

# ICTC Group, INC.

For Immediate Release

## ICTC Group, INC. Reports Third Quarter 2017 Results

Nome, ND – October 26, 2017 – ICTC Group, Inc. (“ICTC”; OTC Pink ®: ICTG) today reported results for the quarter ending September 30, 2017.

Operating revenues from our telephone and broadband businesses were \$1,388,000 compared to \$1,019,000 in the third quarter of 2016.

Regulated revenues increased to \$1,151,000 from \$770,000 last year. In the third quarter of 2017 ICTC received \$774,000 in Alternative Connect America Model (“A-CAM”) support, as compared to \$348,000 of Universal Service Fund (“USF”) support in the prior year. ICTC is expected to receive A-CAM support of \$3.1 million per year for 10 years.

Non-regulated revenues were \$237,000 versus \$248,000 in last year’s quarter. Excluding the positive impact of one-time networking projects in 2016, prior year revenues would have been \$232,000.

EBITDA from operations increased to \$741,000 from \$359,000 in the third quarter of 2016.

Investment income in the quarter was \$174,000 on a pre-tax basis, compared to \$147,000 in 2016.

Net income in the third quarter of 2017 was \$422,000 compared to \$183,000 in 2016. Earnings per share were \$1.10 during the third quarter versus \$0.48 in 2016.

Capital Expenditures – Total capital expenditures were \$367,000 in the third quarter of 2017 representing continued investment in our network infrastructure, including the expansion of our fiber optic and broadband facilities. We expect capital investment will increase significantly during the construction season in 2018 as part of our 10-year commitment to bring high-speed internet service to all constituents in our service territory.

Balance Sheet – As of September 30, 2017, ICTC had approximately \$5,583,000 in cash and marketable securities, and \$2,697,000 in total debt.

Additional Repurchase Authorization – The Board of Directors previously authorized a share repurchase program totaling 74,037 shares of the Company’s stock. Through September 30, 2017, the

Company has repurchased a total of 27,292 shares under this program at an average price of \$21.84. The Company will continue to repurchase stock in the open market on an opportunistic basis.

**Business Initiatives** –While ICTC continues to enhance its communication platform in North Dakota, the Company is also seeking growth initiatives outside its core business, and is evaluating a variety of opportunities for surfacing value.

As disclosed in an October 10, 2017 press release, the Company is in receipt of an unsolicited, non-binding proposal from an unaffiliated entity to acquire all the shares of ICTC Group, Inc. Please refer to the press release for further detail.

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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](http://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<sup>®</sup> under the symbol ICTG. Its website address is <http://www.ictcgroup.net>.

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**ICTC Group Inc.**  
**Condensed Consolidated Income**  
**Statement**

|  | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|--|---------------------------|-------------|--------------------------|-------------|
|  | <b>September 30</b>       |             | <b>September 30</b>      |             |
|  | <b>2017</b>               | <b>2016</b> | <b>2017</b>              | <b>2016</b> |
| Revenues                                       | \$1,378,832               | \$1,018,750 | \$4,132,038              | \$3,060,901 |
| Costs and expenses:                            |                           |             |                          |             |
| Cost of revenue, excluding depreciation        | 392,177                   | 403,722     | 1,324,803                | 1,230,885   |
| General and administrative costs at operations | 154,144                   | 145,528     | 532,746                  | 550,765     |
| Corporate office expense                       | 100,120                   | 87,112      | 309,587                  | 287,654     |
| Depreciation                                   | 255,388                   | 235,353     | 759,719                  | 695,222     |
| Total Expenses                                 | 901,828                   | 871,716     | 2,926,855                | 2,764,526   |
| Operating Profit                               | 486,004                   | 147,034     | 1,205,183                | 296,375     |
| Other income(expense):                         |                           |             |                          |             |
| Dividend income                                | 83,228                    | 56,552      | 255,290                  | 278,457     |
| Other Income (Loss)                            | --                        | 520         | 26,564                   | 520         |
| Interest expense                               | (22,728)                  | (23,081)    | (67,954)                 | (68,571)    |
| Equity in earnings of investee                 | 90,403                    | 89,977      | 286,896                  | 281,924     |
| Total Other Income                             | 150,903                   | 123,968     | 500,796                  | 492,330     |
| Income before income taxes                     | 636,907                   | 271,003     | 1,705,979                | 788,704     |
| Income tax provision                           | (215,064)                 | (87,690)    | (567,498)                | (227,789)   |
| Net Income                                     | \$421,843                 | \$183,313   | \$1,138,481              | \$560,915   |
| Average Shares Outstanding                     | 381,881                   | 383,126     | 381,334                  | 383,210     |
| Earnings Per Share                             | \$1.10                    | \$0.48      | \$2.99                   | \$1.46      |
| Actual Shares Outstanding                      | 382,384                   | 382,639     | 382,384                  | 382,639     |

**ICTC Group, Inc.**  
**Condensed Consolidated Balance Sheet**

**Attachment B**

|  | <b>Sept 30,</b>     | <b>December 31,</b> |
|--|---------------------|---------------------|
|  | <b>2017</b>         | <b>2016</b>         |
| <b>ASSETS</b>                              |                     |                     |
| Current Assets                             |                     |                     |
| Cash and cash equivalents                  | \$4,329,789         | \$3,071,376         |
| Accounts receivable                        | 514,838             | 443,664             |
| Materials and supplies                     | 268,070             | 225,011             |
| Deferred income taxes                      | 72,051              | 75,453              |
| Prepayments                                | 198,769             | 221,551             |
| Total Current Assets                       | <u>5,383,517</u>    | <u>4,037,055</u>    |
| Telecommunications Plant & Equipment       |                     |                     |
| Cost                                       | 22,945,706          | 22,508,137          |
| Accumulated depreciation                   | 16,544,606          | 15,895,330          |
|  | <u>6,401,100</u>    | <u>6,612,807</u>    |
| Other Assets:                              |                     |                     |
| Investments in affiliate                   | 2,205,635           | 2,040,702           |
| Other investments                          | 1,499,077           | 903,978             |
| Goodwill                                   | 1,772,179           | 1,772,179           |
|  | <u>5,476,891</u>    | <u>4,716,859</u>    |
| Total Assets                               | <u>\$17,261,508</u> | <u>\$15,366,721</u> |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b> |                     |                     |
| Current Liabilities                        |                     |                     |
| Accounts payable                           | \$41,413            | \$70,319            |
| Accrued Income Taxes                       | 447,631             | 6,155               |
| Other current liabilities                  | 306,778             | 297,722             |
| Current maturities of long-term debt       | 27,200              | 27,200              |
| Total current liabilities                  | <u>823,021</u>      | <u>401,396</u>      |
| Long-Term Debt                             | <u>2,669,923</u>    | <u>2,690,236</u>    |
| Other Liabilities                          |                     |                     |
| Deferred income taxes                      | 2,662,698           | 2,558,319           |
| Total other liabilities                    | <u>2,662,698</u>    | <u>2,558,319</u>    |
|  | <u>6,155,643</u>    | <u>5,649,951</u>    |
| Stockholders' Equity:                      |                     |                     |
| Preferred stock                            | --                  | --                  |
| Common stock                               | 41                  | 41                  |
| Treasury Stock at cost                     | (596,190)           | (532,348)           |
| Additional paid in capital                 | 1,904,886           | 1,827,241           |
| Comprehensive Income/(Loss)                | 324,373             | 87,542              |
| Retained earnings                          | <u>9,472,776</u>    | <u>8,334,294</u>    |
| Total stockholders' equity                 | <u>11,105,866</u>   | <u>9,716,770</u>    |
| Total liabilities and stockholders' equity | <u>\$17,261,508</u> | <u>\$15,366,721</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.

|                               | <b>Three Months Ended</b> |             | <b>Nine Months Ended</b> |             |
|-------------------------------|---------------------------|-------------|--------------------------|-------------|
|                               | <b>September 30,</b>      |             | <b>September 30,</b>     |             |
|                               | <b>2017</b>               | <b>2016</b> | <b>2017</b>              | <b>2016</b> |
| <b>EBITDA</b>                 |                           |             |                          |             |
| Operations                    | \$841,512                 | \$469,500   | \$2,274,489              | \$1,279,250 |
| Corporate Office Expense      | (100,120)                 | (87,112)    | (309,587)                | (287,654)   |
| Total EBITDA                  | 741,392                   | 382,387     | 1,964,902                | 991,596     |
| Depreciation and amortization | (255,388)                 | (235,353)   | (759,719)                | (695,222)   |
| Operating profit              | \$486,004                 | \$147,034   | \$1,205,183              | \$296,375   |