CIBL Inc.
165 West Liberty Street, Suite 210
Reno, NV 89501
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To our shareholders:

CIBL's assets as of March 31, 2023, consisted of:

• Cash and liquid investments of $21 million and an equity method limited partnership of $1.7 million totaling $22.7 million, equivalent to $1,813 per share value. As of March 31, 2023 and December 31, 2022, CIBL had 12,524 and 12,561 common shares outstanding, respectively.

• 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, 2023, increased to $469,000 from $443,000 for the prior year's first quarter while EBITDA increased to $135,000 from $115,000.

We repurchased 37 of our common shares, 0.3% of our total shares outstanding, at an average price of $1,779 per share.

Thank you for continued support of CIBL and if you have any comments or questions, we are at the above address 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, 2023

<u>CIBL, Inc.</u>

<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>

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, 2023, compared to 2022.

In the first quarter of 2023 revenues increased $26,000 to $469,000 from $443,000 of the previous year due to new services, one time equipment revenues and system upgrades.

Total operating expenses increased $17,000 to $615,000 from $598,000. Service costs increased $15,000 to $273,000 from $258,000 primarily related to higher video and internet costs. Corporate expenses rose $40,000 to $219,000 from $179,000 as compared to 2022 from higher directors' fees.

<u>EBITDA</u>

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of 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 telecommunications 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 assessment 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.

EBITDA in the first quarter of 2023 increased $20,000 to $135,000 from $115,000 in the first quarter of 2022. The increase in EBITDA is related to an increase in revenues of $26,000 offset by an increase in costs and expenses of $6,000.

	Three Months Ended March 31,	
(in thousands)	2023	2022
Reconciliation to net income (loss):		
EBITDA	$135	$115
Corporate office expenses	(219)	(179)
Management fee	(31)	(31)
Interest income	221	4
Unrealized loss on available for sale equity securities	(30)	-
Equity in income of a limited partnership investment	(20)	42
Depreciation and amortization	(31)	(60)
Income tax (provision) benefit	(6)	27
Net Income (Loss)	$ 19	$(82)
Shares outstanding	12,524	13,171

Interest income, of $221,000 in 2023 and $4,000 in 2022, reflects higher interest rates on United States Treasury Bills.

Equity in income of a limited partnership investment represents CIBL's investment in a merger/arbitrage limited partnership investment. CIBL's share of these earnings (loss) was $(20,000) and $42,000 in 2023 and 2022, respectively.

The Company's effective tax rates for 2023 and 2022 were 24.0% and $24.8%, respectively.

As a net result, CIBL's operations had income of $19,000, or $1.51 per share in 2023 and a loss of $82,000, or $(6.01) per share in 2022, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As of March 31, 2023, CIBL had current assets of $23.2 million and current liabilities of $0.5 million resulting in working capital of $22.7 million compared to $22.7 million as of December 31, 2022.

Share Repurchases and Distributions

CIBL's Board of Directors has authorized a stock repurchase program. Since its spin-off from LICT Corporation, the Board has the authorized the repurchase of a cumulative 9,724 shares of its common stock, of which 878 shares are remaining to be purchased. Since CIBL was spun off by LICT Corporation, on November 19, 2007, the Company has acquired 8,846 shares of its common stock at an average price of $1,527; 37 of these shares, at an average price of $1,779 per share, were purchased in 2023.

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.

CIBL, Inc. and Subsidiaries

Consolidated Financial Statements

March 31, 2023

CIBL, Inc. and Subsidiaries

Consolidated Balance Sheets (Unaudited)

(In Thousands, Except Common Share Data)

	March 31, 2023	December 31, 2022	March 31, 2022
Assets			
Current Assets			
Cash and cash equivalents	$1,821	$10,647	$2,356
Investment in United States Treasury Bills	18,634	9,940	19,996
Investment in available for sale equity securities	526	400	-
Investment in equity method limited partnership	1,723	1,743	1,750
Accounts receivable	197	200	172
Prepaid expenses	124	155	103
Materials and supplies	59	59	59
Income taxes receivable	66	68	211
Total Current Assets	23,150	23,212	24,647
Telecommunications property, plant and equipment, net	686	676	799
Goodwill	337	337	337
Other intangibles, net	49	52	56
Other investments	100	100	100
Deferred income tax	14	18	-
Other assets	85	85	90
Total Assets	$24,421	$24,480	$26,029
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued expenses	$97	$95	$296
Accrued liabilities	371	385	296
Total Current Liabilities	468	480	592
Deferred income taxes	-	-	101
Other liabilities	70	70	82
Total Liabilities	538	550	775
Equity			
Common stock, par value $.01, 30,000 shares authorized; 26,115 issued; and 12,524; 12,561; and 13,171 outstanding	--	--	--
Contributed capital	5,612	5,612	5,612
Retained earnings	37,005	36,986	37,256
Treasury stock, 13,592; 13,555; and 12,945 shares at cost	(18,734)	(18,668)	(17,614)
Total Equity	23,883	23,930	25,254
Total Liabilities and Equity	$24,421	$24,480	$26,029

See notes to consolidated financial statements

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue		
Revenue	$469	$443
Costs and expenses		
Operating costs, excluding depreciation	273	258
General and administrative costs of operations	61	70
Corporate office expenses	219	179
Management fee	31	31
Depreciation and amortization	31	60
Total Operating expenses	615	598
Operating loss	(146)	(155)
Other income (expense):		
Interest income	221	4
Equity in income/(loss) of limited partnership investment	(20)	42
Unrealized loss on available for sale equity securities	(30)	-
Total Other income	171	46
Net income (loss) before income taxes	25	(109)
Income tax (expense) benefit	(6)	27
Net income (loss)	$19	$(82)
Basic and diluted weighted average shares outstanding	12,542	13,689
Actual shares outstanding	12,524	13,171
Per Share		
Net income (loss) per share	$1.51	$(6.01)

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity (Unaudited)

(In Thousands, Except Common Share Data)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at January 1, 2023	12,561	$--	$5,612	$36,986	$(18,668)	$23,930
Net income	--	--	--	19	--	19
Purchase of treasury stock	(37)	--	--	--	(66)	(66)
Balance at March 31, 2023	12,524	$--	$5,612	$37,005	(18,734)	$23,883

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,	
	2023	**2022**
Cash Flows From Operating Activities		
Net income (loss)	$19	$(82)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	31	60
Equity in loss/(earnings) of limited partnership investment	20	(42)
Unrealized losses on available for sale equity securities	30	
Deferred income taxes	4	--
Changes in operating assets and liabilities:		
Accounts receivable	3	9
Accounts payable and accrued liabilities	(12)	102
Other operating assets and liabilities	33	28
Net Cash From Operating Activities	128	75
Cash Flows From (Used In) Investing Activities		
Capital expenditures	(38)	(11)
Purchase of available for sale equity securities	(156)	--
Redemption of U.S. Treasury Bills	--	21,998
Acquisition of U.S. Treasury Bills	(8,694)	(19,996)
Net Cash From (Used In) Investing Activities	(8,888)	1,991
Cash Flows Used In Financing Activities		
Purchase of treasury stock	(66)	(2,889)
Net Cash From Financing Activities	(66)	(2,889)
Net Change in Cash and Cash Equivalents	(8,826)	(823)
Cash and Cash Equivalents		
Beginning of period	10,647	3,179
Cash and cash equivalents at end of period	$1,821	$2,356
Supplemental Cash Flow Information		
Cash paid for income taxes	$--	$--

See notes to consolidated financial statements

1. Organization

Acquisition of New Hampshire Operations

The Company and its wholly-owned subsidiaries provide voice, high speed data and other telecommunications services in New Hampshire. The Company also maintains cash and other liquid investments to use for strategic opportunities that arise during the normal course of business.

CIBL, the parent corporation owns 100% of Bretton Woods Telephone Company, Inc., ("BWTC") a rural local exchange carrier serving the Mt. Washington/Carroll, New Hampshire ("NH") area and World Surfer, Inc. ("WS") a competitive local exchange carrier serving the same area.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements include the operations of the Company and its wholly-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

Regulatory Accounting

The Company's public utility activities are regulated by the Federal Communications Commission ("FCC"), and the applicable state Public Service Commissions. The Company follows the Federal Communication Commission's (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 the Company's wireline business' ability to establish prices to recover specific costs, and (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 three months ended of March 31, 2023 and 2022 were $33 and $38, respectively. A-CAM II revenues for BWTC, transition down $20 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 consist of 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.

Investment in Equity Method Limited Partnership

The Company accounts for its investment in an equity method limited partnership 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.

During 2016, the Company invested $1,300 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 is the managing member of the limited liability company which is the

General Partner of the Partnership. As of March 31, 2023 and 2022, the Company's investment was recorded at $1,723 and $1,743, respectively.

Investment in Available for Sale Equity Securities

Equity securities are stated at fair value, with unrealized gains and losses, reported as part of other income (loss) in the consolidated statement of operations. On December 6, 2022, the Company acquired 20 shares of LICT Corporation stock at the price of $21,000 per share.

During first quarter of 2023 the Company acquired an additional 8 shares of LICT Corporation stock at a price of $19,553 per share. Our Chairman is also Chairman and CEO of LICT Corporation.

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 1.43% 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 to the telecommunications industry. The carrying value of such investment as of March 31, 2023, December 31, 2022 and March 31, 2022 was $100.

Telecommunications Property, 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 is 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. Use of this methodology requires the periodic revision of depreciation rates. In the evaluation of asset lives, multiple factors are considered, including expected future retirements, technology changes and the adequacy of depreciation reserves.

Goodwill and Other Intangible Assets

The Company follows the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2017-04, Simplifying the Test for Goodwill Impairment, which eliminates the second step in the goodwill impairment test that required an entity to determine the implied fair value of the reporting unit's goodwill. Under the ASU, goodwill impairment testing should be completed at least annually by comparing the fair value of a reporting unit with its carrying value. As a result of this comparison, the Company would recognize an impairment charge for the amount by which the carrying amount exceeds the unit's fair value, with any losses recognized not to exceed the total amount of goodwill allocated to the reporting unit. Prior to performing this quantitative assessment, the Company has the option to perform a qualitative assessment to determine if impairment is more likely than not to have occurred. If the Company concludes that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative assessment is not required.

The Company performed a qualitative assessment to determine if impairment is more likely than not to have occurred. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company concluded that the Company's fair value exceeded its carrying value therefore "it is not more likely than not" that their goodwill was impaired; therefore, no impairment of goodwill were recorded in the periods ended March 31, 2023, December 31, 2022 and March 31, 2022.

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 an equity security invested in LICT Corporation common shares which are all classified as Level 1 inputs, because they are valued using quoted market prices. As of March 31, 2023, the money market mutual fund, US Treasury Bills and LICT Corporation common shares had values of $1.3 million, $18.6 million and $0.5 million, respectively. As of December 31, 2022, the money market mutual fund, US Treasury Bills and LICT Corporation common shares had values of $0.8 million, $19.4 million, and $0.4 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 mount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the three-month periods ended March 31, 2023 and 2022.

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 files a consolidated federal tax return with BWTC and WS filing separate state 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. Interest and penalties, if any, are recorded as interest expense and other expense accordingly.

Revenue Recognition

Telephone service revenue related to New Hampshire's 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.

Of the Company's $469 and $443 in operating revenue for the three months ended March 31, 2023 and 2022, $436 and $405, respectively was related to contracts with customers and was recognized over the time period that the service was provided. Revenue recognized at a point in time was not material.

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 9,724 shares of common stock of which 878 shares are remaining to be purchased. During the first three months of 2023 CIBL purchased 37 shares at an average price of $1,779 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. Income Taxes

The income tax expense (benefit) from the three months for the years ended March 31, 2023 and 2022 are summarized as follows:

(In Thousands, Except Common Share Data)

	2023	2022
Current tax provision (benefit):		
Federal	$ --	$ (27)
State	2	--
	2	(27)
Deferred tax benefit:		
Federal	4	--
State	--	--
	6	--
Total	$ 6	$ (27)

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. 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, provided administrative and management services to CIBL's continuing operations through June 30, 2022. As compensation for these services, LICT received fees of $31 for the three months ended March 31, 2022.

At March 31, 2023 December 31, 2022 and March 31, 2022, cash and short-term investments of $1.3 million, $0.8 million and $0.5 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.