Tucows Q4 2025 Management Remarks Transcript

Introduction [Monica Webb, Vice President, Investor Relations]

Welcome to the Tucows' fourth quarter 2025 management commentary. We have prerecorded remarks regarding the quarter and outlook for the Company. A Tucows-generated transcript of these remarks, with relevant links, is also available on the Company's website. We will begin with opening remarks and business segment commentary from David Woroch, President and CEO of Tucows and Tucows Domains, followed by Ivan Ivanov, Tucows' CFO, who will discuss our financial results in detail, and we will finish with closing remarks, including 2026 guidance, from David Woroch.

In lieu of a live question-and-answer period following these remarks, shareholders, analysts and prospective investors are invited to submit questions to Tucows' management. Please submit questions via email to ir@tucows.com until Thursday, February 19th. Management will either address your questions directly or provide a recorded audio response and transcript that will be posted to the Tucows website on Wednesday, February 25th, at approximately 5 p.m. Eastern time.

We would also like to advise that the updated investor presentation and the Tucows Quarterly KPI Summary, which provides key metrics for all of our businesses for the last eight quarters, as well as for full years 2023, 2024, and 2025—and also includes historical financial results—is available in the Investors section of the website. As a reminder, beginning last quarter we revised our presentation of gross profit in our press release to reflect amounts net of network expenses, aligning external reporting with how we manage the business.

Now for management's prepared remarks:

On Thursday, February 12th, Tucows issued a news release reporting its financial results for the fourth quarter ended December 31st, 2025. That news release and the Company's financial statements are available on the Company's website at tucows.com under the Investors section.

Please note – the following discussion may include forward-looking statements, which are subject to risks and uncertainties that could cause actual results to differ materially. These risk factors are described in detail in the Company's documents filed with the SEC, specifically the most recent reports on the Forms 10-K and 10-Q. The Company urges you to read its security filings for a full description of the risk factors applicable to its business.

Now I would like to turn the call over to Tucows President and Chief Executive Officer, David Woroch.

Go ahead, Dave.

Opening Remarks [David Woroch, President and Chief Executive Officer]

Thank you, Monica.

I want to start by acknowledging the teams across Tucows—Domains, Wavelo, Ting, and our Corporate teams—who have continued to execute through a period of real complexity. Tucows has always been a company that builds durable platforms, operates with a long-term mindset, and embraces innovation as a practical tool. Our teams have continued that legacy, operating the business efficiently, innovating, and navigating change when and where needed.

I'm also appreciative of our Board of Directors, who are deeply engaged in the transformation of the business–and Elliot, who has been a productive partner in the Ting process and leadership transition.

This quarter was a solid bookend to a strong year for Tucows. We finished 2025 with adjusted EBITDA of $50.6 million, $3.6 million above guidance. The gains were primarily driven by outperformance from Domains and Wavelo. I'll review high level performance and developments for each business segment, and then our CFO will review the financial results for each segment and the consolidated business in detail.

Tucows Domains

Tucows Domains delivered another strong year in 2025, with growth across revenue, gross profit and Adjusted EBITDA. We finished 2025 exceeding our Adjusted EBITDA guidance by $4.7 million.

The 2025 performance was driven by solid execution across our core segments, growth in our emerging registry services business, and continued momentum in sales from our expiry stream. We are particularly pleased with our progress in scaling registry as a complementary line of business, further diversifying revenue and strengthening our long term growth profile.

Our domains under management and transactions are normalizing at a modestly lower level, as they do from time to time, a result of the previously referenced customer taking their business in-house. But with the broad, diverse and global nature of our reseller base, margin remains healthy.

Wavelo

For Wavelo, I'm very pleased to report, for the fourth year in a row, this was our best year yet. In fiscal 2025, Wavelo delivered double digit growth across revenue, gross profit, and Adjusted EBITDA–beating 2025 guidance by $4.5 million. 2025 performance was driven by renewing Wavelo's inaugural customer, aligning incentives, creating profitability through discipline, and a pipeline and product posture that positions us well for 2026.

Consistent with remarks last quarter, Q4 continued the theme of modest investment in sales and marketing as we look to further strengthen pipeline health in service of 2026 bookings conversion. As we look to 2026, we enter the year with a strong pipeline and a seasoned go-to-market team focused on new customer growth. That said, I want to remind investors that we are executing with an intentionally lean sales and marketing team that represents a meaningfully smaller spend as a percentage of revenue than our competitors. We're able to do so by judiciously integrating AI, and having a targeted go-to-market strategy.

Ting

For Ting, 2025 couldn't be a more different story when compared to a year ago. Despite finishing the year below guidance, Ting had solid top-line growth and a meaningful improvement in Adjusted EBITDA. Gross profit was flat in 2025 compared to 2024, and fell short of expectations. A portion of the margin impact reflects the mix shift between partner and owned markets. While net subscriber growth saw its strongest quarter in Q4, the outcome of a refocused and targeted sales and marketing campaign during the year, the uptick came too late to have a more meaningful impact on 2025 results.

Looking forward, we continue to work through our strategic process for Ting. As soon as we have more definitive information and visibility into timing and outcomes, we will advise investors. I understand that's not what everyone wants to hear. We too want clarity on the path forward, and it remains our top priority. When we have something meaningful and disclosable, we will share it. In the meantime, our focus is to operate Ting responsibly, protect enterprise value, and preserve optionality–all while we work toward an outcome that maximizes shareholder value.

Now we'll hear from our CFO, Ivan Ivanov, who will discuss our financial results in detail.

Financial Results [Ivan Ivanov, Chief Financial Officer]

Thanks Dave, and thank you all for joining us today.

Q4 consolidated results

Consolidated revenue for Q4 '25 was $98.7 million, up 6% year over year. All three segments contributed. I'll walk through each one shortly, but at the top level, Domains, Wavelo and Corporate drove about $80 million of that, and Ting Fiber contributed $18.5 million.

Q4 Gross profit was $24.1 million, up 14% year over year, with margin supported by a favorable mix—particularly higher-margin Domains expiry revenue and lower Wavelo cost of revenues—partially offset by headwinds in TCX from legacy Mobile obligations. Breaking it out, $22.5 million came in from Domains, Wavelo and Corporate, and $1.6 million from Ting.

Operating expenses in Q4 were $33.1 million, down 35% year over year, and that's largely a comparison matter. Last year's Q4 included large Ting restructuring costs and impairment charges, so the year-over-year decline reflects that normalization.

We delivered $11.1 million in Adjusted EBITDA, down 14% year over year—or $1.8 million. Of Q4 Adjusted EBITDA, $11.9 million came from Domains, Wavelo and Corporate combined, and negative $0.9 million for Ting.

Now, stepping back for the full year–fiscal '25–total consolidated Adjusted EBITDA was $50.6 million, which came in $3.6 million above our annual guidance, and represents a 45% increase from fiscal '24. If we view fiscal '25 Adjusted EBITDA excluding Ting, it is $56.8 million.

On a GAAP basis, net loss for the quarter was $22 million, or ($1.98) per share, a significant improvement from a net loss of $42.5 million, or ($3.86) per share for Q4 of last year.

On a non-GAAP adjusted basis, net loss for Q4 '25 was $19.4 million or ($1.73) per share compared to an Adjusted net loss of $15.8 million or ($1.43) per share in Q4 '24, with the year-over-year changes primarily attributable to professional fees and legacy mobile obligations.

Tucows Domains

Let me now walk through the segments, starting with Domains. Q4 revenue grew modestly year over year to $66.4 million from $65.7 million, accompanied by a 4% increase in gross profit to $19.2 million in Q4 '25 from $18.4 million last year, after network expenses. Gross profit performance was supported by the high-margin expiry stream.

Adjusted EBITDA was $12.5 million for the quarter, up 7% from the prior year on the back of expiry-driven margin strength and prudent expense management. Tucows Domains finished fiscal '25 above guidance at $48.7 million.

Within Domains, the wholesale business was slightly up year over year, supported by strong growth in Value Added Services. Q4 revenue for the Wholesale channel rose 2% year over year to $57.0 million compared to $56.1 million for Q4 of last year.

Wholesale gross margin increased 7% to $16.0 million from $15.0 million last year. I'll remind investors that gross margin is reported net of network expenses. Within the Wholesale channel, Domain Services' gross margin was flat year over year, at $10.1 million in Q4. Value Added Services had another exceptional quarter, generating $5.8 million in gross margin for a year-over-year gain of 17%, driven by strong sales from our expiry stream. In Q4, the Retail segment posted modest declines in revenue and gross margin year over year to $9.4 million and $5.2 million respectively.

Wavelo

Turning to Wavelo, Q4 revenue was $11.7 million, a 19% increase from Q4 of last year. Q4 gross profit was $6.6 million, up 7% year over year, supported by the EchoStar renewal and rate card dynamics, and improved COGS. Wavelo Adjusted EBITDA was $3.4 million, down year over year from $3.7 million, primarily due to higher operating investment—most notably in sales and marketing–and investment in the platform. Wavelo finished fiscal '25 at Adjusted EBITDA of $17.5 million, $4.5 million above guidance.

Ting

Now shifting to Ting Internet, Q4 revenue was $18.5 million, up 18% year over year, supported by subscriber growth. Q4 gross profit was $1.6 million, up from negative $1.2 million in Q4 '24. Gross margin percentage decreased as a result of the shift towards partner markets, which require significantly less capex, but have a higher associated cost of revenue than organic markets. Ting reported an Adjusted EBITDA loss of $0.9 million in Q4, an improvement from a $1.5 million loss in Q4 of last year.

Corporate

At a corporate level, Q4 revenue was $2.0 million, up from $1.8 million in Q4 of last year. Q4 gross profit was negative $3.2 million, compared to negative $2.2 million a year ago. Corporate Adjusted EBITDA for Q4 was negative $3.9 million, from negative $1.0 million in Q4 2024. The TCX profitability in the quarter was primarily impacted by elevated professional fees and the mobile business commitments.

Cash flow and Balance Sheet

Let me now move to cash flow and the balance sheet. Consolidated cash flow from operating activities was negative $2.6 million. If we break that out, Domains, Wavelo, and TCX generated $4.4 million—which is typically lower than other quarters due to seasonality. Ting generated a $7.0 million outflow, mainly from ABS interest, and working capital requirements.

We ended the quarter with cash and restricted cash of $64.2 million, down from $73.2 million in Q4 of last year. We continue to prioritize disciplined capital allocation and maintaining liquidity across the organization.

Corporate net debt, excluding Ting, was $189.5 million as of quarter end, and importantly, we remained in compliance with our covenants under the TCX syndicated facility. For the fourth quarter, the leverage ratio was 3.12x and interest coverage was 4.17x, both comfortably onside.

Ting's net debt stands at $438.8 million, including the ABS notes and the preferred shares.

In summary, Q4 delivered solid, broad-based revenue growth with strength across Domains, Wavelo and Ting, and gross profit supported by a favorable mix. Heading into '26, we're positioned to build on this momentum and expand profitability as we normalize cost items and continue to execute on operational and capital efficiency, supported by positive operating cash from Tucows Domains and Wavelo.

With that, thank you and I will pass it back to Dave for his closing remarks.

Closing Remarks [David Woroch, President and Chief Executive Officer]

Thanks Ivan.

First I'll provide our initial outlook for fiscal 2026 for Wavelo, Tucows Domains, and Corporate. This excludes guidance for Ting until we have more definitive information on the Ting strategic process.

The guidance assumes business-as-usual operations, and is subject to macro conditions and other risks described in our filings.

Tucows Domains (FY 2026 outlook)

For Tucows Domains, we expect an Adjusted EBITDA range of $47 to $49 million.

This reflects the integration and maintenance of our registry contracts, and the continued, but moderated contribution from higher-margin expiry stream sales, which benefited from an outsized performance in 2025.

Wavelo (FY 2026 outlook)

For Wavelo, we expect an Adjusted EBITDA range of $14.5 to $15.5 million.

This outlook assumes a continued investment and expansion of Wavelo's product features; a modest ramp in sales and marketing spend in service of 2026 bookings conversion; and accounts for the range of outcomes for Ting Internet and Mobile subscribers currently on the platform.

Corporate (FY 2026 outlook)

For Corporate, we expect an Adjusted EBITDA range of negative $6 to negative $9 million.

This is primarily driven by our legacy mobile contract obligations, and we have plans to reduce those costs. To a smaller degree, corporate overhead is also factored in here, where we expect to absorb some of the corporate costs related to Ting, but which will be streamlined over time.

This provides total consolidated guidance for 2026, without Ting, of a range of $52.5 million to $58.5 million.

After 25 years at Tucows, I'm coming into this role with a very clear view: this is a period of significant change and 2026 will be a year of transition. We are in the process of resetting how we operate, how we allocate capital, and how we hold ourselves accountable for returns. Our shareholders want a company that is simpler to understand, more consistently cash-generative, and more intentional about building value per share.

I'll start by outlining my vision for Tucows—what we're building, how we'll run it, and how we'll deploy capital.

My leadership approach has four principles:

1. **Customer-centric execution.**
   For Tucows Domains, that means earning the right to be the trusted platform behind our resellers and partners, through reliability, economics, and product velocity. For Wavelo, it means proving—every quarter—that we're helping operators modernize and operate better, not just selling software. Our ultimate measure of success is that our customers are spending money with us.

2. **Move faster and with clarity.**
   Focus creates speed. We'll simplify our action plans and prioritize results, making it easier for

teams to execute.

3. **Operational excellence.**
   We'll be decisive about what's working, what isn't, and the best path forward to leverage our strengths. We'll run the company with performance metrics that tie to customer acquisition and retention, margin, and cash generation.

4. **Financial rigor in all decision making.**
   Our goal is consistent, compounding value creation—growth built on a quantitative basis that includes recurring revenue, strong unit economics and disciplined capital allocation.

Here is our strategy, once we get to the other side of the Ting process:

We intend to transition Tucows into a capital-light business with a lean operating model. We'll leverage our technical expertise, operational capabilities, and competence in scaling platform businesses to build a company that develops, acquires and operates technology services that benefit from shared infrastructure and centralized capabilities.

What kind of business fits that model? One with:

- Recurring revenue with strong customer retention and a competitive moat;
- Platform economics with consistent gross profit and scalable operations;
- Business-critical workflows where reliability matters; and
- Clear pathways to operational improvement through synergies.

This strategy builds on what Tucows already does well: run platforms; integrate customers; serve partners at scale; and improve efficiency over time.

One of the biggest restrictions for Tucows over the past several years has been our constrained ability to deploy cash strategically. And I'm going to speak plainly here: Ting's cash needs have constrained what we could do—strategically and financially—across Tucows for multiple years.

I have a track record of building the Domains business prudently, and generating cash that has been used over the years to fund acquisitions, technology upgrades, stock buybacks, and support the expansion of Tucows' other businesses. As we work through the Ting process, we will position Tucows to regain flexibility—and to use that flexibility in a disciplined way.

And that discipline starts with a simple, measurable priority: consistently generating free cash flow. As we improve our capital flexibility—particularly through a more capital-light approach—we intend to translate operating performance into cash by tightly managing capex, maintaining cost discipline, and improving working capital, so we can self-fund growth, continue to deleverage, and create capacity for long-term value creation.

Which brings me to capital allocation. How we deploy capital, including balancing deleveraging with investment, will be fundamental to future growth. We are working on a framework that will guide those decisions to maximize outcomes for shareholders, and I look forward to sharing more in the coming quarters.

Tucows has always embraced innovation and we're working to accelerate that with AI–specifically across internal operations. Using an example, it's become a core part of how we build and maintain our codebase, and we've seen adoption expand from managers to engineers.

I also want to be clear about our approach: we won't overstate uncertain future benefits, and we'll adopt AI in a way that protects customers, partners, and the integrity of our platforms. Our approach will be practical and measurable: improving support workflows and resolution times; automating repetitive operational tasks; and accelerating product delivery where it improves customer outcomes.

Let me close with this.

My job is to lead Tucows into its next chapter: a more focused, more disciplined, more capital-light company—built around platforms, cash generation, and consistent execution.

You should expect clarity from us. You should expect us to prioritize shareholder value. And you should expect us to be direct—especially when conditions are uncertain.

Thank you for your time today, for your support, and for holding us to a high standard. We look forward to updating you as we execute through 2026.

[**Monica Webb, Vice President, Investor Relations**]

If you have any questions about the quarter or today's commentary, please send them to ir@tucows.com by February 19th, and look for our recorded Q&A audio response and transcript to this call to be posted to the Tucows website on Wednesday, February 25th, at approximately 5 p.m. Eastern time.
