

ICTC Group, INC.

For Immediate Release

ICTC Group, INC. Reports Second Quarter 2018 Results

Nome, ND – August 3, 2018 – ICTC Group, Inc. (“ICTC”; OTC Pink ®: ICTG) today reported results for the quarter ending June 30, 2018.

Net income was \$555,000 compared to \$340,000 in the second quarter of 2017. Earnings per share were \$1.45 versus \$0.89 last year, attributable in part to a lower tax rate of 23.8%, down from 33.7%.

Operating revenues from our telephone and broadband businesses were \$1,435,000, an increase of \$56,000 from \$1,379,000 in the second quarter of 2017. Regulated revenues increased to \$1,184,000 from \$1,142,000 due primarily to a NECA cost study true-up and a local rate increase effective January 1, 2018. Non-regulated revenues increased to \$251,000 from \$237,000 in 2017.

EBITDA from operations increased to \$861,000 from \$737,000 in the prior year period.

Investment income from our stakes in the Dakota Carrier Network (DCN) and two RSA partnerships was \$171,000 in the second quarter on a pre-tax basis, compared to \$167,000 in 2017.

Alternative Connect America Model (A-CAM) – On May 30th, ICTC elected a revised offer of “A-CAM” support from the Federal Communications Commission. Under the model based support program, ICTC is now expected to receive \$3,261,000 annually for a 10-year period that started January 2017. This compares to the previously disclosed annual supplement of \$3,098,000. The Company expects to receive a retroactive payment for the period of January 2017 through July 2018 of approximately \$258,000 in the coming weeks, but has not yet reflected this increased level of support in reported financials.

Capital Expenditures – Total capital expenditures were \$419,000 in the second quarter of 2018, representing continued investment in our network infrastructure, including the expansion of our fiber optic and broadband facilities. Year-to-date, our team has installed 75 miles of fiber optics and related technology as part of our annual goal to improve service for more than 170 customers.

Balance Sheet – As of June 30, 2018, ICTC had approximately \$7.0 million in cash and marketable securities, and \$2.7 million in total debt.

Share Repurchases – The Board of Directors previously authorized a share repurchase program totaling 74,037 shares of the Company’s stock. Through June 30, 2018, the Company has repurchased a total of 27,292 shares under this program at an average price of \$21.84. The Company did not repurchase any shares in the second quarter.

Strategic Initiatives – As disclosed in a July 10, 2018 press release, the Company has agreed to be acquired by BEK Communications Cooperative (“BEK”) in an all cash transaction valued at \$25 million, or \$65.25 per ICTC share. The transaction is expected to close in the second half of 2018, pending approval from the Federal Communications Commission.

This release contains certain forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation anticipated financial results, capital expenditures and corporate transactions. It should be recognized that such information is based upon certain assumptions, projections and forecasts, including without limitation business conditions and financial markets, regulatory and other approvals, and the cautionary statements set forth in documents filed by ICTC on its website, www.ictcgroup.net. As a result, there can be no assurance that any possible transactions will be accomplished or be successful or that financial targets will be met, and such information is subject to uncertainties, risks and inaccuracies that could be material.

ICTC is a holding company with subsidiaries in voice, broadband and other telecommunications services that may seek acquisitions, principally in its existing business areas.

ICTC is listed on OTC Pink[®] under the symbol ICTG. Its website address is <http://www.ictcgroup.net>.

Contact: Daniel Miller, Chairman and Chief Executive Officer
(914) 921-5193

ICTC Group Inc.
Condensed Consolidated Income
Statement

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2018	2017	2018	2017
Revenues	\$1,434,520	\$1,378,884	\$2,881,858	\$2,744,206
Costs and expenses:				
Cost of revenue, excluding depreciation	429,270	445,745	910,186	932,627
General and administrative costs at operations	144,637	196,119	344,139	378,602
Corporate office expense	114,018	120,178	249,821	209,467
Depreciation	261,952	252,871	524,437	504,331
Total Expenses	949,877	1,014,914	2,028,583	2,025,027
Operating Profit	484,643	363,970	853,275	719,179
Other income(expense):				
Dividend income	61,654	71,194	257,295	172,602
Other Income (Loss)	95,484	5,440	24,620	26,564
Interest expense	(22,427)	(22,894)	(44,811)	(45,227)
Equity in earnings of investee	108,956	95,635	211,576	196,493
Total Other Income	243,667	149,375	448,681	349,893
Income before income taxes	728,310	513,344	1,301,956	1,069,072
Income tax provision	(173,683)	(172,861)	(291,486)	(352,434)
Net Income	\$554,627	\$340,483	\$1,010,470	\$716,638
Average Shares Outstanding	383,134	381,134	383,134	381,056
Earnings Per Share	\$1.45	\$0.89	\$2.64	\$1.88
Actual Shares Outstanding	383,134	381,634	383,134	381,634

ICTC Group, Inc.
Condensed Consolidated Balance Sheet

Attachment B

	<u>June 30,</u> 2018	<u>December 31,</u> 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$5,752,611	\$5,047,378
Accounts receivable	533,064	511,571
Materials and supplies	375,036	143,808
Deferred income taxes	48,820	47,758
Prepayments	122,416	188,829
Total Current Assets	<u>6,831,947</u>	<u>5,939,344</u>
Telecommunications Plant & Equipment		
Cost	23,302,288	22,891,589
Accumulated depreciation	16,780,429	16,334,687
	<u>6,521,859</u>	<u>6,556,902</u>
Other Assets:		
Investments in affiliate	2,277,346	2,155,435
Other investments	1,539,906	1,616,082
Goodwill	1,772,179	1,772,179
	<u>5,589,431</u>	<u>5,543,696</u>
Total Assets	<u>\$18,943,237</u>	<u>\$18,039,943</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	\$245,265	\$55,975
Accrued Income Taxes	185,038	345,591
Other current liabilities	235,319	344,807
Current maturities of long-term debt	28,200	27,200
Total current liabilities	<u>693,822</u>	<u>773,573</u>
Long-Term Debt	<u>2,647,936</u>	<u>2,662,774</u>
Other Liabilities		
Deferred income taxes	1,889,916	1,902,503
Total other liabilities	<u>1,889,916</u>	<u>1,902,503</u>
	<u>5,231,674</u>	<u>5,338,850</u>
Stockholders' Equity:		
Preferred stock	--	--
Common stock	41	41
Treasury Stock at cost	(596,190)	(596,190)
Additional paid in capital	1,947,116	1,947,116
Comprehensive Income/(Loss)	--	581,557
Retained earnings	<u>12,360,596</u>	<u>10,768,569</u>
Total stockholders' equity	<u>13,711,563</u>	<u>12,701,093</u>
Total liabilities and stockholders' equity	<u>\$18,943,237</u>	<u>\$18,039,943</u>

EBITDA

EBITDA is an established measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors and other interested parties in the telecommunications industry because it eliminates many differences in financial, capitalization and tax structures, as well as non-cash and non-operating charges to earnings. We believe that EBITDA trends are a valuable indicator of whether our operations are able to produce sufficient operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures.

EBITDA equals net income (loss), before interest expense, income tax expense (benefit), depreciation and amortization expense, investment income, equity in earnings of affiliated companies, gain (loss) on sale of investments, impairment charges and net income from discontinued operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
EBITDA				
Operations	\$860,613	\$737,019	\$1,627,533	\$1,432,978
Corporate Office Expense	(114,018)	(120,178)	(249,821)	(209,467)
Total EBITDA	746,595	616,841	1,377,713	1,223,510
Depreciation and amortization	(261,952)	(252,871)	(524,437)	(504,331)
Operating profit	\$484,643	\$363,970	\$853,275	\$719,179