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iQSTEL, Inc.

NASDAQ- IQST

November 19, 2025

iQSTEL's Breakout Quarter: Organic Engines Firing as the $1B Roadmap Snaps Into Focus – Reiterate Buy Rating and $18 Price Target

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- iQSTEL delivered a breakout 3Q, with revenue surging 90% to $103M—marking the company's strongest quarterly performance in its history and showcasing the power of its roll-up strategy.
- Core Telecom posted clean, all-organic 63% revenue growth and generated $605K of EBITDA, a clear proof-point that management can drive profitable expansion without relying on acquisitions.
- Fintech continued its rapid scale-up, producing $14.3M in revenue and positive EBITDA of $79K in just its second quarter under iQSTEL ownership—an impressive ramp for a newly integrated business line.
- While consolidated EBITDA landed at –$330K due to corporate overhead, the operating engines are firmly in the green; we model consistent positive organic EBITDA every quarter in 2026, rising to $2.4M in 2027.
- Management is targeting $430M in organic revenue next year—aligned with our estimates and, in our opinion, fully supported by current run-rate performance.
- With acquisitions layered in, the company is aiming for the milestone: $1B in revenue and $15M in EBITDA by 2027—targets we view as realistic given management's M&A record and CEO Iglesias' deep industry network.
- Hitting $1B revenue / $15M EBITDA should, in our view, dramatically re-rate the stock and support a move toward our $18 price target as institutional attention accelerates.
- We reiterate our Buy rating.

Rating	BUY
Target Price	$18.00
Ticker Symbol	IQST
Market	NASDAQ
Stock Price	$4.33
52 wk High	$32.68
52 wk Low	$4.21
Shares Outstanding:	4.3 M
Public Market Float:	3.9 M
Avg. Daily Volume	97,525
Market Capitalization:	$19 M
Institutional Holdings:	4.9%
Dividend Yield:	0.0%

Earnings Per Share	**Normalized to exclude unusual items**			
FYE - December	**2024**	**2025E**	**2026E**	**2027E**
1Q - March	($0.37)	($0.44) A	($0.16)	($0.07)
2Q - June	($0.90)	($0.82) A	($0.15)	($0.06)
3Q - September	($0.40)	($0.68) A	($0.11)	($0.00)
4Q - December	($1.13)	($0.23)	($0.09)	$0.04
Year	**($2.80)**	**($2.12)**	**($0.49)**	**($0.09)**
Revenue ($mm)	**$283.2**	**$337.2**	**$428.2**	**$452.2**
EV/Rev	0.1X	0.1X	0.0X	0.0X
EBITDA ($mm)	**($0.0)**	**($1.3)**	**$0.9**	**$2.4**
EV/EBITDA	NM	-16.2X	23.8X	8.5X

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 businesses, two SMS subsidiaries, two fintech ventures, and one metaverse joint venture. Revenue is currently split approximately 86% telecom and 14% fintech.

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iQSTEL Income Forecast

2025E

Dollars in thousands Fiscal years ended December 31	1QA March	2QA June	3QA September	4Q December	YEAR
Revenue	**57,633**	**72,183**	**102,868**	**104,550**	**337,234**
YoY growth	12.1%	-8.2%	89.6%	5.7%	19.1%
Seq growth	-41.7%	-74.5%	42.5%	1.6%	
Cost of revenue	55,698	70,312	100,127	101,956	328,092
As a percent of revenue	96.6%	97.4%	97.3%	97.5%	97.3%
Gross profit	1,935	1,871	2,741	2,594	9,141
Gross margin	3.4%	2.6%	2.7%	2.5%	2.7%
General and administration	2,539	2,528	3,300	3,230	11,597
As a percent of revenue	4.4%	3.5%	3.2%	3.1%	3.4%
Operating income	**(604)**	**(656)**	**(559)**	**(636)**	**(2,456)**
Operating margin	-1.0%	-0.9%	-0.5%	-0.6%	-0.7%
Other Income	(520)	(1,601)	(1,695)	-	(3,816)
Profit before taxes	(1,124)	(2,257)	(2,254)	(636)	(6,272)
Income taxes	21	92	72	70	254
Tax rate	-1.8%	-4.1%	-3.2%	-11.0%	-4.1%
Net income	**(1,145)**	**(2,349)**	**(2,326)**	**(706)**	**(6,526)**
Non-controlling interests	13	58	141	141	353
Net Income to iQSTEL Inc.	(1,158)	(2,407)	(2,467)	(847)	(6,879)
Diluted shares outstanding	2,630	2,953	3,654	3,754	3,248
Seq change	243	675	3,654	100	
EPS diluted	**($0.44)**	**($0.82)**	**($0.68)**	**($0.23)**	**($2.12)**
EBITDA					
Net income	(1,145)	(2,349)	(2,326)	(706)	(6,526)
Depreciation and amortization	127	161	162	160	610
Interest expense	532	459	342	342	1,675
FX gain losses	32	(66)	(13)	-	(47)
Loss on debt settlement	33	879	1,346	-	2,257
Loss on salary settlement	-	217	-	-	217
Stock-based compensation	-	22	16	15	53
Other non-recurring	151	(10)	49	-	190
Taxes	26	99	93	90	307
EBITDA	**(245)**	**(588)**	**(331)**	**(99)**	**(1,263)**
YoY growth					
EBITDA margin	-0.4%	-0.8%	-0.3%	-0.1%	-0.4%
EBITDA by business unit					
Telcom	593	513	605	440	2,151
Fintech	-	-	79	91	170
Pre-revenue companies	(1)	(0)	(0)	(0)	(3)
IQSTEL	(837)	(1,100)	(1,013)	(630)	(3,580)
EBITDA	**(245)**	**(588)**	**(331)**	**(99)**	**(1,263)**

2026E

Dollars in thousands Fiscal years ended December 31	1Q March	2Q June	3Q September	4Q December	YEAR
Revenue	**105,050**	**106,050**	**107,050**	**110,050**	**428,200**
YoY growth	82.3%	46.9%	4.1%	5.3%	27.0%
Seq growth	0.5%	-68.6%	0.9%	2.8%	
Cost of revenue	102,250	103,223	104,089	107,005	416,567
As a percent of revenue	97.3%	97.3%	97.2%	97.2%	97.3%
Gross profit	2,800	2,827	2,961	3,045	11,633
Gross margin	2.7%	2.7%	2.8%	2.8%	2.7%
General and administration	3,230	3,230	3,230	3,230	12,922
As a percent of revenue	3.1%	3.0%	3.0%	2.9%	3.0%
Operating income	**(430)**	**(403)**	**(269)**	**(185)**	**(1,289)**
Operating margin	-0.4%	-0.4%	-0.3%	-0.2%	-0.3%
Other Income	-	-	-	-	-
Profit before taxes	(430)	(403)	(269)	(185)	(1,289)
Income taxes	70	70	70	70	280
Tax rate	-16.3%	-17.4%	-26.0%	-37.7%	-21.7%
Net income	**(500)**	**(473)**	**(339)**	**(255)**	**(1,569)**
Non-controlling interests	100	100	100	100	400
Net Income to iQSTEL Inc.	(600)	(573)	(439)	(355)	(1,969)
Diluted shares outstanding	3,854	3,954	4,054	4,154	4,004
Seq change	100	100	100	100	
EPS diluted	**($0.16)**	**($0.15)**	**($0.11)**	**($0.09)**	**($0.49)**
EBITDA					
Net income	(500)	(473)	(339)	(255)	(1,569)
Depreciation and amortization	160	160	160	160	640
Interest expense	342	342	342	342	1,368
FX gain losses	-	-	-	-	-
Loss on debt settlement	-	-	-	-	-
Loss on salary settlement	-	-	-	-	-
Stock-based compensation	15	15	15	15	60
Other non-recurring	-	-	-	-	-
Taxes	90	90	90	90	360
EBITDA	**107**	**134**	**268**	**352**	**859**
YoY growth					
EBITDA margin	0.1%	0.1%	0.2%	0.3%	0.2%
EBITDA by business unit					
Telcom	620	647	766	850	2,883
Fintech	117	117	132	132	498
Pre-revenue companies	(0)	(0)	(0)	(0)	(2)
IQSTEL	(630)	(630)	(630)	(630)	(2,520)
EBITDA	**107**	**134**	**268**	**352**	**859**

2027E

Dollars in thousands Fiscal years ended December 31	1Q March	2Q June	3Q September	4Q December	YEAR
Revenue	**108,050**	**109,050**	**114,050**	**121,050**	**452,200**
YoY growth	2.9%	2.8%	6.5%	10.0%	5.6%
Seq growth	-1.8%	-74.5%	4.6%	6.1%	
Cost of revenue	104,957	105,928	110,669	117,459	439,013
As a percent of revenue	97.1%	97.1%	97.0%	97.0%	97.1%
Gross profit	3,093	3,122	3,381	3,591	13,187
Gross margin	2.9%	2.9%	3.0%	3.0%	2.9%
General and administration	3,230	3,230	3,230	3,230	12,922
As a percent of revenue	3.0%	3.0%	2.8%	2.7%	2.9%
Operating income	**(137)**	**(108)**	**151**	**361**	**265**
Operating margin	-0.1%	-0.1%	0.1%	0.3%	0.1%
Other Income	-	-	-	-	-
Profit before taxes	(137)	(108)	151	361	265
Income taxes	70	70	70	70	280
Tax rate	-50.9%	-64.5%	46.5%	19.4%	105.6%
Net income	**(207)**	**(178)**	**81**	**291**	**(15)**
Non-controlling interests	100	100	100	100	400
Net Income to iQSTEL Inc.	(307)	(278)	(19)	191	(415)
Diluted shares outstanding	4,254	4,354	4,454	4,554	4,404
Seq change	100	100	100	100	
EPS diluted	**($0.07)**	**($0.06)**	**($0.00)**	**$0.04**	**($0.09)**
EBITDA					
Net income	(207)	(178)	81	291	(15)
Depreciation and amortization	160	160	160	160	640
Interest expense	342	342	342	342	1,368
FX gain losses	-	-	-	-	-
Loss on debt settlement	-	-	-	-	-
Loss on salary settlement	-	-	-	-	-
Stock-based compensation	15	15	15	15	60
Other non-recurring	-	-	-	-	-
Taxes	90	90	90	90	360
EBITDA	**400**	**429**	**688**	**898**	**2,413**
YoY growth					
EBITDA margin	0.4%	0.4%	0.6%	0.7%	0.5%
EBITDA by business unit					
Telcom	858	887	1,130	1,340	4,215
Fintech	172	172	188	188	720
Pre-revenue companies	(0)	(0)	(0)	(0)	(2)
IQSTEL	(630)	(630)	(630)	(630)	(2,520)
EBITDA	**400**	**429**	**688**	**898**	**2,413**

Source: Company reports and Litchfield Hills Research

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