

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

To our shareholders:

CIBL's assets as of September 30, 2023, consisted of:

- Cash and liquid investments of \$20.9 million and an investment limited partnership of \$1.8 million totaling \$22.7 million, equivalent to \$1,787 per share value. As of September 30, 2023, and December 31, 2022, CIBL had 12,704 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.
- On August 31, 2023, CIBL received 5,700 shares of MachTen, Inc. (OTC Pink: MACT) as a spin-off distribution from our holdings of LICT Corporation shares.
- On September 27, 2023, the Company announced, subject to regulatory approval, it will acquire 450 shares of Brick Skirt Holdings, Inc. ("Brick Skirt"), representing a 20% interest thereof, from LICT Corporation at an aggregate purchase price of \$1,500,000. 8% of this interest was made in the third quarter of 2023 and the remaining 12% interest is expected to be acquired in the first quarter 2024.

Revenues for the quarter ended September 30, 2023, decreased to \$475,000 from \$518,000 for the prior year's third quarter while EBITDA decreased to \$109,000 from \$112,000.

During 2023, we repurchased 157 of our common shares, 1.3% of our total shares outstanding, at an average price of \$1,784 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
September 30, 2023

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 September 30, 2023, compared to 2022.

In the third quarter of 2023 revenues decreased \$43,000 to \$475,000 from \$518,000 for the previous year due to lower ACAM and NECA support, switch access revenues and one time equipment revenues and system upgrades.

Total operating expenses decreased \$66,000 to \$639,000 from \$705,000. Service costs decreased \$32,000 to \$297,000 from \$329,000 primarily related to plant specific, internet and long-distance costs. Corporate expenses decreased \$20,000 to \$242,000 from \$262,000 as compared to 2022 from higher directors' fees and management fees offset by lower professional fees. Depreciation expense declined by \$6,000 to \$31,000 from \$37,000 in 2022 due to an increase in fully depreciated assets.

EBITDA

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.

The following table provides the components of EBITDA and reconciled to net income for the three-month periods ended September 30, 2023, and 2022:

| <i>(in thousands)</i> | Three Months Ended September 30, | |
|---|-------------------------------------|---------------|
| | 2023 | 2022 |
| Reconciliation to net income (loss): | | |
| EBITDA | \$109 | \$112 |
| Corporate office expenses | (242) | (262) |
| Investment income | 255 | 100 |
| Unrealized loss on available for sale equity securities | (36) | - |
| Equity in earnings of a limited partnership investment | 157 | 27 |
| Depreciation and amortization | (31) | (37) |
| Income tax (expense) benefit | (50) | 11 |
| Net Income (loss) | <u>\$ 162</u> | <u>\$(49)</u> |
| | | |
| Shares outstanding at period end | 12,704 | 13,042 |

Investment income, of \$255,000 in 2023 and \$100,000 in 2022, reflects higher interest rates on United States Treasury Bills.

Equity in earnings of a limited partnership investment represents CIBL's investment in a merger/arbitrage limited partnership investment. CIBL's share income was \$157,000 and \$27,000 in 2023 and 2022, respectively.

The Company's effective tax rates for 2023 and 2022 were 23.6% and 18.3%, respectively.

As a net result, CIBL's operations had net income of \$162,000, or \$13.04 per share in 2023 and a loss of \$49,000, or \$(3.73) per share in 2022, respectively.

Nine Months Ended September 30, 2023, compared to 2022.

In the first nine months of 2023 revenues increased by \$20,000 to \$1,428,000 from \$1,408,000 of the previous year due to new services, one time equipment revenues and system upgrades.

Total operating expenses increased \$28,000 to \$1,955,000 from \$1,927,000. Service costs increased \$9,000 to \$864,000 from \$855,000 primarily related to higher plant costs. Corporate expenses rose \$91,000 to \$802,000 from \$711,000 as compared to 2022 from higher directors' fees and management fees offset by lower professional fees. Depreciation expense declined by \$54,000 to \$93,000 from \$147,000 in 2022 due to an increase in fully depreciated assets.

EBITDA

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.

The following table provides the components of EBITDA and reconciled to net income for the nine-month periods ended September 30, 2023, and 2022:

| | Nine Months Ended | |
|---|-------------------|-------|
| | September 30, | |
| <i>(in thousands)</i> | 2023 | 2022 |
| Reconciliation to net income (loss): | | |
| EBITDA | \$368 | \$339 |
| Corporate office expenses | (802) | (711) |
| Investment income | 721 | 132 |
| Unrealized loss on available for sale equity securities | (76) | - |
| Equity in earnings (losses) of a limited partnership investment | 106 | (9) |
| Depreciation and amortization | (93) | (147) |
| Income tax (expense) benefit | (53) | 95 |

| | | |
|----------------------------------|---------------|----------------|
| Net Income (loss) | <u>\$ 171</u> | <u>\$(301)</u> |
| Shares outstanding at period end | 12,704 | 13,042 |

Corporate expenses for the nine months ended September 30, 2023, increased \$91,000 to \$802,000 from \$711,000 from higher directors' fees and management fees offset by lower professional fees.

Investment income of \$721,000 in 2023 and \$132,000 in 2022, primarily consisted of interest from U.S. Treasury Bills and money market accounts. The increase in 2023 is due to an increase in interest rates.

Equity in earnings (losses) of a limited partnership investment represents CIBL's investment in a merger/arbitrage limited partnership. CIBL's share was income of \$106,000 in 2023 and a loss of \$9,000 in 2022.

The Company's tax rate for 2023 and 2022 was 23.7% and 24.0%, respectively.

As a net result, CIBL's operations had net income of \$171,000 or \$13.70 per share in 2023 as compared to a net loss of \$301,000, or \$(22.59) per share, respectively.

LIQUIDITY AND CAPITAL RESOURCES

On October 2, 2023, the Company announced, Bretton Woods has submitted its election to participate in the FCC Enhanced Alternative Connect America Cost Model ("Enhanced A-CAM"). This election was authorized by the FCC on October 30, 2023. Enhanced A-CAM requires a commitment to continue to provide broadband speeds at or above 100/20 Mbps to Bretton Woods' incumbent local exchange network. Bretton Woods would receive Enhanced A-CAM support payments through 2038; whereas current A-CAM support payments are scheduled to expire in 2028.

Working Capital

As of September 30, 2023, CIBL had current assets of \$23.1 million and current liabilities of \$0.4 million resulting in working capital of \$22.7 million compared to \$22.7 million as of December 31, 2022.

Capital expenditures were \$69,000 and \$16,000 for the nine months ending September 30, 2023, and 2022, respectively.

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 758 are remaining to be purchased. Since CIBL was spun off by LICT Corporation, on November 19, 2007, the Company has acquired 8,966 shares of its common stock

at an average price of \$1,531; 157 of these shares, at an average price of \$1,784 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 (Unaudited)

September 30, 2023

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

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-----------------------|----------------------|-----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$1,798 | \$10,647 | \$1,137 |
| Investment in United States Treasury Bills | 18,378 | 9,940 | 20,903 |
| Investment in available for sale equity securities | 667 | 400 | - |
| Investment in equity method limited partnership | 1,849 | 1,743 | 1,699 |
| Accounts receivable | 189 | 200 | 180 |
| Prepaid expenses | 39 | 155 | 13 |
| Materials and supplies | 59 | 59 | 59 |
| Income taxes receivable | 88 | 68 | 253 |
| Total Current Assets | 23,067 | 23,212 | 24,244 |
| Property, plant and equipment, net | 661 | 676 | 719 |
| Goodwill | 337 | 337 | 337 |
| Other intangibles, net | 44 | 52 | 54 |
| Other investments | 700 | 100 | 100 |
| Deferred income taxes | - | 18 | - |
| Other assets | 85 | 85 | 93 |
| Total Assets | \$24,894 | \$24,480 | \$25,547 |
| Liabilities and Equity | | | |
| Current Liabilities | | | |
| Trade accounts payable and accrued expenses | \$78 | \$95 | \$123 |
| Accrued liabilities | 304 | 385 | 400 |
| Total Current Liabilities | 382 | 480 | 523 |
| Deferred income taxes | 22 | - | 101 |
| Other liabilities | 70 | 70 | 82 |
| Total Liabilities | 474 | 550 | 706 |
| Equity | | | |
| Common stock, par value \$.01, 30,000 shares authorized; 26,415, 26,115 and 26,115 issued; 12,704; 12,561; and 13,042 outstanding | -- | -- | -- |
| Contributed capital | 6,212 | 5,612 | 5,612 |
| Retained earnings | 37,157 | 36,986 | 37,037 |
| Treasury stock, 13,712; 13,555; and 13,074 shares at cost | (18,949) | (18,668) | (17,808) |
| Total Equity | 24,420 | 23,930 | 24,841 |
| Total Liabilities and Equity | \$24,894 | \$24,480 | \$25,547 |

See notes to consolidated financial statements

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | | | | |
| Revenue | \$475 | \$518 | \$1,428 | \$1,408 |
| Costs and Expenses | | | | |
| Operating costs, excluding depreciation | 297 | 329 | 864 | 855 |
| General and administrative costs of operations | 69 | 77 | 196 | 214 |
| Corporate office expenses | 242 | 262 | 802 | 711 |
| Depreciation and amortization | 31 | 37 | 93 | 147 |
| Total Operating expenses | 639 | 705 | 1,955 | 1,927 |
| Operating loss | (164) | (187) | (527) | (519) |
| Other income | | | | |
| Investment income | 255 | 100 | 721 | 132 |
| Equity in earnings (loss) of limited partnership investment | 157 | 27 | 106 | (9) |
| Unrealized loss on available for sale equity securities | (36) | - | (76) | - |
| Total Other income | 376 | 127 | 751 | 123 |
| Net income (loss) Before Income Taxes | 212 | (60) | 224 | (396) |
| Income tax (expense) benefit | (50) | 11 | (53) | 95 |
| Net income (loss) | \$162 | \$(49) | \$171 | \$(301) |
| Basic and diluted weighted average shares | 12,424 | 13,121 | 12,484 | 13,325 |
| Actual shares outstanding | 12,704 | 13,042 | 12,704 | 13,042 |
| Per Share | | | | |
| Net income (loss) per share | \$13.04 | \$(3.73) | \$13.70 | \$(22.59) |

See notes to consolidated financial statements

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

Nine Months Ended September 30, 2023

| | 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 | -- | -- | -- | 171 | -- | 171 |
| Shares issued for 8% of Brick Skirt Holdings, Inc. | 300 | -- | 600 | -- | -- | 600 |
| Purchase of treasury stock | (157) | -- | -- | -- | (281) | (281) |
| Balance at September 30, 2023 | 12,704 | \$-- | \$6,212 | \$37,157 | (18,949) | \$24,420 |

See notes to consolidated financial statements

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

| | Nine Months Ended September 30, | |
|--|--|-------------|
| | 2023 | 2022 |
| Cash Flows From Operating Activities | | |
| Net income (loss) | \$171 | \$(301) |
| Adjustments to reconcile net income (loss) to net cash from operating activities | | |
| Depreciation and amortization | 93 | 147 |
| Equity in (income)/loss of limited partnership investment | (106) | 9 |
| Unrealized loss on available for sale equity securities | 76 | |
| Deferred income taxes | 41 | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 10 | 1 |
| Prepaid/accrued income taxes | 116 | (65) |
| Trade accounts payable and accrued liabilities | (98) | 28 |
| Other operating assets and liabilities | (20) | 143 |
| Net Cash From Operating Activities | 283 | (38) |
| Cash Flows From Investing Activities | | |
| Capital expenditures | (69) | (16) |
| Purchase of available for sale equity securities | (343) | -- |
| Redemption of U.S. Treasury Bills | 56,075 | 21,998 |
| Acquisition of U.S. Treasury Bills | (64,514) | (20,903) |
| Net Cash From Investing Activities | (8,851) | 1,079 |
| Cash Flows From Financing Activities | | |
| Purchase of treasury stock | (281) | (3,083) |
| Net Cash From Financing Activities | (281) | (3,083) |
| Net Change in Cash and Cash Equivalents | (8,849) | (2,042) |
| Cash and Cash Equivalents | | |
| Beginning of period | 10,647 | 3,179 |
| Cash and cash equivalents at end of period | \$1,798 | \$1,137 |
| Supplemental Cash Flow Information | | |
| Cash paid (received) for income taxes | \$23 | \$(1) |

See notes to consolidated financial statements

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

1. Organization

New Hampshire Operations

CIBL, Inc. (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.

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and footnotes required for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s annual report for the year ended December 31, 2022. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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.

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

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 September 30, 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.

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. Our Chairman is also Chairman and CEO of LICT Corporation.

During first nine months of 2023 the Company acquired an additional 18 shares of LICT Corporation stock at an average price of \$19,062 per share.

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

On August 31, 2023, the Company received 5,700 shares of MachTen, Inc. (OTC Pink: MACT) as a spin-off distribution from our holdings of LICT Corporation shares.

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 September 30, 2023, December 31, 2022 and September 30, 2022, the Company's investment was recorded at \$1,849, \$1,743 and \$1,699, respectively.

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.

Other Investments

The Company's 1.43% ownership interest in Solix, Inc. ("Solix") is accounted for using the cost method as it does not exercise significant influence over its management. 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 September 30, 2023, December 31, 2022 and September 30, 2022 was \$100.

On September 27, 2023, the Company announced, subject to regulatory approval, it will acquire 450 shares of Brick Skirt Holdings, Inc. ("Brick Skirt"), representing a 20% interest thereof, from LICT Corporation.

Brick Skirt, a former subsidiary of LICT known as DFT Communications, was sold in 2014, offers local and long-distance telephone service, business telephone systems, internet

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

service, security systems, wireless communications and call center services to areas in Western New York and portions of Pennsylvania. As part of LICT's sale of Brick Skirt in 2014 it retained and subsequently exercised their right to acquire their present 20% minority interest.

The aggregate purchase price of the Brick Skirt shares is \$1,500 payable by delivery of said shares by LICT to CIBL at two closings as follows: 180 shares at the first closing and 270 shares at the second closing upon regulatory approval for the transaction. As consideration for the Brick Skirt shares CIBL will deliver a total 750 of its common shares to LICT as follows: 300 shares at the first closing and 450 shares at the second closing. The first closing occurred on September 29, 2023.

CIBL's 20% ownership in Brick Skirt is accounted for using the equity method as it exercises significant influence over its management.

The carrying value of Brick Skirt as of September 30, 2023 was \$600 representing an 8% interest from the first closing.

Property, Plant and Equipment

Additions to broadband/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

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

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 September 30, 2023, December 31, 2022 and September 30, 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 September 30, 2023, and September 30, 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 securities invested in LICT Corporation and MachTen, Inc. common shares which are all classified as Level 1 inputs, because they are valued using quoted market prices. As of September 30, 2023, the money market mutual fund, US Treasury Bills and LICT Corporation and MachTen, Inc. common shares had values of \$1.1 million, \$18.4 million and \$0.7 million, respectively. As of December 31, 2022, the

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

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 amount of the asset group exceeds the fair value of the asset group. There were no asset impairments recorded during the three-month periods ended September 30, 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.

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
(In Thousands, Except Common Share Data)

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 \$475 and \$518 in operating revenue for the three months ended September 30, 2023 and 2022, \$442 and \$480, 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 758 shares are remaining to be purchased. During the first nine months of 2023 CIBL purchased 157 shares at an average price of \$1,784 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.

CIBL, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
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4. Income Taxes

The income tax (expense) benefit from the three and nine months ended September 30, 2023, and 2022 are summarized as follows:

| | Three Months | | Nine Months | |
|------------------------------------|--------------|-------|-------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| Current tax (expense) benefit: | | | | |
| Federal | \$ 6 | \$ 12 | \$ 12 | \$ 92 |
| State | (7) | (1) | (24) | 3 |
| | (1) | 11 | (12) | 95 |
| Deferred tax (expense) benefit: | | | | |
| Federal | (57) | -- | (63) | -- |
| State | 8 | -- | 22 | -- |
| | (49) | -- | (41) | -- |
| Total | (50) | \$ 11 | \$ (53) | \$ 95 |

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)

On September 30, 2023, December 31, 2022 and September 30, 2022, cash and short-term investments of \$1.1 million, \$0.8 million and \$0.8 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.

7. Subsequent Events

On October 2, 2023, the Company announced, Bretton Woods has submitted its election to participate in the FCC Enhanced Alternative Connect America Cost Model (“Enhanced A-CAM”). This election was authorized by the FCC on October 30, 2023. Enhanced A-CAM requires a commitment to continue to provide broadband speeds at or above 100/20 Mbps to

CIBL, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

(In Thousands, Except Common Share Data)

Bretton Woods' incumbent local exchange network. Bretton Woods would receive Enhanced A-CAM support payments through 2038; whereas current A-CAM support payments are scheduled to expire in 2028.