ciblinc.com](mailto:office@ciblinc.com), or visit us on our website: [ciblinc.com](http://ciblinc.com).

**CIBL, Inc. and Subsidiaries**  
**Financial Report to Shareholders**  
**March 31, 2022**

**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, 2022, compared to 2021.**

In the first quarter of 2022 revenues declined by \$54,000 to \$443,000 from \$497,000 in the first quarter of 2021. The main driver was the 2021 customer acquisition for a multiple dwelling unit which included a \$63,000 sale of non-recurring equipment in addition to monthly broadband services.

EBITDA in the first quarter of 2022 decreased by \$19,000 to \$115,000 from \$134,000 in the previous year. The decrease in EBITDA is directly related to the decrease in revenue.

<i>(in thousands)</i>	Three Months Ended March 31,	
	2022	2021
<b>Reconciliation to net income:</b>		
EBITDA	\$115	\$134
Corporate office expenses	(179)	(90)
Management Fee	(31)	(31)
Investment Income	4	3
Equity in earnings of affiliated investments	42	47
Other income (expense)	--	19
Depreciation and amortization	(60)	(64)
Income tax benefit	27	115
Net Income (loss)	<u>\$(82)</u>	<u>\$133</u>

Corporate expenses for the quarter ended March 31, 2022 increased to \$179,000 from \$90,000 as compared to 2021. The increases were driven by insurance and administrative expenses.

Management fee to LICT Corporation for administrative services of \$31,000 includes professional fees, shareholder expenses, and other miscellaneous office expenses.

Investment income of \$4,000 in 2022 and \$3,000 in 2021, primarily consisted of interest from United States Treasury securities and money market accounts.

Equity in earnings of affiliates represents CIBL's investment in a merger/arbitrage limited partnership investment. CIBL's share was a gain of \$42,000 and \$47,000 for the three months ended March 31, 2022 and 2021, respectively.

The Company's tax rate for 2022 and 2021 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 loss of \$82,000, or \$6.01 per share in 2022 as compared to a net income of \$133,000, or \$8.24 per share, respectively.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Working Capital**

As of March 31, 2022, CIBL had \$22,352,000 in cash, cash equivalents, and United States Treasury Securities as compared to \$25,177,000 as of December 31, 2021. 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 authorized the repurchase of a cumulative 9,324 shares of its common stock, of which 1,125 shares are remaining to be purchased. In the first three months of 2022, 1,578 shares were repurchased, at an average price of \$1,831 per share.

**CIBL, Inc. and Subsidiaries**

**Financial Statements**

**March 31, 2022**

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

	March 31, 2022	December 31, 2021	March 31, 2021
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$2,356	\$3,179	\$1,691
United States Treasury Bills	19,996	21,998	26,000
Investments in equity method affiliated entities	1,750	1,708	1,627
Accounts receivable, net of allowance of \$1	172	181	200
Prepaid expenses	103	155	184
Materials and supplies	59	59	59
Other current assets	211	188	150
Total Current Assets	<u>24,647</u>	<u>27,468</u>	<u>29,911</u>
Property, plant and equipment, net	799	847	1,088
Goodwill	337	337	337
Other intangibles, net	56	57	61
Other investments	100	100	100
Other assets	90	93	119
Total Assets	<u><u>\$26,029</u></u>	<u><u>\$28,902</u></u>	<u><u>\$31,616</u></u>
<b>Liabilities and Equity</b>			
Current Liabilities			
Accounts payable and accrued expenses	\$296	\$219	\$110
Accrued liabilities	296	276	282
Total Current Liabilities	<u>592</u>	<u>495</u>	<u>392</u>
Deferred income taxes	101	101	223
Other liabilities	82	81	104
Total Liabilities	<u>775</u>	<u>677</u>	<u>719</u>
Stockholders' Equity			
Common stock, par value \$.01, 30,000 shares authorized; 26,115 issued; and 13,171; 14,749; and 16,048 outstanding	--	--	--
Contributed capital	5,612	5,612	5,612
Retained earnings	37,256	37,338	37,698
Treasury stock, 12,945; 11,367; and 10,068 shares at cost	(17,614)	(14,725)	(12,413)
Total Stockholders' Equity	<u>25,254</u>	<u>28,225</u>	<u>30,897</u>
Total Liabilities and Equity	<u><u>\$26,029</u></u>	<u><u>\$28,902</u></u>	<u><u>\$31,616</u></u>

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,	
	2022	2021
<b>Revenue</b>		
Total Revenue	\$443	\$497
<b>Costs and expenses</b>		
Cost of revenue, excluding depreciation	258	289
General and administrative costs at operations	70	74
Corporate office expenses	179	90
Management fee	31	31
Depreciation and amortization	60	64
Total Operating costs and expenses	598	548
Operating loss	(155)	(51)
<b>Other income</b>		
Investment income	4	3
Equity in earnings (loss) of affiliated entity	42	47
Other	--	19
Total Other income (loss)	46	69
Net income (loss) Before Income Taxes	(109)	18
Income tax (provision) benefit	27	115
Net income (loss)	\$(82)	\$133
Basic and diluted weighted average shares	13,689	16,134
Actual Shares Outstanding	13,171	16,048
<b>Earnings Per Share</b>		
Net income (loss)	\$(6.01)	\$8.24

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, 2022					
	Common Shares Outstanding	Common Stock	Contributed Capital	Retained Earnings	Treasury Shares	Total Equity
Balance at December 31, 2021	14,749	\$--	\$5,612	\$37,338	\$(14,725)	\$28,225
Net (loss)	--	--	--	(82)	--	(82)
Purchase of Treasury shares	(1,578)	--	--	--	(2,889)	(2,889)
Balance at March 31, 2022	13,171	\$--	\$5,612	\$37,256	\$(17,614)	\$25,254

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,	
	2022	2021
<b>Cash Flows From (Used In) Operating Activities</b>		
Net income (loss)	\$(82)	\$133
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	60	64
Equity in earnings of affiliated entities	(42)	(47)
Deferred income taxes	--	5
Changes in operating assets and liabilities		
Accounts receivable	9	36
Accounts payable and accrued expenses	102	61
Other operating assets and liabilities	28	8
Net Cash from Operating Activities	75	260
<b>Cash Flows (Used In) Investing Activities</b>		
Capital expenditures	(11)	(5)
Redemption of U.S. Treasury Bills	21,998	15,000
Acquisition of U.S. Treasury Bills	(19,996)	(26,000)
Net Cash from (used in) Investing Activities	1,991	(11,005)
<b>Cash Flows (Used in) Financing Activities</b>		
Purchase of treasury stock	(2,889)	(275)
Net Cash (used in) Financing Activities	(2,889)	(275)
<b>Net Change in Cash and cash equivalents</b>	(823)	(11,020)
<b>Cash and Cash Equivalents</b>		
Beginning of year	3,179	12,711
End of year	\$2,356	\$1,691
<b>Supplemental Cash Flow Information</b>		
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 2022 and 2021 were \$38,000 and \$43,000 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, 2022, December 31, 2021, and March 31, 2021, the Company's investment was recorded at \$1,750, \$1,708 and \$1,627, 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, 2022, December 31, 2021, and March 31, 2021, was \$100.

### ***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, 2022 and 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, 2022, December 31, 2021, and March 31, 2021, the money market mutual fund had values of \$0.5 million, \$0.7 million and \$0.6 million, respectively; the US Treasury Bills had values of \$19.9 million, \$21.9 million, and \$26.0 million, 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, 2022 and 2021.

### ***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, 2018.

### ***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.

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.

## **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 9,324 shares of common stock. During the first three months of 2022 CIBL purchased 1,578 shares at an average price of \$1,831 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, 2022, and 2021 are summarized as follows:

	Three Months	
	2022	2021
Current tax provision (benefit):		
Federal	\$(27)	\$(2)
State	--	--
State Refund <sup>(a)</sup>	--	(113)
	<u>(27)</u>	<u>(115)</u>
Deferred tax provision (benefit):		
Federal	--	--
State	--	--
	<u>--</u>	<u>--</u>
Total	<u><u>\$(27)</u></u>	<u><u>\$(115)</u></u>

<sup>(a)</sup> 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 for the three months ended March 31, 2022, and 2021, respectively.

As of March 31, 2022, December 31, 2021 and March 31, 2021, cash and short-term investments of \$0.5 million, \$0.7 million and \$0.6 million respectively, were invested in United States Treasury money market funds for which affiliates of one of the Company's Directors serve as investment managers.

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