Introduction [Monica Webb, Senior Director, Investor Relations]

Welcome to Tucows’ fourth quarter 2022 management commentary. We have pre-recorded prepared 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.

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 via email at ir@tucows.com until Thursday, February 16th. Management will address your questions directly or in a recorded audio response and transcript that will be posted to the Tucows website on Tuesday, February 28th, at approximately 4 p.m. Eastern time.

We would also like to advise that the updated Tucows Quarterly KPI Summary, which provides key metrics for all of our businesses for the last eight quarters, as well as for full years 2020, 2021 and 2022, and also includes historical financial results, is available in the Investors section of the website along with the updated Ting Build Scorecard and investor presentation.

Now for management’s prepared remarks:

On Thursday, February 9th, Tucows issued a news release reporting its financial results for the fourth quarter ended December 31st, 2022. 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 that the following discussion may include forward-looking statements, which, as such, 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 for its business.

Finally, as discussed previously, starting in Q1 of 2022 we started reporting as separate businesses—Ting, Wavelo and Tucows Domains—in addition to Tucows Corporate. As a reminder, we have a video available for additional detail and rationale for the change on the Tucows website.

I would now like to turn the call over to Tucows President and Chief Executive Officer Elliot Noss. Go ahead, Elliot.
Management Remarks [Elliot Noss, President and Chief Executive Officer]

Introduction

Thanks, Monica.

The last quarter of the year is always an important time to reflect on the past year’s performance, challenges and lessons learned, and channel that into the work for the following year.

2022 was both productive and challenging as we restructured Tucows into separate businesses at the start of the year. This has successfully provided the financial flexibility we hoped for, allowing Ting to access infrastructure capital without impacting the rest of the business, which I now refer to as ex-Ting. We did OK with the provisioning of shared services across the business but more importantly learned how to operate a holding company. We have also dealt with increasing costs of capital and economic uncertainty, and a world restarting life post-pandemic. And in times like these, as I’ve said before, it’s important to focus on what you can control.

So that’s what we’ve done. Now for 2023, we have more exciting growth plans in each of the three businesses than we have had for years, but for the first part of the year, work continues on the long-term funding of the business. More on that in the close.

I’m pleased to report that we finished 2022 with total adjusted EBITDA of $59.1 million for ex-Ting, beating guidance of $53-$56 million. We had an EBITDA loss of $21.7m for Ting, comfortably inside the guidance of a $20-25 million-dollar loss. The year is notable for the base it established for each business. Tucows Domains is towards the end of a years-long integration of multiple platforms and is poised to be able to do new things. Wavelo has finally commenced the migration of Boost customers in earnest and is now poised to take advantage of the revolution coming to telecom. And Ting is now built to scale and is able to turn to refined execution.

You will now hear directly from the heads of each business in these remarks, as well as from our CFO, Dave Singh, who will cover our financial results in detail.

The first speaker is Dave Woroch, Chief Executive Officer, Tucows Domains. Go ahead, Dave.

Tucows Domains [Dave Woroch, Chief Executive Officer, Tucows Domains]

Thanks, Elliot.
Tucows Domains finished the year with another quarter that was in line with our expectations, as both the domain industry and our business continue to normalize at pre-pandemic levels, albeit within a broader challenging environment.

For 2022, adjusted EBITDA was $44.8 million and consistent with our guidance of $45 million. Revenue for Domain Services for the fourth quarter was $60.3 million, down 2% from the same quarter of last year, while gross margin was $18.4 million, down 7%. Domain Services adjusted EBITDA was $10.6 million in the fourth quarter and down 4% from Q4 of last year.

The results reflect the normalization of transactions to pre-COVID levels that we have discussed on previous calls. The decline in domain transactions has slowed sequentially, and it appears that our channel has worked through the demand that was pulled forward by the pandemic, and we may be starting to move back to a path of modest growth. Our results also reflect the tail end of the impact of the euro devaluation to the U.S. dollar, which escalated in 2022 through the end of Q3 and has since recovered some. We did implement two price increases in the second half of 2022 that addressed the cost of us buying domains in U.S. dollars when selling to customers in euros. This is expected to help our margins in 2023. Additionally, our careful management of expenses, both for efficiency and in support of adjusted EBITDA, is ongoing.

With results now available for the full year of 2022, I would like to share our view of the health of the business over a multi-year timeframe that normalizes for the pre- and post-COVID periods. When looking at our results comparing 2022 with 2019, the last full year before COVID, domain transactions are up 2%, and gross margin, absent a domain portfolio sale in 2019 as we were divesting of that business, is up almost 6% over that period, even with the post-COVID business slowdown. This is consistent with our track record of operating a mature business as efficiently as possible. Our focus continues to be on growing gross margin in excess of transactions, leveraging all available options from product mix to pricing.

Looking at the channel segments of our business, in our Wholesale channel, revenue for Q4 was down 3% from the fourth quarter of last year and gross margin down 12%. Within the Wholesale channel, Domain Services’ gross margin was down 9% from the same period last year, while Value-Added Services’ gross margin was down 18%, due to reduced demand in the after-market for domain sales.

In our Retail channel, revenue increased 3%, while gross margin was up 12% year over year.

And our combined overall renewal rate, at 80% in Q4 across all Tucows Domains brands, was consistent with Q3 and remains well above the industry average.
And finally, a topic I wanted to pick up on again, and one I know many of you are interested in—the initiatives we are exploring to bring new and complementary services to our core business and distribution channels. Having been with the business for over two decades, I am very familiar with our efforts in the 2000s and early 2010s to launch Value-Added Services. And we did achieve some success with email, SSL certificates and aftermarket domain sales. More recently, our focus from 2016 through 2022 was on acquisitions and the related integration to provide our business with scale. Now, with our platform integration work nearing completion, our sights are turned again to how, leveraging the capabilities we already have, we can generate incremental revenue and gross margin for the Domains business.

A domain name is the foundation of a web presence. We understand that our resellers spend and invest significantly more in the services to develop that web presence, and that we do not facilitate that development currently. For the last year we have been quietly exploring how we might bring additional value to the older parts of our channel through hosting automation and payments. In ’23, we will be looking for product market fit and do not expect to see a material contribution, but we are excited to get back to thinking about how to best leverage the unique distribution channel we possess.

And importantly, consistent with our vigilance on operational costs, the development of these initiatives is being done within our current operating cost structure.

So now, being able to find creative ways to streamline the business operationally and develop new services for our distribution channels that provide incremental revenue for the business is something I’m really excited about bringing to bear.

Now, over to Justin Reilly, CEO of Wavelo.

Wavelo [Justin Reilly, Chief Executive Officer, Wavelo]

Thanks, Dave. Wow! What a year.

2022 marks Wavelo’s first year as an independent business. Overall, I’m very pleased. In 12 months, we launched the Wavelo brand, built the team, productized and developed a feature-rich platform, and built a business with two anchor customers that will generate between $25-30 million in revenue.

But of course, we’re just in the first inning. And it’s a long game.

Since the very beginning, I’ve spoken about the opportunity for Wavelo—that there is a chasm between the fragmented collection of legacy billing and provisioning systems used today and
a flexible solution that aggregates fixed and mobile networks, allowing for multiple brands and services into a single platform. I emphatically believe the gap exists and the opportunity is large. You’ve heard us say, “Everything is billing and provisioning.” It should not matter the service, customer or network type for the platform to deliver a seamless experience. That platform is Wavelo, and we are excited to wrap the year with something no one else has.

We continue to be pleased with our partnership with DISH. As they add Boost Infinite, the cheapest unlimited service in the country, they continue to push on a legacy market with disruptive pricing. Between our shared focus on a superior customer experience, DISH’s progress towards 5G, and their launch of a competitive and fulsome product lineup, we are optimistic about the growth of DISH’s subscriber base. As always, when we speak about DISH, we recommend investors supplement with DISH’s own disclosure.

While we’ve spent decades at Tucows sharpening our migration toolkit across domain names, email and mobile customers alike, telecom has struggled—often with clunky experiences and doing so on the customer’s dime. We now have the most robust migration tool on the market. This means less pain in switching, ultimately making it easier for new telecoms to try Wavelo and fall in love with the simplicity.

And that brings me to the topic of our go-to-market activities. I’m not announcing a new customer here today, but we are expecting to announce a new one sometime this year. We’re getting a lot of interest from a diverse range of operators all over the world—MNOs, MVNOs and ISPs. The common theme is fixed-mobile convergence which, of course, forces them to revisit their back office systems.

I remind investors that our business model is primarily based on reoccurring user fees. Currently, a significant portion of our revenue is professional services. We have spent much of Q3 and Q4 migrating existing Boost subscribers in addition to adding new organic subscribers. We ended Q4 with 2 million total subscribers on the platform, up from 1 million at the end of Q3. As I read this, we’re at 3.2 million, so you can see the pace accelerating. We continue to expect most of the Boost subscribers to be migrated by mid year.

The topline report is that for the full year 2022, Wavelo reported $3.9 million in adjusted EBITDA, which was within our guidance of $3 million to $6 million. I do recognize we were cash negative from capitalized labor as we built the organizational foundation. Having Wavelo generate cash, a Tucows tradition, is my number one job. Elliot will talk about 2023 guidance in the close of today’s remarks.

As of Q4, Wavelo’s revenues were $4.5 million, up 10.6% from Q3 but down 53% year over year. Gross margin was $3.8 million in Q4, flat from Q3 and down 56% year over year. These
numbers illustrate my point earlier on the lumpy revenue transition as Wavelo moves from largely professional services revenue to recurring user revenue and revenue recognition impacts from the Dish agreement which Dave will cover in more detail.

Our adjusted EBITDA number for Q4 was negative $1.1 million, down 27% from last quarter and 119% year over year. This reflects both the gross margin decline noted above and the burn at this point in the growth of the business. I will note that, because of the macroeconomic environment, we will be more conservative with hiring in 2023.

We expect the challenging economic environment to continue over the next four quarters. As a business born out of Tucows, we know this well. It is a feature, not a bug. And I have complete confidence in our management team’s ability to navigate the challenging waters ahead.

Thanks for listening, and now over to Elliot.

**Ting [Elliot Noss, President and Chief Executive Officer, Tucows]**

Thanks, Justin.

In Q4, Ting delivered another strong quarter of fiber construction, including in Alexandria where construction started in September and is accelerating nicely using microtrenching. We expect the first serviceable addresses there in late Q1. The total serviceable address number for Ting-owned infrastructure for Q4 is 96,200 and 19,500 Partner addresses, taking us to 115,700 total serviceable addresses.

Our Q4 fiber capex was $23.6 million, consistent with the previous quarter. Annual capex for 2022 was $86.3 million, which is up 53.5% over 2021 as we have been increasing our build velocity to a consistent, higher level the last three quarters.

And I note that, in addition, we spent about $25 million in inventory additions to address any potential supply chain issues.

Our total for both Ting-owned and Ting Partner serviceable address additions was 7,200, taking us to that nearly 116,000 we talked about. We expect those numbers to continue to ramp in Q1 in both Ting-owned footprints as well as some of our Partner footprints.

We added 2,000 net subscribers in Q4, taking us over 34,500 in total. Our total subscribers have grown 34.5% year over year. I’ve mentioned before that high subscriber growth is largely a function of serviceable address growth. And we did have good serviceable address
additions in Q4; the challenge is that they were lit with service at the end of the quarter and during the holidays. So the corresponding bump in subscribers will be in Q1 as we’re currently working through installing preorders. It is worth mentioning again this quarter that despite the ongoing macroeconomic factors in the U.S., we continue to have a strong preorder pipeline.

The mature market contribution for Q4 is $2.4 million, up 8% from Q3 and 45% year over year. Gross profit grew by 8% quarter over quarter, and 31% year over year, to $7.2 million. Ting’s revenue grew 4.8% quarter over quarter, and 38% year over year, to $11.5 million. A reminder that our numbers will continue to tell a growth story on the top line, but it will be more uneven on the bottom line as we continue to build in ever larger footprints.

For market updates, microtrenching continues in our markets in Culver City, California, Alexandria, Virginia, and our partner markets in California. We’re also continuing our accelerated build using microtrenching in Centennial, Colorado, although that market will see some winter weather delays. Our partner market of Colorado Springs has also started their construction, and we’re ramping up our marketing efforts there.

In the South Denver suburbs, we will be moving some of our attention from Aurora to other surrounding areas as we work to best deploy our construction crews. We will be updating our Build Scorecard accordingly.

We continue to be pleased with our partnership with Generate Capital and Ubiquity. The teams from each company are working productively together, and the shared knowledge is benefiting both parties. We’re especially pleased to see the delivery of serviceable addresses in their Encinitas, California, market begin to accelerate.

I also want to share that Jill Szuchmacher, our EVP of Networks at Ting Internet, is moving on to an incredible new opportunity. Jill was with us for two years and in that time built a great team and laid the operational foundation that we will build on for years to come. I want to thank her personally, and we all wish her great success and know that she will continue to dare mighty things. She is ably succeeded by Jason Smith, who Jill brought in to the organization very early in her tenure. Both she and I know the group is in great hands.

Within the week, we expect to post the video we discussed last quarter providing a deeper dive into capex. This will give you all a chance to see Jason firsthand. You’ll be able to find it on our website in the Investors section under Videos. It’s a great opportunity for investors to gain insight into how capex is spent during a build and learn about the components of the build spend.

And a housekeeping issue—our Ting Build Scorecard has been slightly streamlined. We’ve
begun grouping local cities into regional footprints for measurement and reporting, which at this point primarily means our Denver and Raleigh regions.

And now, I’d like to turn the call over to Dave Singh for a deeper dive on our financial results.

Dave?

Financial Results [Dave Singh, Chief Financial Officer]

Thanks, Elliot.

Total revenue for the fourth quarter of 2022 decreased 4.3% to $78.9 million from $82.5 million for the fourth quarter of 2021.

Ting had revenue gains of 38% year over year, increasing to $11.5 million in Q4 of 2022 from $8.3 million in Q4 of 2021. The gains were offset by a decline in revenue of 53% year over year from Wavelo, mainly due to reduced professional services revenue from DISH, as well as a revenue recognition impact related to a reassessment of fixed payments in the DISH agreement. There was also a decline in Corporate revenues of 17% year over year, from $3.2 million in Q4 of 2021 to $2.7 million in Q4 of 2022, driven by the expected decrease in low margin transitional service revenues with DISH. Domains revenue had a modest decrease of 1.8% year over year, from $61.4 million in Q4 2021 to $60.3 million in Q4 2022, as transaction levels normalized following the pandemic.

Cost of revenues before network costs for Q4 was up slightly at $49.2 million as compared to $48.2 million for the same period of last year. As a percentage of revenue, cost of revenues before network costs increased to 62% from 58% in Q4 2021. This was primarily due to the lower high-margin impact of the Wavelo business which had both lower revenues and proportionally higher cost of revenues in Q4 of this year versus last year.

Gross profit before network costs for the fourth quarter decreased 14% year over year to $29.7 million from $34.3 million with the decrease due mainly to the lower Wavelo contribution and lower contribution from Domains. As a percentage of revenue, gross profit before network costs decreased this quarter to 38% from 42% in Q4 of 2021.

Breaking down gross profit by business, Tucows Domains’ gross profit for the fourth quarter of 2022 decreased 6.5% from Q4 last year to $18.4 million from $19.7 million. As a percentage of revenue, gross margin for Tucows Domains was down slightly at 31% for Q4 of 2022, compared to 32% in Q4 of 2021. The numbers reflect both the normalization of transactions to pre-COVID levels as well as the tail end of the impact of the euro devaluation to the U.S. dollar.
in 2022, which increased our costs of buying domains in U.S. dollars that were sold to customers in euros. That impact has now been mitigated from domain price increases we implemented late last fall for euro-priced domains.

Wavelo gross profit declined by 56% to $3.8 million from $8.6 million for Q4 2021. As a percentage of revenue, gross margin for Wavelo was 85% compared with 90% in Q4 last year. As discussed earlier by Justin, Wavelo gross profit is down, driven by a reduction in professional services revenue from DISH and a revenue recognition impact related to the reassessment of fixed payments in the DISH agreement.

Ting gross profit for Q4 increased 31% year over year to $7.2 million from $5.5 million for the same period of last year. As a percentage of revenue, gross margin for Ting continues at a healthy 63% in the fourth quarter, down slightly from 66% in Q4 last year.

Network expenses for Q4 increased 30% to $12.7 million from $9.7 million for the same period of last year. The increase continues to be driven by higher depreciation and amortization of our fiber network assets, up 60% year over year.

Total operating expenses for the fourth quarter of 2022 increased 16% to $30 million from $26 million for the same period last year. The increase is primarily the result of the following:

- People costs were up $2.7 million this quarter with increased workforce costs to support business expansion related to Ting Internet growth, as well the continued Wavelo ramp.
- Sales and Marketing costs increased by $0.4 million year over year, mainly driven by increased investments in the Ting Internet business expansion.
- Facility and third-party contracting and support costs were up $0.9 million, and credit card fees were up $0.3 million, while stock-based compensation increased at $1.9 million year over year.
- These were offset by a reduction in professional fees of $1.1 million and lower bad debt charges of $0.4 million.
- And lastly, foreign exchange impacts decreased expenses by $0.2 million this quarter, primarily driven by the year-over-year impacts from the revaluation of our of foreign-denominated monetary assets and liabilities.

As a percentage of revenue, operating expenses increased to 38% for Q4 of this year from 31% for the same period last year.

We reported a net loss for the fourth quarter of 2022 of $13.4 million, or $1.25 per share, compared with net loss of $2.0 million, or 18 cents per share, for the same period of last year.
The net loss was driven predominantly by higher interest expenses, including the new preferred debt with Generate Capital; the accelerated build of our fiber network and ongoing ramp of the Ting Internet operations and related higher operational and depreciation expenses; and higher stock-based compensation and investment into the Wavelo platform. Note: Our tax expense reflects our geographic mix, with taxes payable in Canada on our legacy domains business.

Adjusted EBITDA for Q4 was $6.7 million, down 47% from $12.7 million for Q4 2021. That total breaks down amongst our three businesses as follows:

- **Adjusted EBITDA for Tucows Domains** was $10.6 million, down 3.7% from Q4 of last year, reflecting the normalization of renewals to pre-COVID levels.
- **Adjusted EBITDA for Wavelo** was negative $1.1 million, a decrease of 119% from a positive $5.9 million last year. The decrease is primarily due to lower high-margin professional services from Dish, an impact of $2.9 million, and a contract asset-related revenue recognition impact related to the reassessment of fixed payments in the DISH agreement. The contract asset and associated revenue recognition varies based on the estimated relative mix of variable and fixed payments. The year-over-year impact of the contract asset change was negative $2.1 million this quarter. As of December 31st, 2022, the contract asset balance is $7.5 million, and it will unwind as a contra revenue over the term of the contract, which is up for renewal in Q3 2024.
- **Adjusted EBITDA for Ting** was negative $6 million compared with negative $4.8 million in Q4 2021 as we continue to invest in our fiber network expansion.
- **And finally, the Corporate category** had adjusted EBITDA of $3.3 million this quarter as compared to $0.6 million in Q4 last year with the increase primarily driven by lower corporate expenses this year versus last year, including one-time items in Q4 2021 and a higher earnout from the sale of the Ting Mobile customers to DISH.

Turning to our balance sheet, cash and cash equivalents at the end of Q4 were $23.5 million, compared with $30.5 million at the end of the third quarter of 2022 and $9.1 million at the end of the fourth quarter of 2021.

During the quarter, we had $2.9 million in cash from operations compared with $10.5 million in Q4 last year with the decrease being due to our lower net income once adjusted for non-cash items. The working capital impact was consistent year over year.

Our cash was more than offset by our investment of $36.7 million in property and equipment, primarily for the accelerated build-out of the Ting Fiber Internet network, in addition to the continued investment in the Wavelo platform. Note: That number reflects the actual cash paid for capital assets in the quarter on our cash flow statement. The gross book value of fixed
assets, including capital inventory, capitalized internal and external software-related labor in both Wavelo and Domains, and, to a lesser extent, servers and networking equipment in our data centers, was $35.5 million this quarter. A reminder that the difference between the $35.5 million and $36.7 million is a cash difference. U.S. GAAP requires in the statement of cash flows to present actual cash paid for capital assets in a quarter, as opposed to showing it on an accrual basis.

Also, we drew a further $27.5 million in preferred financing under our arrangement with Generate. We have now drawn a total of $87.5 million, and as a reminder, cash interest payments are deferred for the first two years.

I also wanted to note that our December 31st, 2022, syndicated loan balance for covenant calculation purposes was a net $235.3 million when factoring in letters of credit and cash on hand of up to $5 million, resulting in a leverage ratio of 3.98 times.

Finally, deferred revenue at the end of Q4 was $145 million, down 1.4% from $147 million at the end of the third quarter of 2022 and down 1.8% from $148 million for the fourth quarter of last year, primarily reflecting the reversion of Domains renewals to pre-COVID levels.

That concludes my remarks, and I’ll now turn it back to Elliot.

Closing Remarks [Elliot Noss, Tucows President and Chief Executive Officer]

Thanks, Dave!

First some housekeeping. With the added complexity of three businesses and a holding company, I am pleased to announce that Tucows will be hosting its first investor day. We will hold it in May at a date and time and mode to be determined after receiving your input. All investors who are interested in participating should let us know whether they would like to attend in person or remotely; any timezone restrictions or preferences; and, if in person, the dates when they could be in Toronto. We will try to accommodate the broadest range of investors possible. This idea has been discussed with shareholders over the last couple of quarters, and we want to be on the other side of some of the balance sheet work before holding it. We’ve been informed here by other companies like Constellation Software. The Tucows executive team and business heads will participate. We are also interested in your views on specific content you would like addressed, although we note we have a pretty good idea of what we need to cover!
Also, I note that we announced today that we have reinstated our buyback for 2023. It is at the same level as the past several years of up to $40 million. This is always important to allow us to be opportunistic.

In the rest of these remarks, I intend to quickly look back on 2022, look forward to 2023, and then discuss the balance sheet.

In terms of 2022, and meeting guidance, you heard the positive numbers upfront. Operationally, each of the businesses performed roughly to plan. This was true across all three businesses and the holding company. We continue to operate our businesses in a remarkably predictable and reliable fashion.

The biggest negatives in 2022—the delayed Generate closing, the slower-than-hoped-for DISH subscriber loading and the rise in interest rates—were all externalities that we had to deal with. And I wish to be clear: Externalities happen, and we are likely moving to a world where they’ll happen more often. We feel grateful that our business is able to digest these things and look forward.

In Tucows Domains, we made a number of acquisitions from 2016 to 2022. Those numerous legacy platforms have taken significant effort to integrate. We do not and did not underestimate that work as we have seen this done, both successfully and unsuccessfully, by a number of our larger customers.

As you heard in Dave Woroch’s remarks, we are as excited about our growth prospects as we have been in a long time.

With Wavelo, the platform is now loading at a brisk pace. You can best see that by the end-of-year number Justin shared of 2 million subscribers and the current number of over 3 million. Wavelo has now turned in earnest to building a pipeline of new customers. With the team they’ve built, I have every confidence in them. This is already a business that will generate north of $25 million in revenue next year.

With Ting, we are nearing the end of an over two-year journey to lay in the right funding structure. Patience has proven to be a virtue. Funding structures have evolved to better match the nature of the industry, and patience while continuing to build has helped us to likely maximize the value for TCX shareholders in any potential equity transaction if we choose to do one.

Ting moves into deep execution mode, and we take what we believe is a best-in-industry ISP to a whole new level, hopefully changing the way people think about ISPs forever.
What this all translates to is EBITDA guidance of roughly $45 million for Tucows Domains, roughly breakeven for Wavelo and an EBITDA loss of around $40 million for Ting. Don’t be alarmed by that Ting loss; it is the cost of ramping so significantly in a business where paybacks are fantastic but long term. When you hear my comments below, remember they are all made in light of this number, meaning this loss is well understood by industry participants. I also note we have essentially built the scale in the operation to handle the remainder of this period of building in the U.S. coax-to-fiber transition.

Finally, I would like to talk about the balance sheet. And when I say that, I am really talking about two separate balance sheets.

First, and most importantly, while there is work to be done on both sides of the business, I expect that work to be complete or substantially complete by the time we report our next quarter. Obviously, specifics will only come as we make announcements, but I note that this has been a long journey. For my work specifically, this journey dates back to the winter of 2020.

On the ex-Ting side, the solutions are likely to be straightforward. Our leverage on that side of the business is higher than either we or the banking syndicate would like it to be. At the same time, we both understand that the primary reasons for that in 2022 were the delayed close of the Generate financing, which required us to draw down an extra quarter of capital to continue to fund the fiber build; the slower-than-hoped-for load of DISH subscribers, which was a negative cash outcome for all the right business reasons; and the rise in interest rates. As you see with the EBITDA results for 2022, the underlying businesses performed remarkably well to plan. I said straightforward. Simply, we expect to start deleveraging ex-Ting over this year and beyond.

On the Ting, side I was at the Metro Connect conference last week, and the excitement over the coax-to-fiber transition in the U.S. has reached a new level. Operators who are already participating in this land rush are heads down and focused on their work. Infrastructure funds that are already participating are looking to deploy more capital as they see the inevitability. Those who are not yet involved are on the outside looking in. People are realizing that it’s too late in the cycle to stand up new platforms.

There are also two themes that have clearly emerged, and to our good fortune, they are themes we are well ahead of the curve on: fixed-mobile convergence and wholesale fiber builds. I intend to cover both these topics in detail at the investor day.

At a macro level, the inevitability of fiber is now accepted by all. On a micro level, we are respected and admired by our peers and the industry in general.
With Tucows Domains and Wavelo, I am excited for the growth prospects in 2023. With Tucows Domains, I am more excited than I have been for years! With Ting, there is a feeling of being in the right place at the right time with the right people and the right business that I have not had since the early days of this century.

There is still work to do, and that work is well underway. This is still a very dynamic macroeconomy and it is susceptible to shocks in our view. But our now deep tradition of building and running businesses that are predictable and reliable, and generate cash by delighting customers, puts us in a fantastic position.

And with that, I look forward to your written questions and exploring areas that interest you in greater detail. Again, please send your questions to ir@tucows.com by Thursday, February 16th, and look for our recorded Q&A audio response and transcript to this call to be posted to the Tucows website on Tuesday, February 28th, at approximately 4 p.m. Eastern time. Thank you.