

iQSTEL, Inc.

NASDAQ- IQST

August 19, 2025

Revenue Acceleration, Fintech Expansion, and Path to Profitability – Reiterate Buy Rating and \$18 Price Target

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- **Momentum Building:** iQSTEL filed its 2Q 10-Q last week, and we've updated our forecast to reflect accelerating growth. Our updated model is at the end of this report.
- **Stronger Outlook:** Management raised guidance to \$210M in 2H revenue, or \$340M for 2025, underscoring robust demand trends. Our 2026 revenue estimate is \$336 million.
- **Executing on Strategy:** Since the filing, the company has paid down debt and closed the GlobeTopper acquisition, giving iQSTEL a powerful entry point into fintech—highly complementary to its core telecom platform.
- **Core Business Strength:** Telecom services generated \$513k of EBITDA, with early-stage businesses and corporate costs masking profitability at the consolidated level (\$578k EBITDA loss).
- **Turning the Corner:** We expect positive EBITDA by 4Q, ramping to \$5.5M in 2026 and \$7.0M in 2027 as telecom margins expand and fintech begins to scale.
- **Under-the-Radar Growth Story:** iQSTEL is a high-growth telecom innovator still flying below Wall Street's radar. As profitability kicks in, we see a strong catalyst for institutional investor interest.
- **Compelling Upside:** We reiterate our Buy rating and \$18 price target, representing significant upside as execution and visibility improve.

Rating	BUY	Earnings Per Share			
Target Price	\$18.00	Normalized to exclude unusual items			
Ticker Symbol	IQST	FYE - December	2024	2025E	2026E
Market	NASDAQ	1Q - March	(\$0.37)	(\$0.44) A	(\$0.08)
Stock Price	\$6.70	2Q - June	(\$0.90)	(\$0.82) A	(\$0.11)
52 wk High	\$32.68	3Q - September	(\$0.40)	(\$0.41)	(\$0.10)
52 wk Low	\$5.22	4Q - December	(\$0.57)	(\$0.02)	(\$0.07)
		Year	(\$2.63)	(\$1.65)	(\$0.36)
Shares Outstanding:	3.6 M	Revenue (\$mm)	\$283.2	\$336.1	\$407.8
Public Market Float:	3.3 M	EV/Rev	0.1X	0.1X	0.1X
Avg. Daily Volume	131,790	EBITDA (\$mm)	(\$0.0)	\$2.0	\$5.5
Market Capitalization:	\$24 M	EV/EBITDA	NM	15.7X	5.9X
Institutional Holdings:	3.9%				
Dividend Yield:	0.0%				

Risks/Valuation

- The key risk factors we see are execution risk related to customer acquisition and traffic volume growth, vendor dependence and platform consolidation, and the complexity of integrating partially owned subsidiaries.
- We utilize an EV/EBITDA valuation method and compare it to telecom comps to value IQST shares.

Company description: iQSTEL is a Miami-based, international wholesale telecom carrier founded in 2008 (as Etelix). The company went public in 2018 via a reverse merger. It offers a comprehensive suite of services, including international voice and SMS termination, DID and toll-free numbers, PBX services, and SIP trunking. Through nine acquisitions, iQSTEL now operates five voice subsidiaries, two SMS subsidiaries, two fintech ventures, and one metaverse joint venture. Revenue is currently split approximately 66% voice and 34% SMS.



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iQSTEL Income Forecast

Dollars in thousands		2025E					2026E					2027E				
Fiscal years ended December 31		1QA	2QA	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
		March	June	September	December		March	June	September	December		March	June	September	December	
Revenue		57,633	72,183	84,589	121,698	336,103	79,544	95,139	94,663	138,414	407,760	88,046	105,259	104,852	149,559	447,716
YoY growth		12.1%	-8.2%	55.9%	23.0%	18.7%	38.0%	31.8%	11.9%	13.7%	21.3%	10.7%	10.6%	10.8%	8.1%	9.8%
Seq growth		-41.7%	-74.5%	17.2%	43.9%		-34.6%	19.6%	-0.5%	46.2%		-36.4%	19.5%	-0.4%	42.6%	
Cost of revenue		55,698	70,312	82,330	117,554	323,527	76,955	92,206	92,048	133,545	394,753	84,854	101,693	101,744	143,854	432,145
As a percent of revenue		96.6%	97.4%	97.3%	96.6%	96.3%	96.7%	96.9%	97.2%	96.5%	96.8%	96.4%	96.6%	97.0%	96.2%	96.5%
Gross profit		1,935	1,871	2,259	4,144	12,576	2,589	2,933	2,615	4,870	13,007	3,193	3,565	3,108	5,705	15,571
Gross margin		3.4%	2.6%	2.7%	3.4%	3.7%	3.3%	3.1%	2.8%	3.5%	3.2%	3.6%	3.4%	3.0%	3.8%	3.5%
General and administration		2,539	2,528	2,961	3,651	11,678	2,267	2,711	2,367	4,429	11,774	2,553	3,052	2,621	5,235	13,462
As a percent of revenue		4.4%	3.5%	3.5%	3.0%	3.5%	2.9%	2.9%	2.5%	3.2%	2.9%	2.9%	2.9%	2.5%	3.5%	3.0%
Operating income		(604)	(656)	(701)	493	898	322	221	248	440	1,233	639	513	487	471	2,109
Operating margin		-1.0%	-0.9%	-0.8%	0.4%	0.3%	0.4%	0.2%	0.3%	0.3%	0.3%	0.7%	0.5%	0.5%	0.3%	0.5%
Other Income																
Other income		23	22	20	20	86	20	20	20	20	80	20	20	20	20	80
Other expense		(11)	(69)	(10)	(10)	(100)	(10)	(10)	(10)	(100)	(130)	(10)	(10)	(10)	(200)	(230)
Interest expense		(532)	(459)	(500)	(500)	(1,991)	(500)	(500)	(500)	(500)	(2,000)	(500)	(500)	(500)	(500)	(2,000)
Change in fair value						-					-					-
Loss on debt settlement		-	(1,096)			(1,096)					-					-
Total Non-operating income		(520)	(1,601)	(490)	(490)	(3,101)	(490)	(490)	(490)	(580)	(2,050)	(490)	(490)	(490)	(680)	(2,150)
Profit before taxes		(1,124)	(2,257)	(1,191)	3	(2,203)	(168)	(269)	(242)	(140)	(817)	149	23	(3)	(209)	(41)
Income taxes		21	92	-	-	112	-	-	-	-	-	-	-	-	-	-
Tax rate		-1.8%	-4.1%	0.0%	0.0%	-5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income		(1,144)	(2,349)	(1,191)	3	(2,315)	(168)	(269)	(242)	(140)	(817)	149	23	(3)	(209)	(41)
Non-controlling interests		13	58	58	58	188	100	100	100	100	400	100	100	100	100	400
Net Income to iQSTEL Inc.		(1,158)	(2,407)	(1,249)	(55)	(4,869)	(268)	(369)	(342)	(240)	(1,217)	49	(77)	(103)	(309)	(441)
Diluted shares outstanding		2,630	2,953	3,053	3,153	2,947	3,253	3,353	3,453	3,553	3,403	3,653	3,753	3,853	3,953	3,803
Seq change		243	675	100	100		100	100	100	100		100	100	100	100	
EPS diluted		(\$0.44)	(\$0.82)	(\$0.41)	(\$0.02)	(\$1.65)	(\$0.08)	(\$0.11)	(\$0.10)	(\$0.07)	(\$0.36)	\$0.01	(\$0.02)	(\$0.03)	(\$0.08)	(\$0.12)
EBITDA																
Telcom		594	513	444	185	1,808	961	907	601	1,740	4,209	1,347	1,281	834	2,292	5,754
Fintech and parent		(839)	(1,090)	(761)	188	234	302	221	268	470	1,263	399	293	287	291	1,269
EBITDA		(245)	(578)	(317)	373	2,042	1,264	1,128	869	2,210	5,472	1,746	1,574	1,121	2,582	7,023
YoY growth		-469.7%	-818.7%	-573.5%	-254.1%	-7204.4%	-616.0%	-295.3%	-374.3%	491.9%	168.0%	38.2%	39.5%	28.9%	16.8%	28.4%
EBITDA margin		-0.4%	-0.8%	-0.4%	0.3%	0.6%	1.6%	1.2%	0.9%	1.6%	1.3%	2.0%	1.5%	1.1%	1.7%	1.6%

Source: Company reports and Litchfield Hills Research



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