

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains, in addition to historical information, forward-looking statements by us with regard to our expectations as to financial results and other aspects of our business that involve risks and uncertainties and may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "should," "anticipate," "believe," "plan," "estimate," "expect," and "intend," and other similar expressions are intended to identify forward-looking statements. The forward-looking statements contained in this report include statements regarding, among other things, the competition we expect to encounter as our business develops and competes in a broader range of Internet services, the Company's foreign currency requirements, specifically for the Canadian dollar and Euro; Wavelo, and Ting subscriber growth and retention rates; the number of new, renewed and transferred-in domain names we register as our business develops and competes; the effect of a potential generic top level domain ("gTLD") expansion by the Internet Corporation for Assigned Names and Numbers ("ICANN") on the number of domains we register and the impact it may have on related revenues; our belief regarding the underlying platform for our domain services; our expectation regarding the trend of sales of domain names; our belief that, by increasing the number of services we offer, we will be able to generate higher revenues; our expectation regarding litigation; the potential impact of current and pending claims on our business; our valuations of certain deferred tax assets; our expectation to collect our outstanding receivables, net of our allowance for doubtful accounts; our expectation regarding fluctuations in certain expense and cost categories; our expectations to obtain additional financing to further accelerate the Ting Internet footprint while sustaining liquidity; our expectations regarding the evaluation of our strategic alternatives for Ting; our expectations regarding our unrecognized tax; our expectations regarding cash from operations to fund our business; the timing, implementation and impact of the capital efficiency plan; the impact of cancellations of or amendments to market development fund programs under which we receive funds; our expectation regarding our ability to manage realized gains/losses from foreign currency contracts; our partnership with an affiliate of Generate; and general business conditions and economic uncertainty. These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Many factors affect our ability to achieve our objectives and to successfully develop and commercialize our services including:

- Our ability to continue to generate sufficient working capital to meet our operating requirements;
- Our ability to service our debt commitments and preferred unit commitments;
- Our ability to maintain a good working relationship with our vendors and customers;
- The ability of vendors to continue to supply our needs;
- Actions by our competitors;
- Our ability to attract and retain qualified personnel in our business and address operational efficiencies, such as the February 2024 Workforce Reduction and 2024 Capital Efficiency Plan;
- Our ability to effectively manage our business;
- The effects of any material impairment of our goodwill or other indefinite-lived intangible assets;
- Our ability to obtain and maintain approvals from regulatory authorities on regulatory issues;
- Our ability to invest in the build-out of fiber networks into selected towns and cities to provide Internet access services to residential and commercial customers while maintaining the development and sales of our established services;
- Adverse tax consequences such as those related to changes in tax laws or tax rates or their interpretations, including but not limited to the impact of the Tax Cuts and Jobs Act of 2017, the Organization for Economic Cooperation and Development ("OECD") model global minimum tax rules or the One Big Beautiful Bill Act of 2025;
- Our ability to effectively respond or comply with new data protection regulations and any conflicts that may arise between such regulations and our ICANN contractual requirements;
- The application of business judgment in determining our global provision for income taxes, deferred tax assets or liabilities or other tax liabilities given that the ultimate tax determination is uncertain;
- Our ability to effectively integrate acquisitions;
- Our ability to monitor, assess and respond to changing geopolitical and economic environments including rising inflation and interest rates, tariffs and trade disputes, and geopolitical conflict;
- Our ability to collect anticipated payments from EchoStar in connection with the 10-year payment stream that is a function of the margin generated by the transferred subscribers over a 10-year period pursuant to the terms of the Asset Purchase Agreement dated August 1, 2020 between the Company and DISH Wireless LLC ("EchoStar", DISH's post-merger parent) (the "EchoStar Purchase Agreement");
- Our ability to meet the operational and financial drawdown milestones under the Unit Purchase Agreement with Generate, which provides the Company with the ability to obtain additional financing to invest in the expansion of fiber networks;
- Our ability to maintain compliance with the operational and financial covenants of the 2023 and 2024 Notes as defined in "Note 8 - Notes Payable" of the Notes to the Condensed Consolidated Financial Statements included in Part I, of this Quarterly Report, which provides the Company with financing to invest in the expansion of fiber networks;

- Our ability to obtain further financing, if needed, to fund continued investment in the expansion of our fiber networks;
- Our ability to maintain the safety and security of our systems and data;
- Pending or new litigation; and
- Factors set forth under the caption "Item 1A Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 13, 2025 (the "2024 Annual Report") and in "Item 1A Risk Factors" in Part II of this Quarterly Report.

This list of factors that may affect our future performance and financial and competitive position and the accuracy of forward-looking statements is illustrative, but it is by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty. All forward-looking statements included in this document are based on information available to us as of the date of this document, and we assume no obligation to update these cautionary statements or any forward-looking statements, except as required by law. These statements are not guarantees of future performance.

We qualify all the forward-looking statements contained in this Quarterly Report on Form 10-Q by the foregoing cautionary statements.

OVERVIEW

Our mission is to provide simple useful services that help people unlock the power of the Internet.

We accomplish this by reducing the complexity of our customers' experience as they access the Internet (at home or on the go) and while using Internet services such as domain name registration, email and other Internet related services. We are organized into three operating and reporting segments - Ting, Wavelo, and Tucows Domains. Each segment is differentiated primarily by their services, the markets they serve and the regulatory environments in which they operate. The Ting segment contains the operating results of our retail high speed Internet access operations, including its wholly owned subsidiaries - Cedar and Simply Bits. The Wavelo segment includes our platform and professional services offerings, as well as the billing solutions to Internet services providers ("ISPs"). Tucows Domains includes wholesale and retail domain name registration services, as well as value added services derived through our OpenSRS, eNom, Ascio, EPAG and Hover brands.

Our Chief Executive Officer ("CEO"), who is also our chief operating decision maker, regularly reviews the operating results of Ting, Wavelo and Tucows Domains as three distinct segments in order to make key operating decisions as well as evaluate segment performance. Certain revenues and expenses disclosed under the Corporate category are excluded from segment adjusted earnings before interest, tax, depreciation and amortization ("Segment Adjusted EBITDA") results as they are centrally managed and not monitored by or reported to our CEO by segment, including mobile retail services, eliminations of intersegment transactions, portions of Finance and Human Resources that are centrally managed, Legal and Corporate Information Technology ("IT") shared services.

For the three months ended September 30, 2025 and September 30, 2024, we reported net revenue of \$98.6 million and \$92.3 million, respectively.

For the nine months ended September 30, 2025 and September 30, 2024, we reported net revenue of \$291.6 million and \$269.2 million, respectively.

Ting

Ting and its wholly owned subsidiaries - Cedar and Simply Bits includes the provision of fixed high-speed Internet access services to select towns throughout the United States, with further expansion underway to both new and existing markets. Our primary sales channel is through the Ting website. The primary focus of this segment is to provide reliable Gigabit Internet services to consumer and business customers. Revenues are all generated in the U.S. and are provided on a monthly basis and have no fixed contract terms.

As of September 30, 2025, Ting Internet had access to 126,000 owned infrastructure serviceable addresses, 88,000 partner infrastructure serviceable addresses and 52,000 active subscribers under its management; compared to having access to 132,000 owned infrastructure serviceable addresses, 41,000 partner infrastructure serviceable addresses and 50,000 active subscribers under its management as of September 30, 2024. These figures exclude any changes in serviceable addresses and accounts attributable to Simply Bits.

On February 7, 2024 Ting committed to the February 2024 Workforce Reduction, which aimed to realign the Company's operational structure within the Ting operating segment and reduce Ting's workforce by 13%, or 7% of the Company's total workforce, to better support strategic objectives. The February 2024 Workforce Reduction was designed to streamline operations and reduce operating expenses within the Ting operating segment. Substantially all of the employees impacted by the workforce reduction were notified on February 7, 2024 and have since exited the Company. The Company incurred non-recurring charges of approximately \$3.2 million in the first quarter of its prior fiscal year, which ended December 31, 2024 ("Fiscal 2024") in connection with the workforce reduction, primarily consisting of severance payments, notice pay, employee benefits contributions and outplacement costs.

On October 30, 2024, Ting undertook the 2024 Capital Efficiency Plan to reflect the ongoing operational and financial prioritization of the Ting business and to lower the Company's year-over-year operating expenses, which impacted approximately 42% of Ting's workforce or 17% of the Company's total workforce. The Company incurred non-recurring charges of approximately \$7.7 million in the fourth quarter of Fiscal 2024 in connection with the 2024 Capital Efficiency Plan, primarily consisting of severance payments, notice pay, employee benefits contributions and outplacement costs.

The February 2024 Workforce Reduction and 2024 Capital Efficiency Plan realized personnel and related expense (net of capitalization) savings with the majority of the savings in sales and marketing, including related network support functions, followed by smaller impacts in technical operations and development, direct cost of revenues, network, general and administrative, and other costs. In Fiscal 2024 the realized savings were partially offset by costs associated with both plans. These costs referenced above were classified as transitional and were excluded in our Adjusted EBITDA, which is a non-GAAP financial measure. Please see discussion of Adjusted EBITDA as well as the Adjusted EBITDA reconciliation to net income in the Results of Operations section below. The 2024 Capital Efficiency Plan has also translated into reduced capital expenditures related to growth and expansion of new markets, as Ting shifted focus to completing builds in existing markets.

Given the ongoing capital needs of Ting, the Company has commenced a process to review strategic alternatives for the Ting business.

Wavelo

Wavelo includes the provision of full-service platforms and professional services providing a variety of solutions that support Communication Services providers ("CSPs"), including subscription and billing management, network orchestration and provisioning, and individual developer tools. Wavelo's focus is to provide accessible telecom software to CSPs globally, minimizing network and technical barriers and improving Internet access worldwide. Wavelo's suite of flexible, cloud-based software simplifies the management of mobile and Internet network access, enabling CSPs to better utilize their existing infrastructure, focus on customer experience and scale their businesses faster. Wavelo launched as a proven asset for CSPs, with EchoStar using Wavelo's Mobile Network Operating System ("MONOS") software to drive additional value within its Digital Operator Platform, and Ting integrating Wavelo's Internet Service Operating System ("ISOS") and Subscriber Management ("SM") software to enable faster subscriber growth and footprint expansion. The Wavelo segment also includes the Platypus brand and platform, our legacy billing solution for ISPs. The revenues from Wavelo's MONOS, ISOS, SM and professional services are all generated in the U.S. and our customer agreements have set contract lengths with the underlying CSP. Similarly, Wavelo's revenues from Platypus are largely generated in the U.S., with a small portion earned in Canada and other countries.

Tucows Domains

Tucows Domains includes wholesale and retail domain name registration services, as well as value added services derived through our OpenSRS, eNom, Ascio, EPAG and Hover brands. Tucows Domains revenues are earned primarily from the registration fees charged to resellers in connection with new, renewed and transferred domain name registrations. In addition, we earn revenues from the sale of retail domain name registration and email services to individuals and small businesses. Tucows Domains revenues are attributed to the country in which the contract originates, which is primarily in Canada and the U.S for OpenSRS and eNom brands whereas it is primarily in European nations for Ascio and EPAG.

Our primary distribution channel is a global network of over 33,000 resellers that operate in almost 200 countries and who typically provide their customers, the end-users of Internet-based services, with solutions for establishing and maintaining an online presence. Our primary focus is serving the needs of this network of resellers by providing the broadest portfolio of gTLD and the country code top-level domain options and related services, a white-label platform that facilitates the provisioning and management of domain names, a powerful Application Program Interface, easy-to-use interfaces, comprehensive management and reporting tools, and proactive and attentive customer service. Our services are integral to the solutions that our resellers deliver to their customers. We provide "second tier" support to our resellers by email, chat and phone in the event resellers experience issues or problems with our services. In addition, our Network Operating Center proactively monitors all services and network infrastructure to address deficiencies before customer services are impacted.

We believe that the underlying platforms for our services are among the most mature, reliable and functional reseller-oriented provisioning and management platforms in our industry, and we continue to refine, evolve and improve these services for both resellers and end-users. Our business model is characterized primarily by non-refundable, up-front payments, which lead to recurring revenue and positive operating cash flow.

Wholesale, primarily branded as OpenSRS, eNom, EPAG and Ascio, derives revenue from its domain name registration service. Together the OpenSRS, eNom, EPAG and Ascio Domain Services manage 22.3 million domain names under the Tucows, eNom, EPAG and Ascio ICANN registrar accreditations and for other registrars under their own accreditations. Domains under management have decreased by 2.3 million since September 30, 2024.

Value-Added Services include hosted email which provides email delivery and webmail access to millions of mailboxes, Internet security services, WHOIS privacy, publishing tools and other value-added services. All of these services are made available to end-users through a network of web hosts, ISPs, and other resellers around the world. In addition, we also derive revenue by monetizing domain names which are near the end of their lifecycle through expiry auction sale.

Retail, primarily the Hover and eNom portfolio of websites, including eNom, and eNom Central, derive revenues from the sale of domain name registration and email services to individuals and small businesses. Our retail domain services also include our Personal Names Service – based on over 34,000 surname domains – which allows roughly two-thirds of Americans to purchase an email address based on their last name. The retail segment now includes the sale of the rights to its portfolio of surname domains used in connection with our RealNames email service and our Exact Hosting Service, that provides Linux hosting services for individuals and small businesses.

KEY BUSINESS METRICS AND NON-GAAP MEASURES

We regularly review a number of business metrics, including the following key metrics and non-GAAP measures, to assist us in evaluating our business, measure the performance of our business model, identify trends impacting our business, determine resource allocations, formulate financial projections and make strategic business decisions. The following tables set forth the key business metrics that we believe are the primary indicators of our performance for the periods presented:

Ting Internet

	September 30,	
	2025	2024
	(in '000's)	
Internet subscribers accounts under management	52	50
Internet owned infrastructure serviceable addresses ¹	126	132
Internet partner infrastructure serviceable addresses ¹	88	41

(1) Defined as premises to which Ting has the capability to provide a customer connection in a service area.

Tucows Domains	For the Three Months Ended September 30,	
	2025	2024
	(in 000's)	
Total new, renewed and transferred-in domain name transactions ¹	4,745	5,278

(1) Includes all transactions processed under our accreditations for our resellers and our retail brands, as well as transactions processed on behalf of other registrars using our platform.

Tucows Domains	For the Nine Months Ended September 30,	
	2025	2024
	(in 000's)	
Total new, renewed and transferred-in domain name transactions ¹	15,476	16,550

(1) Includes all transactions processed under our accreditations for our resellers and our retail brands, as well as transactions processed on behalf of other registrars using our platform.

Tucows Domains	September 30,	
	2025	2024
	(in 000's)	
Registered using Registrar Accreditation belonging to the Tucows Group	16,936	17,470
Registered using Registrar Accreditation belonging to Resellers	5,353	7,095
Total domain names under management	22,289	24,565

Adjusted EBITDA

Tucows reports all financial information in accordance with U.S. GAAP. Along with this information, to assist financial statement users in an assessment of our historical performance, we typically disclose and discuss a non-GAAP financial measure, Adjusted EBITDA, on investor conference calls and related events that excludes certain non-cash and other charges as we believe that the non-GAAP information enhances investors' overall understanding of our financial performance, but should not be considered in isolation from or as a replacement for the most directly comparable GAAP financial measures. Please see discussion of Adjusted EBITDA as well as the Adjusted EBITDA reconciliation to net income in the Results of Operations section below.

OPERATING OPPORTUNITIES, CHALLENGES AND RISKS

Our revenue is primarily realized in U.S. dollars and a major portion of our operating expenses are paid in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material effect on our business, financial condition and results from operations. In particular, we may be adversely affected by a significant weakening of the U.S. dollar against the Canadian dollar on a quarterly and an annual basis. Our policy with respect to foreign currency exposure is to manage our financial exposure to certain foreign exchange fluctuations with the objective of neutralizing some or all of the impact of foreign currency exchange movements by entering into foreign exchange forward contracts to mitigate the exchange risk on a portion of our Canadian dollar exposure. We may not always enter into such forward contracts and such contracts may not always be available and economical for us. Additionally, the forward rates established by the contracts may be less advantageous than the market rate upon settlement.

Ting

As an ISP, we have invested and expect to continue to invest in selective fiber to the home ("FTTH") deployments in select markets in the United States. The investments are a reflection of our ongoing efforts to build FTTH networks via public-private partnerships in communities we identify as having strong, unmet demand for FTTH services. Given the significant upfront build and operational investments for these FTTH deployments, there is risk that we may not fully recover these investments as a result of future technological and regulatory changes, competitive responses from incumbent local providers, and slower than expected market penetration or otherwise.

Wavelo

Wavelo launched as a proven asset for CSPs, with EchoStar using Wavelo's MONOS software to drive additional value within its Digital Operator Platform. More recently, Ting Internet has also integrated Wavelo's ISOS and SM software to enable faster subscriber growth and footprint expansion. With our external platform and professional services revenues concentrated to one customer in EchoStar, we are exposed to significant risk if we are unable to maintain this customer relationship or establish new relationships for any of our Platforms in the future. Additionally, our revenues as a platform provider are directly tied to the subscriber volumes of EchoStar's MVNO or MNO networks, and our profitability is contingent on the ability of EchoStar to continue to add subscribers, either from organic growth or from migration off legacy systems, onto our platforms.

Tucows Domains

The increased competition in the market for Internet services in recent years, which we expect will continue to intensify in the short and long term, poses a material risk for us. As new registrars are introduced, existing competitors expand service offerings and offer price discounts to gain market share, we face pricing pressure, which can adversely impact our revenues and profitability. To address these risks, we have focused on leveraging the scalability of our infrastructure and our ability to provide proactive and attentive customer service to aggressively compete to attract new customers and to maintain existing customers.

Substantially all of our Tucows Domains revenue is derived from domain name registrations and related value-added services from wholesale and retail customers using our provisioning and management platforms. The market for wholesale registrar services is both price sensitive and competitive and is evolving with the introduction of new gTLDs, particularly for large volume customers, such as large web hosting companies and owners of large portfolios of domain names. We have a relatively limited ability to increase the pricing of domain name registrations without negatively impacting our ability to maintain or grow our customer base. Growth in our Tucows Domains revenue is dependent upon our ability to continue to attract and retain customers by maintaining consistent domain name registration and value-added service renewal rates and to grow our customer relationships through refining, evolving and improving our provisioning platforms and customer service for both resellers and end-users. In addition, Tucows Domains also generate revenues through the sale of names from our portfolio of domain names and through the OpenSRS, eNom, and Ascio Domain Expiry Streams.

From time-to-time certain vendors provide us with market development funds to expand or maintain the market position for their services. Any decision by these vendors to cancel or amend these programs for any reason may result in payments in future periods not being commensurate with what we have achieved during past periods.

Other opportunities, challenges and risks

The Company is entitled to a long-term payment stream that is a function of the margin generated by the transferred subscribers over the 10-year term of the EchoStar Purchase Agreement executed in the fiscal year ended December 31, 2020 ("Fiscal 2020"). This consideration structure may not prove to be successful or profitable in the long-term to us if the existing subscriber base churns at an above average rate. Additionally, given EchoStar controls the revenues and costs incurred associated with the acquired subscribers, there could arise a situation where profitability for the subscriber base is diminished either by lower price points or cost inflation. Additionally, as part of the EchoStar Purchase Agreement, the Company retained a small number of customer accounts associated with one MNO agreement that was not reassigned to EchoStar at time of sale. We continue to be subject to the minimum revenue commitments previously agreed to with this excluded MNO agreement. The Company is able to continue adding customers under the excluded MNO network in order to meet the commitment. However, with no direct ability to change customer pricing and limited ability to renegotiate contract costs or significant terms, the Company may be unable to meet the minimum commitments with this MNO partner and could incur significant and recurring penalties until such a time that the contract is complete. These penalties would negatively impact our operational performance and financial results if enforced by the MNO. As at September 30, 2025, the Company has accrued \$1.3 million of penalties associated with the minimum commitment shortfall. The Company expects to incur penalties throughout 2025 and thereafter until the contract expires.

Critical Accounting Estimates

The preparation of our Condensed Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience, available market information, as applicable, and on various other assumptions that are believed to be reasonable under the circumstances at the time they are made. Under different assumptions or conditions, the actual results will differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are outside of the Company's control. Management evaluates its estimates on an on-going basis. There have been no material changes to the critical accounting estimates as previously disclosed in Part II, Item 8 of our 2024 Annual Report as of the reporting date.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AS COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

NET REVENUES

Ting

Ting and its subsidiaries - Cedar, and Simply Bits includes the provision of high-speed Internet access services to select towns throughout the United States, with further expansion underway to both new and existing markets. Our primary sales channel is through the Ting website. The primary focus of this segment is to provide reliable Gigabit Fiber and Fixed Wireless Internet services to consumer and business customers. Revenues are all generated in the U.S., have no fixed contract terms and are billed on a monthly basis, with unlimited bandwidth based on a fixed price.

The Company's billing cycle for all Ting Internet customers is computed based on the customer's activation date. Since consideration is collected before the service period, revenue is initially deferred and recognized as the Company performs its obligation to provide Internet access within each reporting period. In addition, revenues associated with the sale of Internet hardware to subscribers are recognized when title and risk of loss is transferred to the subscriber and shipment has occurred. Incentive marketing credits given to customers are recorded as a reduction of revenue.

In those cases, where payment is not received at the time of sale, as is the case for service requiring installation, then revenue is not recognized until a customer's service is activated. The Company records costs that reflect expected refunds, rebates and credit card charge-backs as a reduction of revenues at the time of the sale based on historical experiences and current expectations.

Wavelo

Platform Services

Tucows' Platform Services include the following full-service platforms from Wavelo, including MONOS, ISOS, SM and our legacy Platypus ISP Billing software. Under each of these platforms there are a variety of solutions that support CSPs, including subscription and billing management, network orchestration and provisioning, and individual developer tools. Wavelo launched as a proven asset for CSPs, with EchoStar using Wavelo's MONOS software to drive additional value within its Digital Operator Platform. More recently, Ting Internet has also integrated Wavelo's ISOS and SM software to enable faster subscriber growth and footprint expansion. Wavelo's customers are billed monthly, on a postpaid basis. The monthly fees are variable, based on the volume of their subscribers utilizing the platform during a given month, to which minimums may apply. Customers may also be billed fixed platform fees and granted fixed credits as part of the consideration for long-term contracts. Consideration received is allocated to platform services and bundled professional services and recognized as each service obligation is fulfilled. Any fixed fees for Wavelo are recognized into revenue evenly over the service period, while variable usage fees are recognized each month as they are consumed. Professional services revenue is recognized as the hours of professional services granted to the customer are used or expire. When consideration for these platform services is received before the service is delivered, the revenue is initially deferred and recognized only as the Company performs its obligation to provide services. Likewise, if platform services are delivered before the Company has the unconditional right to invoice the customer, revenue is recognized as a Contract asset.

Other Professional Services

This revenue stream includes any other professional services earned in connection with the Wavelo business from the provision of standalone technology services development work. These are billed based on separate Statement of Work arrangements for bespoke feature development. The Company recognizes revenue at the point-in-time when the final acceptance criteria have been met.

Tucows Domains

Wholesale - Domain Services

Domain registration contracts, which can be purchased for terms of one to ten years, provide our resellers and retail registrant customers with the exclusive right to a personalized internet address from which to build an online presence. The Company enters into domain registration contracts in connection with each new, renewed and transferred-in domain registration. At the inception of the contract, the Company charges and collects the registration fee for the entire registration period. Though fees are collected upfront, revenue from domain registrations are recognized ratably over the registration period as domain registration contracts contain a 'right to access' license of IP, which is a distinct performance obligation measured over time. The registration period begins once the Company has confirmed that the requested domain name has been appropriately recorded in the registry under contractual performance standards.

Historically, our wholesale domain service has constituted the largest portion of our business and encompasses all of our services as an accredited registrar related to the registration, renewal, transfer and management of domain names. In addition, this service fuels other revenue categories as it often is the initial service for which a reseller will engage us, enabling us to follow on with other services and allowing us to add to our portfolio by purchasing names registered through us upon their expiration. We expect Domain Services will continue to be the largest portion of our business and will continue to enable us to sell add-on services.

The Company is an ICANN accredited registrar. Thus, the Company is the primary obligor with our reseller and retail registrant customers and is responsible for the fulfillment of our registrar services to those parties. As a result, the Company reports revenue in the amount of the fees we receive directly from our reseller and retail registrant customers. Our reseller customers maintain the primary obligor relationship with their retail customers, establish pricing and retain credit risk to those customers. Accordingly, the Company does not recognize any revenue related to transactions between our reseller customers and their ultimate retail customers.

Wholesale – Value-Added Services

We derive revenue from domain related value-added services like digital certifications, WHOIS privacy and hosted email and by providing our resellers and retail registrant customers with tools and additional functionality to be used in conjunction with domain registrations. All domain related value-added services are considered distinct performance obligations which transfer the promised service to the customer over the contracted term. Fees charged to customers for domain related value-added services are collected at the inception of the contract, and revenue is recognized on a straight-line basis over the contracted term, consistent with the satisfaction of the performance obligations.

We also derive revenue from other value-added services, which primarily consists of proceeds from storefront and domain expiry streams.

Retail

We derive revenues mainly from Hover and eNom's retail properties through the sale of retail domain name registration and email services to individuals and small businesses. The retail segment also includes the sale of the rights to its portfolio of surname domains used in connection with our RealNames email service and Linux hosting services for websites through our Exact Hosting brand.

Corporate and other - Mobile services and eliminations

Although we still provide mobile telephony services to a small subset of customers retained through the Ting Mobile brand as part of the EchoStar Purchase Agreement executed in Fiscal 2020, this revenue stream no longer represents the Company's strategic focus going forward. Instead, we have transitioned towards being a platform provider for CSPs globally via Wavelo. Retail telephony services and transition services revenues are excluded from segment EBITDA results as they are centrally managed and not monitored by or reported to our CEO by segment.

Ting Mobile wireless usage contracts grant customers access to standard talk, text and data mobile services. Ting Mobile contracts are billed based on the customer's selected rate plan, which can either be usage based or an unlimited plan. All rate plan options are charged to customers on a postpaid, monthly basis at the end of their billing cycle. All future revenues associated with Retail Mobile Services stream will only be for this subset of customers retained by the Company, as mentioned above. Ting Mobile services are primarily contracted through the Ting website, for one month at a time and contain no commitment to renew the contract following each customer's monthly billing cycle. The Company's billing cycle for all Ting Mobile customers is computed based on the customer's activation date. In order to recognize revenue as the Company satisfies its obligations, we compute the amount of revenues earned but not billed from the end of each billing cycle to the end of each reporting period. In addition, revenues associated with the sale of wireless devices and accessories are recognized when title and risk of loss is transferred to the customer and shipment has occurred. Incentive marketing credits given to customers are recorded as a reduction of revenue.

These mobile services revenue streams also include transitional services provided to EchoStar. These are billed monthly at set and established rates for services provided in period and include the provision of sales, marketing, order fulfillment, and data analytics related to the legacy customer base sold to EchoStar. The Company recognizes revenue as the Company satisfies its obligations to provide transitional services.

As a form of consideration for the sale of the customer relationships, the Company receives a payout on the margin associated with the legacy customer base sold to EchoStar, over a period of 10 years. This has been classified as Other Income and not considered revenue in the current period.

The following table presents our net revenues, by revenue source (*Dollar amounts in thousands of U.S. dollars*):

	For the Three Months Ended September		For the Nine Months Ended September	
	30,		30,	
	2025	2024	2025	2024
<i>(Dollar amounts in thousands of U.S. dollars)</i>				
Ting:				
Fiber Internet Services	\$ 16,976	\$ 15,310	\$ 49,701	\$ 43,983
Wavelo:				
Platform Services	11,856	10,075	35,908	29,935
Other professional services	-	7	-	38
Total Wavelo	11,856	10,082	35,908	29,973
Tucows Domains:				
Wholesale				
Domain Services	51,888	49,871	153,448	146,527
Value Added Services	6,107	5,175	17,767	14,402
Total Wholesale	57,995	55,046	171,215	160,929
Retail				
Total Tucows Domains	9,842	9,669	29,481	28,036
	67,837	64,715	200,696	188,965
Corporate and other:				
Mobile services and eliminations	1,889	2,190	5,325	6,256
	\$ 98,558	\$ 92,297	\$ 291,630	\$ 269,177
Increase over prior period	\$ 6,261		\$ 22,453	
Increase - percentage	7%		8%	

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The following table presents our net revenues, by revenue source, as a percentage of total net revenues (*Dollar amounts in thousands of U.S. dollars*):

<i>(Dollar amounts in thousands of U.S. dollars)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Ting:				
Fiber Internet Services	17%	17%	17%	16%
Wavelo:				
Platform Services	12%	11%	12%	11%
Other professional services	0%	0%	0%	0%
Total Wavelo	12%	11%	12%	11%
Tucows Domains:				
Wholesale				
Domain Services	53%	54%	53%	54%
Value Added Services	6%	6%	6%	5%
Total Wholesale	59%	60%	59%	59%
Retail				
Total Tucows Domains	10%	10%	10%	10%
	69%	70%	69%	70%
Corporate and other:				
Mobile services and eliminations	2%	2%	2%	2%
	100%	100%	100%	100%

Total net revenues for the three months ended September 30, 2025 increased by \$6.3 million, or 7%, to \$98.6 million when compared to the three months ended September 30, 2024. The increase in net revenue was driven by Tucows Domains, Wavelo, and Ting; partially offset by a decline in revenues from Mobile Services and eliminations. The Tucows Domains segment increased \$3.1 million primarily driven by passthrough pricing increases and strong expiry auction revenue performance. The Wavelo segment increased \$1.8 million in the current period primarily driven by increased revenues from both existing and new customers. The Ting segment increased \$1.7 million in the current period as a result of subscriber growth on our Fiber network across the United States. Mobile Services and eliminations decreased by \$0.3 million attributable to decreased telephony services and decreased transitional services revenues, as well as a slight increase in inter-segment revenues.

Total net revenues for the nine months ended September 30, 2025 increased by \$22.4 million, or 8%, to \$291.6 million when compared to the nine months ended September 30, 2024. The increase in net revenue was driven by Tucows Domains, Wavelo, and Ting; partially offset by a decline in revenues from Mobile Services and eliminations. The Tucows Domains segment increased \$11.7 million primarily driven by passthrough pricing increases and strong expiry auction revenue performance. The Wavelo segment increased \$5.9 million in the current period primarily driven by increased revenues from both existing and new customers. The Ting segment increased \$5.7 million in the current period as a result of subscriber growth on our Fiber network across the United States. Mobile Services and eliminations decreased by \$0.9 million attributable to decreased telephony services and decreased transitional services revenues, as well as a slight increase in inter-segment revenues.

Contract liabilities at September 30, 2025, increased by \$1.9 million to \$158.7 million from \$156.8 million at December 31, 2024. This was primarily driven by Ting construction mobilization in a new partner market. This was partially offset by a decrease in Tucows Domains and by lower billings due to a decrease in domain names under management, as well as a decrease in Wavelo as bundled professional services available in select customer contracts expired and were recognized into revenue.

During both the three and nine months ended September 30, 2025, a customer, EchoStar, within our Wavelo segment accounted for 12% and 12% of total net revenues, respectively. As of September 30, 2025, EchoStar also represented 51% of total accounts receivable. As of December 31, 2024 EchoStar represented 56% of accounts receivable. Though a significant portion of the Company's domain services revenues are prepaid by our customers, where the Company does collect receivables, management judgment is required at the time revenue is recorded to assess whether the collection of the resulting receivables is reasonably assured. On an ongoing basis, we assess the ability of our customers to make required payments. Our allowance for doubtful accounts was \$1.0 million as of September 30, 2025 and \$0.9 million as of December 31, 2024, respectively. Based on this assessment, we expect the carrying amount of our outstanding receivables, net of allowance for doubtful accounts, to be fully collected.

Ting

Ting generated \$17.0 million in net revenue during the three months ended September 30, 2025, up \$1.7 million, or 11%, compared to the three months ended September 30, 2024. This growth is driven by subscriber growth across our Fiber network and small increases in average revenue per user ("ARPU") relative to the three months ended September 30, 2024, as well as from the continued growth of available serviceable addresses in Ting towns throughout the United States.

Ting generated \$49.7 million in net revenue during the nine months ended September 30, 2025, up \$5.7 million, or 13%, compared to the nine months ended September 30, 2024. This growth is driven by subscriber growth across our Fiber network and small increases in ARPU relative to the nine months ended September 30, 2024, as well as from the continued growth of available serviceable addresses in Ting towns throughout the United States.

As of September 30, 2025, Ting Internet had access to 126,000 owned infrastructure serviceable addresses, 88,000 partner infrastructure serviceable addresses and 52,000 active subscribers under its management; compared to having access to 132,000 owned infrastructure serviceable addresses, 41,000 partner infrastructure serviceable addresses and 50,000 active subscribers under its management as of September 30, 2024. These figures exclude any changes in serviceable addresses and accounts attributable to the Simply Bits acquisition.

Wavelo

Platform Services

Net revenues from Wavelo Platform Services for the three months ended September 30, 2025, increased by \$1.8 million, or 18%, to \$11.9 million as compared to the three months ended September 30, 2024. The increase in net revenue is driven by incremental revenues from existing customers, EchoStar following contract renewal, Ting, as well as new customers. Wavelo revenues continue to benefit from our customer's own subscriber growth. Intersegment revenues earned for provision of services on the ISOS and SM platforms between Wavelo and Ting are included in Wavelo's segment revenues for purposes of segment analysis, but are ultimately eliminated upon consolidation. The elimination impact is presented below in Corporate and other - Mobile Services and Eliminations.

Net revenues from Wavelo Platform Services for the nine months ended September 30, 2025, increased by \$6.0 million, or 20%, to \$35.9 million as compared to the nine months ended September 30, 2024. The increase in net revenue is driven by incremental revenues from existing customers, EchoStar following contract renewal, Ting, as well as new customers. Wavelo revenues continue to benefit from our customer's own subscriber growth. Intersegment revenues earned for provision of services on the ISOS and SM platforms between Wavelo and Ting are included in Wavelo's segment revenues for purposes of segment analysis, but are ultimately eliminated upon consolidation. The elimination impact is presented below in Corporate and all other - Mobile Services and Eliminations.

Other Professional Services

Net revenues from Other Professional Services for the three months ended September 30, 2025 decreased from less than \$0.1 million in the three months ended September 30, 2024 to NIL million in the current period. These revenues related to the provision of standalone technology services development work for our CSP customers and are non-recurring and often one-time in nature, and expectantly can fluctuate period over period. These revenues depend on the volume (if any) and scope of standalone technology services development work our customers engage us to perform. In the current period, we performed no standalone professional services for our customers.

Net revenues from Other Professional Services for the nine months ended September 30, 2025 decreased from less than \$0.1 million in the nine months ended September 30, 2024 to NIL million in the current period. These revenues related to the provision of standalone technology services development work for our CSP customers and are non-recurring and often one-time in nature, and expectantly can fluctuate period over period. These revenues depend on the volume (if any) and scope of standalone technology services development work our customers engage us to perform. In the current period, we performed no standalone professional services for our customers.

Tucows Domains

Wholesale - Domain Services

During the three months ended September 30, 2025, Wholesale domain services net revenue increased by \$2.0 million, or 4%, to \$51.9 million as compared to the three months ended September 30, 2024. Increases from Wholesale domain registrations were driven by various passthrough price increases from select registry cost increases since September 30, 2024, as well as increased recognition of revenue previously deferred, offsetting the lower billings from the decrease in domain names under management.

During the nine months ended September 30, 2025, Wholesale domain services net revenue increased by \$6.9 million, or 5%, to \$153.4 million as compared to the nine months ended September 30, 2024. Increases from Wholesale domain registrations were driven by various passthrough price increases from select registry cost increases since September 30, 2024, as well as increased recognition of revenue previously deferred, offsetting the lower billings from the decrease in domain names under management.

As of September 30, 2025, together, the OpenSRS, eNom, EPAG, and Ascio Domain Services manage 22.3 million domain names under the Tucows, eNom, EPAG and Ascio ICANN registrar accreditations and for other registrars under their own accreditations. Domains under management was down by 2.3 million domain names compared to September 30, 2024.

Wholesale - Value Added Services

During the three months ended September 30, 2025, value-added services net revenue increased by \$0.9 million, or 17%, to \$6.1 million as compared to the three months ended September 30, 2024. The increase in value-added service revenue was driven by strong expiry auction sales in the current period, slightly offset by a small decrease in certificates sales.

During the nine months ended September 30, 2025, value-added services net revenue increased by \$3.4 million, or 24%, to \$17.8 million as compared to the nine months ended September 30, 2024. The increase in value-added service revenue was driven by strong expiry auction sales in the current period, slightly offset by a small decrease in certificates sales.

Retail

During the three months ended September 30, 2025, retail domain services net revenue increased by \$0.1 million, or 1%, to \$9.8 million as compared to the three months ended September 30, 2024. This was driven by increased retail names sales in the current period due to passthrough price increases, slightly offset by a decrease in portfolio sales.

During the nine months ended September 30, 2025, retail domain services net revenue increased by \$1.5 million, or 5%, to \$29.5 million as compared to the nine months ended September 30, 2024. This was primarily driven by passthrough price increases across domain name registrations and RealNames products in the current period, as well as an increase in portfolio names sales.

Corporate and other - Mobile Services and Eliminations

Net revenues from Mobile Services and eliminations for the three months ended September 30, 2025 decreased by \$0.3 million or 14%, to \$1.9 million as compared to the three months ended September 30, 2024. This was driven by an increase in inter-segment corporate eliminations of \$0.2 million, primarily a result of increased revenues associated with platform billing between Wavelo and Ting. This was also furthered by decreased transitional services of \$0.1 million, from a decreased level of dedicated support services provided to EchoStar in connection with the legacy Ting Mobile customer base, as expected.

Net revenues from Mobile Services and eliminations for the nine months ended September 30, 2025 decreased by \$1.0 million or 16%, to \$5.3 million as compared to the nine months ended September 30, 2024. This was driven by an increase in inter-segment corporate eliminations of \$0.5 million, primarily a result of increased revenues associated with platform billing between Wavelo and Ting. This was also furthered by decreased transitional services of \$0.3 million, from a decreased level of dedicated support services provided to EchoStar in connection with the legacy Ting Mobile customer base, as expected. Furthermore, there was decreased revenues of \$0.1 million associated with the mobile telephony services and device revenues from the small group of customers retained by the Company as part of the EchoStar Purchase Agreement primarily as a result of limited subscriber growth and plan mix shifting towards lower price point rate plans compared to the nine months ended September 30, 2024.

COST OF REVENUES

Ting

Cost of revenues primarily includes the costs for provisioning high speed Internet access for Ting and its subsidiaries - Cedar and Simply Bits, which is comprised of network access fees paid to third-parties to use their network, leased circuit costs to directly support enterprise customers, the personnel and related expenses (net of capitalization) for the physical planning, design, construction and build out of the physical Fiber network, and as well as personnel and related expenses (net of capitalization) for the installation, activation, repair, maintenance and overall field service delivery of the Ting business. Hardware costs include the cost of equipment sold to end customers, including routers, ONTs, and IPTV products, and any adjustments on this inventory. Other costs include field vehicle expenses, and small sundry equipment and supplies consumed in building the Fiber network.

Wavelo

Platform Services

Cost of revenues to provide the MONOS, ISOS and SM platforms, as well as our legacy Platypus ISP Billing software services including network access, provisioning and billing services for CSPs. This includes the amortization of any capitalized contract fulfillment costs over the period consistent with the pattern of transferring network access, provisioning and billing services to which the cost relates. Additionally, this includes any fees paid to third-party service providers primarily for printing services in connection with the Platypus ISP Billing software.

Other Professional Services

Cost of revenues to provide standalone technology services development work to our CSP customers to help support their businesses. This includes any personnel and contractor fees for any client service resources retained by the Company. Only a subset of the Company's employee base provides professional services to our customers. This cost reflects that group of resources.

Tucows Domains

Wholesale - Domain Services

Cost of revenues for domain registrations represents the amortization of registry and accreditation fees on a basis consistent with the recognition of revenues from our customers, namely ratably over the term of provision of the service. Registry fees, the primary component of cost of revenues, are paid in full when the domain is registered, and are initially recorded as prepaid domain registry fees. This accounting treatment reasonably approximates a recognition pattern that corresponds with the provision of the services during the period. Market development funds that do not represent a payment for distinct goods or services provided by the Company, and thus do not meet the criteria for revenue recognition under ASU 2014-09, are reflected as cost of goods sold and are recognized as earned.

Wholesale - Value-Added Services

Costs of revenues for value-added services include licensing and royalty costs related to the provisioning of certain components for hosted email and fees paid to third-party hosting services. Fees payable for trust certificates and storefront customer domains are amortized on a basis consistent with the provision of service, generally one year, while email hosting fees and monthly printing fees are included in cost of revenues in the month they are incurred.

Retail

Costs of revenues for our provision and management of Internet services through our retail sites, Hover.com and the eNom branded sites, include the amortization of registry fees on a basis consistent with the recognition of revenues from our customers, namely ratably over the term of provision of the service. Registry fees, the primary component of cost of revenues, are paid in full when the domain is registered, and are recorded as prepaid domain registry fees and are expensed ratably over the renewal term. Costs of revenues for our surname portfolio represent the amortization of registry fees for domains added to our portfolio over the renewal period, which is generally one year, the value attributed under intangible assets to any domain name sold and any impairment charges that may arise from our assessment of our domain name intangible assets.

Corporate and other- Mobile Services and Eliminations

Cost of revenues for retail mobile services includes the costs of provisioning mobile services, which is primarily our customers' voice, messaging, data usage provided by our MNO partner, and the costs of providing mobile phone hardware, which is the cost of mobile phone devices and SIM cards sold to our customers, order fulfillment related expenses, and inventory write-downs. Included in the costs of provisioning mobile services are any penalties associated with the minimum commitments with our MNO partner.

These mobile services costs also include the personnel and related costs of transitional services provided to EchoStar. These are billed monthly at set and established rates for services provided in period and include the provision of sales, marketing, order fulfillment, and data analytics related to the legacy customer base sold to EchoStar. The Company recognizes costs as the Company satisfies its obligations to provide professional services.

Network Expenses

Network expenses include personnel and related expenses related to platform and network site reliability engineering, network operations centers, IT infrastructure and supply chain teams that support our various business segments. It also includes the depreciation and any impairment charges of property and equipment related to our networks and platforms, amortization of any intangible assets related to our networks and platforms, communication and productivity tool costs, and equipment maintenance costs. Communication and productivity tool costs include collaboration, customer support, bandwidth, co-location and provisioning costs we incur to support the supply of all our services across our segments.

The following table presents our cost of revenues, by revenue source:

	For the Three Months Ended September		For the Nine Months Ended September	
	30,	30,	30,	30,
	2025	2024	2025	2024
<i>(Dollar amounts in thousands of U.S. dollars)</i>				
Ting:				
Fiber Internet Services	\$ 6,478	\$ 4,321	\$ 21,021	\$ 14,434
Wavelo:				
Platform Services	88	63	320	727
Other professional services	-	-	-	26
Total Wavelo	88	63	320	753
Tucows Domains:				
Wholesale				
Domain Services	41,793	40,180	123,368	117,764
Value Added Services	450	509	1,386	1,576
Total Wholesale	42,243	40,689	124,754	119,340
Retail	4,380	4,216	12,953	12,410
Total Tucows Domains	46,623	44,905	137,707	131,750
Corporate and other:				
Mobile services and eliminations	4,641	3,324	13,012	8,798
Network Expenses:				
Network, other costs	5,694	6,864	16,688	20,790
Network, depreciation of property and equipment	10,327	9,414	31,163	29,336
Network, amortization of intangible assets	365	366	1,097	1,097
Network, impairment of property and equipment	161	852	800	905
	16,547	17,496	49,748	52,128
	\$ 74,377	\$ 70,109	\$ 221,808	\$ 207,863
Increase over prior period	\$ 4,268		\$ 13,945	
Increase - percentage	6%		7%	

The following table presents our cost of revenues, as a percentage of total cost of revenues for the periods presented:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Ting:				
Fiber Internet Services	9%	6%	9%	7%
Wavelo:				
Platform Services	0%	0%	0%	0%
Other professional services	0%	0%	0%	0%
Total Wavelo	0%	0%	0%	0%
Tucows Domains:				
Wholesale				
Domain Services	56%	56%	56%	57%
Value Added Services	1%	1%	1%	1%
Total Wholesale	57%	57%	57%	58%
Retail				
Total Tucows Domains	63%	63%	63%	64%
Corporate and other:				
Mobile services and eliminations	6%	5%	6%	4%
Network Expenses:				
Network, other costs	8%	10%	8%	10%
Network, depreciation of property and equipment	14%	13%	14%	14%
Network, amortization of intangible assets	0%	1%	0%	1%
Network, impairment of property and equipment	0%	1%	0%	0%
	22%	25%	22%	25%
	100%	99%	100%	100%

Total cost of revenues for the three months ended September 30, 2025, increased by \$4.3 million or 6%, to \$74.4 million from \$70.1 million in the three months ended September 30, 2024. The three-month increase in cost of revenues was driven by increases across Ting, Tucows Domains, Mobile Service and eliminations, and Wavelo of \$2.2 million, \$1.7 million, \$1.3 million, and less than \$0.1 million, respectively. The increase in Ting of \$2.2 million was aligned with growth in active subscribers. The increase in Tucows Domains of \$1.7 million was primarily a result of cost increases from select registries through the current period. The increase in Mobile Services and eliminations of \$1.3 million was primarily a result of higher mobile telephony services costs due to MNO minimums and plan mix changes impacting usage in the current period. The increase in Wavelo of less than \$0.1 million was primarily driven by slight increases in cloud hosting costs. These increases were partially offset by a decrease in Network Expenses of \$0.9 million, driven by decreased people costs following the 2024 Capital Efficiency Plan and other restructuring efforts, as well as a decrease in impairment charges within the Ting segment compared to the three months ended September 30, 2024.

Total cost of revenues for the nine months ended September 30, 2025, increased by \$13.9 million or 7%, to \$221.8 million from \$207.9 million in the nine months ended September 30, 2024. The nine-month increase in cost of revenues was driven by increases across Ting, Tucows Domains, and Mobile Service and eliminations of \$6.6 million, \$6.0 million, and \$4.2 million, respectively. The increase in Ting of \$6.6 million was primarily driven by a \$3.0 million one-time Ting lease accounting adjustment, with the remaining variance driven by costs of revenues associated with growth in active subscribers. The increase in Tucows Domains of \$6.0 million was primarily a result of cost increases from select registries through the current period. The increase in Mobile Services and eliminations of \$4.2 million was primarily a result of higher mobile telephony services costs due to MNO minimums and plan mix changes in the current period. These increases were partially offset by decreases across Network Expenses and Wavelo of \$2.4 million and \$0.4 million, respectively. The decrease in Network Expenses of \$2.4 million was primarily driven by decreased people costs following the 2024 Capital Efficiency Plan and other restructuring efforts, as well as a decrease in colocation fees following the closure of one data center. The decrease in Wavelo of \$0.4 million was driven by the absence of the amortization of previously capitalized costs associated with EchoStar contract, partially offset by increases in cloud hosting costs.

Deferred costs of fulfillment as of September 30, 2025, decreased by \$0.7 million, or 1%, to \$116.3 million from \$117.0 million at December 31, 2024. This was primarily driven by Tucows Domains with a decrease of \$1.5 million from the decrease in current period billings due to a decrease in domain names under management, consistent with the decrease in contract liabilities discussed above. This was partially offset by an increase in Ting of \$0.7 million related to Laguna Woods Village, California, United States construction mobilization.

Ting

During the three months ended September 30, 2025, costs related to provisioning high speed Internet access for Ting and its subsidiaries - Cedar and Simply Bits, increased by \$2.2 million, or 51%, to \$6.5 million as compared to the three months ended September 30, 2024. This is aligned with the subscriber and serviceable address growth across our Fiber network, consistent with the discussion in the Net Revenue section above.

During the nine months ended September 30, 2025, costs related to provisioning high speed Internet access for Ting and its subsidiaries - Cedar and Simply Bits, increased by \$6.6 million, or 46%, to \$21.0 million as compared to the nine months ended September 30, 2024. This was primarily driven by a \$3.0 million one-time Ting lease accounting adjustment to true up lease expense for three partner network leases, with the remaining variance driven by the subscriber and serviceable address growth across our Fiber network, consistent with the discussion in the Net Revenue section above.

Wavelo

Platform Services

Cost of revenues from Wavelo Platform Services for the three months ended September 30, 2025 increased by less than \$0.1 million, or 40%, to \$0.1 million as compared to the three months ended September 30, 2024. This was driven by slight increases in cloud hosting costs.

Cost of revenues from Wavelo Platform Services for the nine months ended September 30, 2025 decreased by \$0.4 million, or 56%, to \$0.3 million as compared to the nine months ended September 30, 2024. This was driven by the absence of the amortization of previously capitalized costs incurred to fulfill the EchoStar Master Services Agreement ("MSA") over the term of the original agreement, as the initial term ended in July 2024. There were no comparable costs on renewal in January 2025. This decrease was partially offset by increases in cloud hosting costs.

Other Professional Services

Cost of revenues from Other Professional Services for the three months ended September 30, 2025 decreased from less than \$0.1 million for the three months ended September 30, 2024 to NIL million in the current period. Costs of revenues to provide other professional services change depending on the nature and scope of work we are engaged to perform for our customers for select statements of work. These cost of revenues depend on the volume (if any) and scope of standalone technology services development work our customers engage us to perform. In the current period, we performed no standalone professional services for our customers. The decrease is aligned to the decrease in net revenues from other professional services discussed above.

Cost of revenues from Other Professional Services for the nine months ended September 30, 2025 decreased from less than \$0.1 million for the nine months ended September 30, 2024 to NIL million in the current period. Costs of revenues to provide other professional services change depending on the nature and scope of work we are engaged to perform for our customers for select statements of work. These cost of revenues depend on the volume (if any) and scope of standalone technology services development work our customers engage us to perform. In the current period, we performed no standalone professional services for our customers. The decrease is aligned to the decrease in net revenues from other professional services discussed above.

Tucows Domains

Wholesale - Domain Services

Costs for Wholesale domain services for the three months ended September 30, 2025, increased by \$1.6 million, or 4%, to \$41.8 million, as compared to \$40.2 million for the three months ended September 30, 2024. Increases from Wholesale domain registrations were primarily driven by various registry gTLD cost increases since September 30, 2024, as well as increased recognition of costs previously deferred, driven by lower billings due to a decrease in domain names under management. The increase is aligned to the increase in Net Revenues discussed above.

Costs for Wholesale domain services for the nine months ended September 30, 2025, increased by \$5.6 million, or 5%, to \$123.4 million, as compared to \$117.8 million for the nine months ended September 30, 2024. Increases from Wholesale domain registrations were primarily driven by various registry gTLD cost increases since September 30, 2024, as well as increased recognition of costs previously deferred, driven by lower billings due to a decrease in domain names under management. The increase is aligned to the increase in Net Revenues discussed above.

Wholesale - Value-Added Services

Costs for wholesale value-added services for the three months ended September 30, 2025, remained flat at \$0.5 million, as compared to the three months ended September 30, 2024.

Costs for wholesale value-added services for the nine months ended September 30, 2025, decreased by \$0.2 million, or 12%, to million \$1.4, as compared to \$1.6 million for the nine months ended September 30, 2024. This was driven by the slight decrease in certificates sales, aligned to the discussion in Net Revenues above.

Retail

Costs for retail domain services for the three months ended September 30, 2025, increased by \$0.2 million, or 5%, to \$4.4 million, as compared to \$4.2 million for the three months ended September 30, 2024. Increases were driven by various registry gTLD cost increases.

Costs for retail domain services for the nine months ended September 30, 2025, increased by \$0.6 million, or 5%, to \$13.0 million, as compared to \$12.4 million for the nine months ended September 30, 2024. Increases were driven by various registry gTLD cost increases.

Corporate and other - Mobile Services and Eliminations

Cost of revenues from Mobile Services and Eliminations for the three months ended September 30, 2025, increased by \$1.3 million or 40%, to \$4.6 million as compared to the three months ended September 30, 2024. The increase is primarily driven by increased costs associated with mobile telephony services from the small group of customers retained by the Company as part of the EchoStar Purchase Agreement. The Company accrued \$1.3 million in minimum penalties associated with the MNO minimum commitment shortfall in the three months ended September 30, 2025, as compared to \$0.5 million in the three months ended September 30, 2024. The company expects to continue to incur penalties through the end of its fiscal year ending December 31, 2025 ("Fiscal 2025") and thereafter should limited subscriber growth persist. Residual increases in cost were a result of usage cost increases as the subscriber base plan mix shifts towards unlimited usage plans. These increases were offset by a decrease in transitional services costs provided to EchoStar in connection with the legacy Ting Mobile customer base, consistent with the above discussion around net revenues.

Cost of revenues from Mobile Services and Eliminations for the nine months ended September 30, 2025, increased by \$4.2 million or 48%, to \$13.0 million as compared to the nine months ended September 30, 2024. The increase is primarily driven by increased costs associated with mobile telephony services from the small group of customers retained by the Company as part of the EchoStar Purchase Agreement due to plan mix changes towards unlimited plans. The Company accrued \$3.5 million in penalties associated with the MNO minimum commitment shortfall in the nine months ended September 30, 2025, as compared to \$0.7 million in the nine months ended September 30, 2024. The company expects to continue to incur penalties through the end of Fiscal 2025 and thereafter should limited subscriber growth persist. Residual increases in cost were a result of usage cost increases as the subscriber base plan mix shifts towards unlimited usage plans. These increases were offset by a decrease in transitional services costs provided to EchoStar in connection with the legacy Ting Mobile customer base, consistent with the above discussion around net revenues for the nine months ended September 30, 2024.

Network Expenses

Network expenses for the three months ended September 30, 2025, decreased by \$0.9 million or 5%, to \$16.5 million, as compared to \$17.5 million for the three months ended September 30, 2024. The current period decrease was primarily driven by \$1.3 million in personnel related cost savings resulting from the 2024 Capital Efficiency Plan, executed in October 2024, as well as other restructuring efforts. The decrease was further driven by a \$0.7 million decrease in impairment charges within the Ting segment compared to the three months ended September 30, 2024. These decreases were offset by increased network depreciation of \$0.9 million.

Network expenses for the nine months ended September 30, 2025, decreased by \$2.4 million or 5%, to \$49.7 million, as compared to \$52.1 million for the nine months ended September 30, 2024. The current period decrease was primarily driven by \$3.9 million in personnel related cost savings resulting from the 2024 Capital Efficiency Plan, executed in October 2024, as well as other restructuring efforts. This decrease was further driven by a decrease in colocation fees following the closure of one data center. These decreases were offset by increased network depreciation of \$1.8 million.

SALES AND MARKETING

Sales and marketing expenses consist primarily of personnel costs. These costs include commissions and related expenses of our sales, product management, public relations, call center, support and marketing personnel. Other sales and marketing expenses include customer acquisition costs, advertising and other promotional costs.

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Sales and marketing	\$ 11,882	\$ 15,180	\$ 34,818	\$ 48,491
Decrease over prior period	\$ (3,298)		\$ (13,673)	
Decrease - percentage	(22)%		(28)%	
Percentage of net revenues	12%	16%	12%	18%

Sales and marketing expenses for the three months ended September 30, 2025, decreased by \$3.3 million, or 22%, to \$11.9 million as compared to the three months ended September 30, 2024. The decrease was primarily driven by reduced personnel costs following the 2024 Capital Efficiency Plan, as well as Ting's reduced marketing and customer acquisition spend as the segment looks to measure and optimize channel spending.

Sales and marketing expenses for the nine months ended September 30, 2025, decreased by \$13.7 million, or 28%, to \$34.8 million as compared to the nine months ended September 30, 2024. The decrease was primarily driven by reduced personnel costs following the 2024 Capital Efficiency Plan, as well as Ting's reduced marketing and customer acquisition spend as the segment looks to measure and optimize channel spending.

TECHNICAL OPERATIONS AND DEVELOPMENT

Technical operations and development expenses consist primarily of personnel costs and related expenses required to support the development of new or enhanced service offerings and the maintenance and upgrading of existing infrastructure. This includes expenses incurred in the research, design and development of technology that we use to register domain names, provide Wavelo's platform services, provide Ting's Internet Services, email, retail, domain portfolio and other Internet services. All technical operations and development costs are expensed as incurred.

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Technical operations and development	\$ 4,682	\$ 4,615	\$ 13,433	\$ 14,153
Increase (decrease) over prior period	\$ 67		\$ (720)	
Increase (decrease) - percentage	1%		(5)%	
Percentage of net revenues	5%	5%	5%	5%

Technical operations and development expenses for the three months ended September 30, 2025, increased by \$0.1 million, or 1%, to \$4.7 million when compared to the three months ended September 30, 2024. The increase was primarily driven by lower labor cost recoveries in both the Ting and Wavelo segments, both outcomes reflective of a smaller workforce following the 2024 Capital Efficiency Plan and a shift in work towards less capital intensive work, respectively.

Technical operations and development expenses for the nine months ended September 30, 2025, decreased by \$0.7 million, or 5%, to \$13.4 million when compared to the nine months ended September 30, 2024. The decrease was primarily driven by reduced personnel costs following the 2024 Capital Efficiency Plan.

GENERAL AND ADMINISTRATIVE

General and administrative expenses consist primarily of compensation and related costs for managerial and administrative personnel, fees for professional services, public listing expenses, rent, foreign exchange and other general corporate expenses.

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
General and administrative	\$ 9,650	\$ 11,485	\$ 28,552	\$ 30,491
Decrease over prior period	\$ (1,835)		\$ (1,939)	
Decrease - percentage	(16)%		(6)%	
Percentage of net revenues	10%	12%	10%	11%

General and administrative expenses for the three months ended September 30, 2025, decreased by \$1.8 million or -16%, to \$9.7 million as compared to the three months ended September 30, 2024. The decrease was primarily driven by decreased professional services fees, as well as reduced personnel costs following the 2024 Capital Efficiency Plan. These decreases were partially offset by increased facilities expenses.

General and administrative expenses for the nine months ended September 30, 2025, decreased by \$1.9 million or 6%, to \$28.6 million as compared to the nine months ended September 30, 2024. The decrease was primarily driven by decreased professional services fees, reduced personnel costs following the 2024 Capital Efficiency Plan, and favorable foreign exchange impacts in the current period. These decreases were partially offset by increased facilities expenses.

DEPRECIATION OF PROPERTY AND EQUIPMENT

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Depreciation of property and equipment	\$ 78	\$ 112	\$ 241	\$ 350
Decrease over prior period	\$ (34)		\$ (109)	
Decrease - percentage	(30)%		(31)%	
Percentage of net revenues	0%	0%	0%	0%

Depreciation costs for the three months ended September 30, 2025, decreased by less than \$0.1 million, to \$0.1 million as compared to the three months ended September 30, 2024.

Depreciation costs for the nine months ended September 30, 2025, decreased by \$0.1 million, to \$0.2 million as compared to the nine months ended September 30, 2024.

AMORTIZATION OF INTANGIBLE ASSETS

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Amortization of intangible assets	\$ 707	\$ 843	\$ 2,296	\$ 2,992
Decrease over prior period	\$ (136)		\$ (696)	
Decrease - percentage	(16)%		(23)%	
Percentage of net revenues	1%	1%	1%	1%

Amortization of intangible assets for the three months ended September 30, 2025, decreased by \$0.1 million, or 16%, to \$0.7 million as compared to the three months ended September 30, 2024. The decrease was driven by the disposition of select customer relationship assets in Cedar Networks, acquired in Fiscal 2020, as well as the completed amortization of Tucows Delaware brand assets acquired in the fiscal year ending December 31, 2005 ("Fiscal 2005"), which was completed in March 2025.

Amortization of intangible assets for the nine months ended September 30, 2025, decreased by \$0.7 million, or 23%, to \$2.3 million as compared to the nine months ended September 30, 2024. The decrease was primarily driven by the completed amortization of brand and customer relationship assets associated with the Company's acquisition of eNom in its fiscal year ending December 31, 2017, which acquisition was completed in January 2024. The decrease was furthered by the completed amortization of Tucows Delaware brand assets acquired in Fiscal 2005, which was completed in March 2025, as well as disposition of select customer relationship assets in Cedar Networks, acquired in Fiscal 2020.

OTHER INCOME (EXPENSES)

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Other income (expense), net	\$ (10,986)	\$ (9,176)	\$ (32,413)	\$ (26,154)
Increase (decrease) over prior period	\$ (1,810)		\$ (6,259)	
Increase (decrease) - percentage	20%		24%	
Percentage of net revenues	11%	10%	(11)%	10%

Other income (expenses) during the three months ended September 30, 2025, decreased by \$1.8 million when compared to the three months ended September 30, 2024. The decrease in income was primarily driven by lower income earned on sale of Transferred Assets to EchoStar, higher net interest expense, and lower other income. Income earned on sale of Transferred Assets to EchoStar decreased by \$0.8 million from normal churn, as expected. Net interest expense increased by \$0.8 million, driven by a \$0.6 million increase due to lower interest expense capitalization associated with Fiber network assets under construction, the inclusion of \$0.5 million interest expense associated with the 2023 and 2024 Term Notes, a \$0.2 million increase due to the absence of money market fund income post-securitization, and a \$0.1 million increase in interest expense associated with the Generate agreement; partially offset by a \$0.6 million decrease in interest expense related to the Credit Facility for the Tucows businesses excluding Ting due to the reduction in outstanding principal balance. Other income decreased by \$0.2 million driven by the share of the current period impact in the Orange Domains joint venture.

Other income (expenses) during the nine months ended September 30, 2025, decreased by \$6.3 million when compared to the nine months ended September 30, 2024. The decrease in income was primarily driven by higher net interest expense, lower income earned on sale of Transferred Assets to EchoStar, and lower other income. Net interest expense increased by \$3.6 million, driven by the inclusion of \$2.6 million interest expense associated with the 2023 and 2024 Term Notes, a \$1.8 million increase due to lower interest expense capitalization associated with Fiber network assets under construction, a \$0.9 million increase due to the absence of money market fund income post-securitization, and a \$0.6 million increase in interest expense associated with the Generate agreement; partially offset by a \$2.3 million decrease in interest expense related to the Credit Facility for the Tucows businesses excluding Ting due to the reduction in outstanding principal balance. Income earned on sale of Transferred Assets to EchoStar decreased by \$2.0 million from normal churn, as expected. Other income decreased by \$0.7 million driven by the share of the current period impact in the Orange Domains joint venture.

INCOME TAXES

(Dollar amounts in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Provision for income taxes	\$ 2,456	\$ 3,074	\$ 6,887	\$ 6,068
Decrease in provision over prior period	\$ (618)		\$ 819	
Decrease - percentage	(20)%		13%	
Effective tax rate	(12)%	(16)%	(15)%	(10)%

Income tax expense for the three and nine months ended September 30, 2025, decreased by \$0.6 million and increased by \$0.8 million, when compared to the three months and nine months ended September 30, 2024. The change in effective tax rate is primarily due an increase in foreign tax expense, driven by strong performance in our Tucows Domains segment.

We regularly evaluate our deferred tax assets, including net operating losses, to determine whether a valuation allowance is necessary based on our expectations of future taxable income. The increase in our valuation allowance on net operating losses reflects our assessment of the likelihood of realizing future tax benefits associated with these losses.

On July 4, 2025, the One Big Beautiful Bill Act (“OBBA”) was signed into law, enacting a number of significant changes to the U.S. tax code. The tax effects of OBBA were not material to the Company's provision for income taxes for the three and nine months ended September 30, 2025. The Company continues to evaluate certain elective provisions of OBBA and their potential impact on future periods and related disclosures.

ADJUSTED EBITDA

We believe that the provision of this non-GAAP measure allows investors to evaluate the operational and financial performance of our core business using similar evaluation measures to those used by management. We use Adjusted EBITDA to measure our performance and prepare our budgets. Since Adjusted EBITDA is a non-GAAP financial performance measure, our calculation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies; and should not be considered in isolation, as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. Because Adjusted EBITDA is calculated before recurring cash charges, including interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a liquidity measure. For liquidity measures, see the Condensed Consolidated Statements of Cash Flows included in Part I, of this Quarterly Report. Non-GAAP financial measures do not reflect a comprehensive system of accounting and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies and/or analysts and may differ from period to period. We endeavor to compensate for these limitations by providing the relevant disclosure of the items excluded in the calculation of Adjusted EBITDA to net income based on GAAP, which should be considered when evaluating the Company's results. Tucows strongly encourages investors to review its financial information in its entirety and not to rely on a single financial measure.

Our Adjusted EBITDA definition excludes provision for income tax, depreciation, amortization of intangible assets, asset impairment, interest expense (net), loss on debt extinguishment, accretion of contingent liabilities, stock-based compensation, gains and losses from unrealized foreign currency transactions and costs that are one-time in nature and not indicative of on-going performance (profitability), including acquisition and transition costs. Gains and losses from unrealized foreign currency transactions removes the unrealized effect of the change in the mark-to-market values on outstanding foreign currency contracts not designated in accounting hedges, as well as the unrealized effect from the translation of monetary accounts denominated in non-U.S. dollars to U.S. dollars.

The following table reconciles net income (loss) to adjusted EBITDA:

Reconciliation of Net income (loss) before Provision for Income Taxes to Adjusted EBITDA (In Thousands of U.S. Dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net Income (Loss) for the period	\$ (23,019)	\$ (22,297)	\$ (53,789)	\$ (67,385)
Less:				
Provision for income taxes	2,456	3,074	6,887	6,068
Depreciation of property and equipment	10,405	9,526	31,404	29,686
Impairment and loss (gain) on disposition of property and equipment	6,920	852	5,771	905
Amortization of intangible assets	1,072	1,209	3,393	4,089
Interest expense, net	13,901	13,095	41,135	37,527
Stock-based compensation	1,387	1,808	4,278	5,383
Unrealized loss (gain) on foreign exchange revaluation of foreign denominated monetary assets and liabilities	(164)	(197)	(601)	357
Acquisition and other costs (1)	311	1,618	1,039	5,438
Adjusted EBITDA	<u>\$ 13,269</u>	<u>\$ 8,688</u>	<u>\$ 39,517</u>	<u>\$ 22,068</u>

1 Acquisition and other costs represent transaction-related expenses, transitional expenses, such as redundant post-acquisition expenses. Expenses include severance or transitional costs associated with department, operational or overall company restructuring efforts, including geographic alignments.

Adjusted EBITDA increased by \$4.6 million, or 53%, to \$13.3 million for the three months ended September 30, 2025, when compared to the three months ended September 30, 2024. The increase in Adjusted EBITDA was primarily driven by increases in Ting, Wavelo, and Tucows Domains. Ting contribution increased \$4.2 million, primarily driven by subscriber growth across the markets we serve, recognition of previously deferred contract liabilities for new construction, the reduction in spend across sales and marketing activities, and reduced personnel costs from the execution of the 2024 Capital Efficiency Plan, and to a lesser extent, the February 2024 Workforce Reduction. Wavelo's contribution increased \$0.9 million, primarily driven by the recognition of incremental revenues from both existing and new customers. Tucows Domains contribution increased by \$0.6 million from strong expiry and wholesale results through the current period. These increases in Adjusted EBITDA were partially offset by a decrease in Mobile Services and eliminations contribution of \$1.0 million primarily from increasing MNO minimum purchase obligation related penalties, offset by reduced personnel costs with the execution of the 2024 Capital Efficiency Plan.

Adjusted EBITDA increased by \$17.4 million, or 79%, to \$39.5 million for the nine months ended September 30, 2025, when compared to the nine months ended September 30, 2024. The increase in Adjusted EBITDA was primarily driven by increases in Ting, Wavelo, and Tucows Domains. Ting contribution increased \$15.7 million, primarily driven by subscriber growth across the markets we serve, recognition of previously deferred contract liabilities for new construction, the reduction in spend across sales and marketing activities, and reduced personnel costs from the execution of the 2024 Capital Efficiency Plan, and to a lesser extent, the February 2024 workforce reduction. Wavelo contribution increased \$4.0 million, primarily driven by the recognition of incremental revenues from both existing and new customers. Tucows Domains contribution increased by \$3.4 million from strong expiry and wholesale results through the current period. These increases in Adjusted EBITDA were partially offset by a decrease in Mobile Services and eliminations contribution of \$5.6 million primarily from increasing MNO minimum purchase obligation related penalties and a decrease in income earned on sale of Transferred Assets to EchoStar, offset by reduced personnel costs with the execution of the 2024 Capital Efficiency Plan.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2025, our cash and cash equivalents balance decreased by \$2.8 million, our funds held by trustee balance remained flat, and our secured notes reserve funds balance increased by \$0.4 million when compared to December 31, 2024. The decrease in our cash balance was driven primarily by \$3.2 million from cash used in operating activities, \$5.4 million related to the repayment of the 2023 Credit Facility and related charges, and \$12.8 million for additions to property and equipment. These decreases were offset by \$19.0 million proceeds on disposal of property and equipment by Ting.

2024 Ting Securitized Financing Facility

On August 20, 2024, the Company through its wholly owned subsidiaries, including Ting, entered into a definitive agreement relating to a securitized financing facility related to a privately placed securitized transaction. On the closing date, Ting issued (i) \$55,000,000 of its 5.63% Secured Fiber Revenue Notes, Series 2024-1, Class A-2 (the "2024 Class A-2 Notes"), (ii) \$8,000,000 of its 6.85% Secured Fiber Revenue Notes, Series 2024-1, Class B (the "2024 Class B Notes") and (iii) \$16,000,000 initial principal amount of 9.15% Secured Fiber Revenue Notes, Series 2024-1, Class C (the "2024 Class C Notes" and together with the 2024 Class A-2 Notes and the 2024 Class B Notes, the "2024 Term Notes").

The offering was exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). Subject to certain limitations, the 2024 Notes are secured by certain of the Company's revenue-generating assets, consisting principally of the Securitized Assets, that are owned by certain other limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiaries of the Company (collectively, the "Securitization Entities") that act as guarantors under the Base Indenture.

The 2024 Term Notes were issued under the Base indenture, dated as of May 4, 2023 (as supplemented by the Base Indentures Supplement No. 1, dated as of November 10, 2023), by and between the Issuer, the asset parties party thereto and Citibank, N.A., as trustee (in such capacity, the "Indenture Trustee") and securities intermediary and a series supplement to the Base Indenture dated as of the Closing Date (the "Series 2024-1 Supplement"), by and among the Issuer, the asset parties party thereto and the Indenture Trustee. The Base Indenture and the Series 2024-1 Supplement will allow the Issuer to issue additional series of notes in the future, subject to certain conditions set forth therein.

Interest payments on the 2024 Term Notes are payable on a monthly basis. The legal final maturity date of the 2024 Term Notes is in August of 2054, but, unless earlier prepaid to the extent permitted under the Indenture, the anticipated repayment date of the 2024 Term Notes will be in August 2029. If the Issuer has not repaid or refinanced the 2024 Term Notes prior to the anticipated repayment date, additional interest will accrue on the 2024 Term Notes in an amount equal to the greater of (A) 5.00% per annum and (B) a per annum interest rate equal to the excess, if any, by which the sum of the following exceeds the original interest rate of such 2024 Term Note (i) the yield to maturity (adjusted to a "mortgage equivalent basis" pursuant to the standards and practices of the Securities Industry and Financial Markets Association) on such anticipated repayment date of the United States Treasury Security having a term closest to 10 years, plus (ii) 5.00%, plus (iii) (x) for the 2024 Class A-2 Notes, 2.00%, (y) for the 2024 Class B Notes, 3.25% and (z) for the 2024 Class C Notes, 7.00%. Please see the discussion in the Material Cash Requirements section below.

2023 Credit Facility

On September 22, 2023, the Borrowers and certain other subsidiaries of the Company, as guarantors, entered into the 2023 Credit Agreement (the "2023 Credit Agreement") with Bank of Montreal, as administrative agent ("BMO" or the "Agent"), and the lenders party thereto, to, among other things, provide the Borrowers with a revolving credit facility in an aggregate amount not to exceed \$240 million (the "2023 Credit Facility"). The Borrowers may request an increase to the 2023 Credit Facility through new commitments of up to \$60M if the Total Funded Debt to Adjusted EBITDA Ratio (as defined in the 2023 Credit Agreement) is less than 3.75:1.00.

On September 8, 2025, the Borrowers entered into a one-year Extension Agreement (the "Extension Agreement"). The Extension Agreement extends the term of the 2023 Credit Agreement through September 22, 2027. The material terms of the 2023 Credit Agreement remain unchanged; however, the Extension Agreement amends certain definitions relating to the treatment of specified expenses in the calculation of Adjusted EBITDA for purposes of the Total Funded Debt to Adjusted EBITDA Ratio financial covenant. In connection with the Extension Agreement, the Company incurred \$0.4 million of fees paid to the Lenders. These fees have been reflected as reduction to the carrying amount of the loan payable and will be amortized over the extended term from September 2026 to September 2027.

The 2023 Credit Agreement contains customary representations and warranties, affirmative and negative covenants, and events of default. The 2023 Credit Agreement requires that the Company comply with certain customary non-financial covenants and restrictions. In addition, the Company has agreed to comply with the following financial covenants: (1) a leverage ratio by maintaining at all times a Total Funded Debt to Adjusted EBITDA Ratio of not more than (i) 3.75:1.00; and (2) an interest coverage ratio by maintaining as of the end of each rolling four financial quarter period, an Interest Coverage Ratio (as defined in the Extension Agreement) of not less than 3.00:1.00. As of September 30, 2025, the Company's leverage ratio was 2.97:1.00 and Interest Coverage Ratio was 4.20:1.00.

During the nine months ended September 30, 2025, the Company made net repayments of \$5.0 million towards the 2023 Credit Facility. The Company ended September 30, 2025 with a remaining principal balance of \$190.4 million, for which the required repayment is due in 2027.

As of September 30, 2025, the Company held contracts in the amount of \$40.1 million with BMO to trade U.S. dollars in exchange for Canadian dollars under an uncommitted treasury risk management facility which assists the Company with hedging Canadian dollar exposures. Please see the discussion in the Material Cash Requirements section below.

Cash Flow from Operating Activities

Net cash outflows from operating activities during the nine months ended September 30, 2025 totaled \$3.2 million, a decrease of 79% when compared to the nine months ended September 30, 2024.

Net income, after adjusting for items not involving cash, during the nine months ended September 30, 2025 was \$7.8 million, an increase of 154% when compared to the prior quarter. Net income included non-cash charges and recoveries of \$62.3 million such as depreciation, impairment of property and equipment, accretion of redeemable preferred shares, loss (gain) on disposal of assets, net right of use operating asset or liability, stock-based compensation, amortization of debt discount and issuance costs, amortization of intangible assets, net amortization of contract costs, deferred income taxes (recovery), undistributed earnings of equity method investee, and disposal of domain names. In addition, changes in our non-cash working capital contributed to a net cash outflow of \$11.0 million. Cash utilization of \$17.8 million from the changes in accrued liabilities, accounts receivable, contract asset, prepaid expenses and deposits, customer deposits, inventory, and accreditation fees payable, were partially offset by positive cash contributions of \$6.8 million from the changes in income taxes recoverable, contract liabilities, accounts payable, and deferred costs of fulfillment.

Cash Flow from Financing Activities

Net cash outflows from financing activities during the nine months ended September 30, 2025 totaled \$5.4 million, a decrease of 112% when compared to the nine months ended September 30, 2024. The total cash outflows related to a \$5.0 million repayment towards the 2023 Credit Facility, as well as \$0.4 million in costs related to the Credit Facility.

Cash Flow from Investing Activities

Net cash inflows from investing activities during the nine months ended September 30, 2025 totaled \$6.1 million, an increase of 113% when compared to the nine months ended September 30, 2024. Cash inflows of \$19.0 million related to proceeds on disposal of Ting property and equipment. These cash inflows were partially offset by \$13.0 million of cash outflows. \$12.6 million of the cash outflows related to investment in property and equipment to support the continued expansion of our Ting Internet Fiber network footprints in North Carolina, Colorado, and California as we seek to extend both our current network and expand to new markets, though at a slower rate following the execution of the 2024 Capital Efficiency Plan. \$0.2 million of the cash outflows related to acquisition of intangible assets.

Material Cash Requirements

As of September 30, 2025, the Company's Cash and cash equivalents, restricted cash and secured notes reserve funds balances totaled \$70.8 million, of which \$50.4 million belonged to Ting Internet and \$20.4 million belonged to the other Tucows' segments.

In our 2024 Annual Report, we disclosed our material cash requirements of both the Ting segment as well as the other segments excluding Ting. As of September 30, 2025, other than the items mentioned below, there have been no other material changes to our material cash requirements outside the ordinary course of business.

Ting

As of September 30, 2025, the balance owing on the Unit Purchase Agreement was \$131.8 million ("Note 19 - Redeemable preferred units" of the Notes to the Condensed Consolidated Financial Statements included in Part I, of this report). On May 4, 2023, Tucows, through its indirect and wholly owned subsidiaries, including Ting Fiber, LLC entered into a definitive agreement relating to a securitized financing facility where Ting Issuer LLC, a Delaware limited liability company, issued the 2023 Term Notes for a total value of \$238.5 million and 2024 Term Notes for a total value of \$63.0 million ("Note 8 - Notes Payable" of the Notes to the Condensed Consolidated Financial Statements included in Part I, of this report). The combination of these agreements is expected to fund Ting operations through Fiscal 2025. As of September 2025, Ting has not paid the preferred return due to Generate for two consecutive quarters amounting to \$9.5 million in the aggregate. The unpaid interest for these quarters has been treated as payment-in-kind ("PIK") and added to the outstanding balance of the redeemable preferred units. Ting received a notice from Generate on October 1, 2025 in connection with the missed quarterly preferred return payments. The notice states that if Ting does not cure the failure to pay such preferred return by November 30, 2025 it shall be classified as Return Breach under the LLC Agreement, and Generate has the right to pursue certain remedies as described in "Note 19. Redeemable preferred units" of the Notes to the Condensed Consolidated Financial Statements included in Part I, of this Quarterly Report.

Ting committed to workforce reductions on February 7, 2024 and October 30, 2024, which aimed to reduce Ting's workforce by 13% and 42%, respectively. Both plans were designed to lower year-over-year operating expenses by streamlining operations, reducing capital activities, operating expenses, and cash spending within the Ting operating segment.

Ting incurred a net loss of \$26.7 million and \$23.3 million for the three months ended September 30, 2025 and September 30, 2024, respectively. As of September 30, 2025, Ting had \$33.7 million in unrestricted cash and cash equivalents, \$3.6 million in accounts receivable, \$1.3 million in accounts payable, and \$8.1 million in accrued liabilities. Comparatively, as of December 31, 2024, Ting had \$45.4 million in unrestricted cash and cash equivalents, \$1.2 million in accounts receivable, \$1.2 million in accounts payable and \$15.8 million in accrued liabilities. At September 30, 2025, Ting's long-term liabilities included \$290.6 million payable on the 2023 and 2024 Term Notes, as well as \$131.8 million on the redeemable preferred units. Ting incurred an operating cash flow deficit of \$7.0 million and \$15.0 million for the three months ended September 30, 2025 and September 30, 2024, respectively. Ting has scheduled interest payments of \$20.6 million in the twelve months following September 30, 2025.

Given the ongoing capital needs of Ting, the Company has commenced a process to review strategic alternatives for the Ting business. Ting may not be able to meet its financial obligations over the twelve months following September 30, 2025 without additional financing. Ting has historically relied on the proceeds from its redeemable preferred units as well as its 2023 and 2024 Term Notes to fund its operations and the expansion of the Ting Fiber Internet footprint. Ting currently has limited capacity to expand its borrowings under the Base Indenture and it is uncertain whether Ting will be able to access additional Milestone Funding under the redeemable preferred unit facility. Ting's ability to obtain additional financing if required will be subject to a number of factors, including market conditions, our operating performance and investor sentiment. If we are unable to raise additional capital when required or on acceptable terms or complete a sale transaction, we may have to consider other alternatives to raise capital or significantly restrict our operations or obtain funds by entering into agreements on unattractive terms, which would likely have a material adverse effect on our business, stock price and our relationships with third parties with whom we have business relationships, at least until additional funding is obtained, and which could result in additional dilution to our stockholders. If we do not have sufficient funds to continue operations, Ting could be required to seek bankruptcy protection or other alternatives that would likely result in our stockholders losing some or all of their investment in us. Any such bankruptcy of Ting would not trigger cross-defaults under the 2023 Credit Facility.

Tucows Businesses Excluding Ting

Tucows businesses excluding Ting, acquisitions and capital investments have been funded by the Company's operating income and the Company's existing 2023 Credit Agreement. As of September 30, 2025, the Company's 2023 Credit Facility had an outstanding balance of \$190.4 million. Tucows businesses excluding Ting make principal repayments from time to time.

For Fiscal 2025, the Company plans to fund the cash requirements of Tucows businesses excluding Ting solely through operating income, while making discretionary loan repayments to create greater operating flexibility and access to additional financing.

In the long-term, Tucows businesses excluding Ting may seek additional financing to accelerate the growth of our Wavelo business, repurchase shares or future acquisitions. The Company's 2023 Credit Facility expires on September 30, 2026 and the Company will be required to refinance the 2023 Credit Facility once it becomes due.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We develop products in Canada and sell these services in North America and Europe. Our sales are primarily made in U.S. dollars, while a major portion of expenses are incurred in Canadian dollars. Our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Our interest income is sensitive to changes in the general level of Canadian and U.S. interest rates, particularly since the majority of our investments are in short-term instruments. Based on the nature of our short-term investments, we have concluded that there is no material interest rate risk exposure as of September 30, 2025.

We are also subject to market risk exposure related to changes in interest rates under our 2023 Credit Agreement. Changes in interest rates will impact our borrowing cost. However, fluctuations in interest rates are beyond our control. We will continue to monitor and assess the risks associated with interest expense exposure and may act in the future to mitigate these risks.